

***LANCASTER COUNTY,
SOUTH CAROLINA***

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

***For the Fiscal Year Ended
June 30, 2011***

Issued By
Lancaster County Finance Department

**LANCASTER COUNTY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2011**

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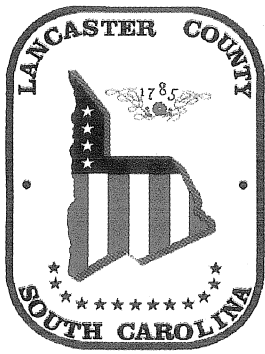
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Lancaster County

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Lancaster, SC 29721

Telephone:
803-285-1565

December 16, 2011

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, 2011.

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, 2011, 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, 2011. 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. Lancaster County's low taxes and close proximity to the Mecklenburg County, the Charlotte Douglas International Airport and Interstate 485 makes it an ideal place to work and live. With a 2010 census population of 76,652, the County was established in 1785 and 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. Major industries include:

- Duracell USA, a leading energy company and one of the world's leading manufacturers of high-performance alkaline batteries.
- Cardinal Health, a global healthcare products and services company, which employs about 600 employees.
- Red Ventures, an internet marketing and sales company, plans to invest over \$20 million dollars and currently employs 813 employees.
- Springs Memorial Hospital, a 231-bed hospital, employs 584 and was recently named one of the nation's top performers on key quality measures.

The County has a two-year university, the University of South Carolina at Lancaster, with an estimated student population of 1,700.

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 such as law enforcement, fire protection, solid waste management, and roads & bridges primarily to residents of its unincorporated areas. The County also provides a variety of administrative services to its residents which includes voter registration, tax assessment & collection, and health & 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 Administrator's recommendations, 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 52 through 55 as part of the basic financial statements. Other special revenue funds budget-to-actual comparisons are presented as supplementary information on pages 61 through 68. For the debt service fund and the capital improvement fund, these comparisons are presented on pages 71 and 74, respectively.

FACTORS AFFECTING ECONOMIC CONDITION

Local Economy

The County has experienced some downturn in the new housing market over the past few years but the commercial market has remained stable with store openings in the north of Lancaster. We expect the trend to continue through

fiscal year 2012. The following stores have opened or announced within the past fiscal year:

Wal-Mart, Inc. opened just south of the North Carolina state line in Indian Land and currently employs 322. There is ample room for outparcels in front of the store. Currently a **McDonald's**, **Discount Tire**, and **Chick-fil-A** are located near the store. It is expected that other retail and food stores will open in early 2012.

Publix, one of the 10 largest-volume supermarket chains in the US, is currently breaking ground to build a 50,000 square foot store on 30-acres with individual retail and outparcels. The store is expected to be completed in 2012.

Long-term Financial Planning

County Council adopted its first Strategic Plan with the help of the University of South Carolina Institute of Public Policy & Research. The strategic plan includes seven strategic priorities and can be found on the County's website at www.mylancastersc.org. Annual update meetings will occur every January.

The County is also developing a ten year CIP (Capital Improvement Plan). The CIP will be adopted in fiscal year 2012 and will also be a valuable planning tool for subsequent budget years.

Relevant financial policies

The County updated its financial policies during fiscal year 2011 with the general purpose of enabling the County to achieve a long-term stable and positive financial condition. Below are some of the relevant financial policies:

- Maintain a diversified and stable revenue system to protect itself from short-run fluctuations.
- One-time or non-recurring revenues will not be used to fund current ongoing operations or for budget balancing purposes.
- Maintain a General Fund unassigned fund balance at a level of at least three months of the general fund operating budget.
- The County's cash flow shall be managed to maximize the cash available to invest.
- The County Treasurer or designee shall minimize market risk while maintaining the highest possible yield.
- Conserve and protect the County's resources from accidents and loss exposures.

Major Initiatives

The Lancaster County Economic Development Corporation in conjunction with the Workforce Action Team continues to work towards improving the economic climate in the County. The first ever Lancaster Job Fair was held

with over 1,000 citizens in attendance. Plans are to hold two job fairs in the spring and fall of 2012.

Major capital improvements continue as the County provides improved accessibility for services to its citizens and potential industries. Phase I of the 1,300-acre Lancaster County Airport Business and Industrial Park will be completed in 2012. Council approved a general obligation bond to fund \$3.5 million of the project. The County is also relocating its Sheriff's Department and Emergency Operations Center to larger more efficient buildings.

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, 2010. This is the twelfth 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, 2010

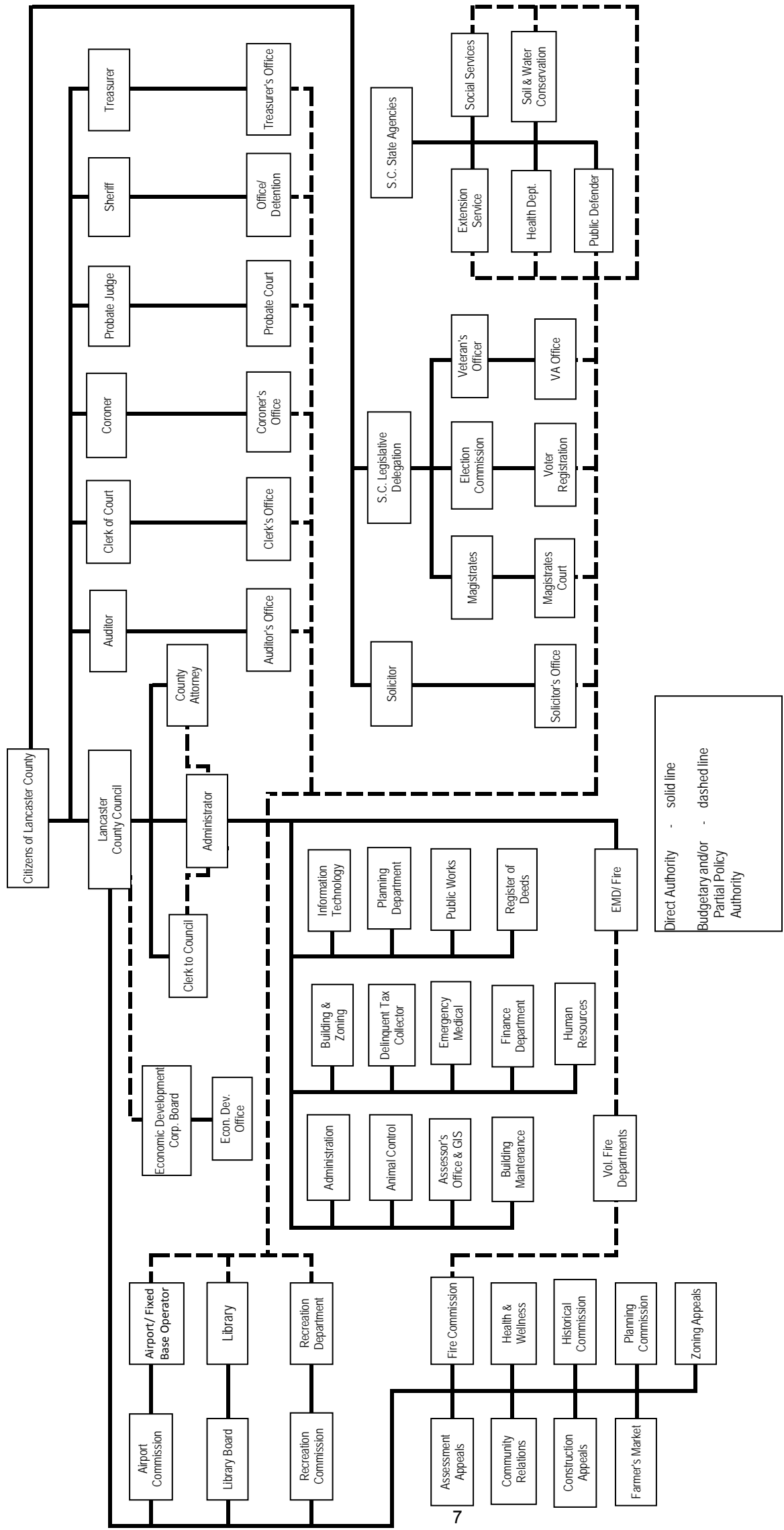
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

LANCASTER COUNTY, SOUTH CAROLINA
ORGANIZATIONAL CHART
FOR THE YEAR ENDED JUNE 30, 2011



LANCASTER COUNTY, SOUTH CAROLINA
PRINCIPAL OFFICIALS
For the Year Ended June 30, 2011

MEMBERS OF COUNTY COUNCIL

Kathy Sistare, District 7, Chairwoman
Larry Honeycutt, District 4, Vice Chairman
D.W. "Cotton" Cole, District 3, Secretary
Larry McCullough, District 1, Member
Charlene McGriff, District 2, Member
Rudy Carter, District 5, Member
Jack Estridge, District 6, Member

ELECTED OFFICIALS

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

ADMINISTRATIVE OFFICIALS

Steve Willis, County Administrator
Veronica Thompson, Finance Director
Debbie Hardin, Clerk to Council

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, 2011, 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, 2011, 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 December 16, 2011, 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 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 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.

McAbee Talbert Halliday & Co.,

Spartanburg, South Carolina
December 16, 2011

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

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 for the fiscal year ended June 30, 2011. 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 \$66,252,861 in the Statement of Activities. Of that amount, \$15,336,956 was available to meet ongoing obligations.
- The County's combined governmental funds reported ending fund balances of \$41,205,522, a decrease of \$8,530,260 from the prior year.
- Unassigned fund balance for the General Fund was \$15,727,979, which is 55 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 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 *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.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

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 Facilities Corporation for Lancaster County. The government-wide financial statements can be found on pages 23 and 24 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-five 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, used to account for a voter approved 1 cent sales tax is also 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-one funds, (9) capital projects funds, (10) 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.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

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 25 through 28 of this report.

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 29 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 30.

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 52.

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 \$66,252,861 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, 2011:

Lancaster County's Net Assets		
	<u>Governmental Activities</u>	
	<u>FY 2011</u>	<u>FY 2010</u>
Current and other assets	\$52,943,419	\$66,229,478
Capital assets	83,098,234	63,403,978
Total assets	\$136,041,653	\$129,633,456
Long-term liabilities outstanding	\$64,445,181	\$63,355,638
Other liabilities	5,343,611	7,738,177
Total liabilities	\$69,788,792	\$71,093,815
Net assets:		
Invested in capital assets, net related of debt	\$37,890,061	\$30,319,260
Restricted	12,711,034	10,234,674
Unrestricted	15,651,766	17,985,707
Total net assets	\$66,252,861	\$58,539,641

By far the largest portion (58%) of Lancaster County's **net assets** reflects net assets invested in capital assets less any related outstanding debt which was used to acquire those assets. It increased primarily due to the completion of the County's new Justice Center.

The restricted portion of Lancaster County's net assets (20%) represents resources that are subject to external restrictions on their use such as funds for property tax reduction and gasoline tax revenue. The County's unrestricted net assets decreased primarily due a decline in the SCAGO Capital Projects & Edgewater II net assets. These two projects were near completion during the fiscal year. 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, 2011:

Lancaster County's Changes in Net Assets		
	<u>Governmental Activities</u>	
	<u>FY 2011</u>	<u>FY 2010</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 8,196,966	\$ 8,170,535
Operating grants & contributions	4,556,750	6,378,143
Capital grants & contributions	2,123,502	946,405
General Revenues:		
Property taxes	26,039,328	24,531,262
Other taxes & licenses	1,413,273	1,446,517
Local option sales tax, levied for capital proj.	6,385,293	5,281,993
Unrestricted grants & contributions	3,720,738	3,985,341
Unrestricted interest income	106,003	101,224
Other	548,821	581,757
Total revenues	53,090,674	51,423,177
Expenses:		
General government	10,983,933	10,832,346
Administration of justice	1,577,496	1,557,943
Public safety and law enforcement	11,351,803	11,374,643
Public works	5,880,894	6,065,063
Public health & welfare	6,008,383	5,641,662
Economic development	4,348,071	5,722,386
Culture & recreation	3,285,128	3,322,019
Interest on long-term debt	2,324,729	2,222,138
Total expenses	45,760,437	46,738,200
Increase (Decrease) in net assets before extraordinary item	7,330,237	4,684,977
Extraordinary Item	382,983	1,070,495
Increase in net assets	7,713,220	5,755,472
Net assets- beginning of year (restated)	58,539,641	52,784,169
Net assets- end of year	\$66,252,861	\$58,539,641

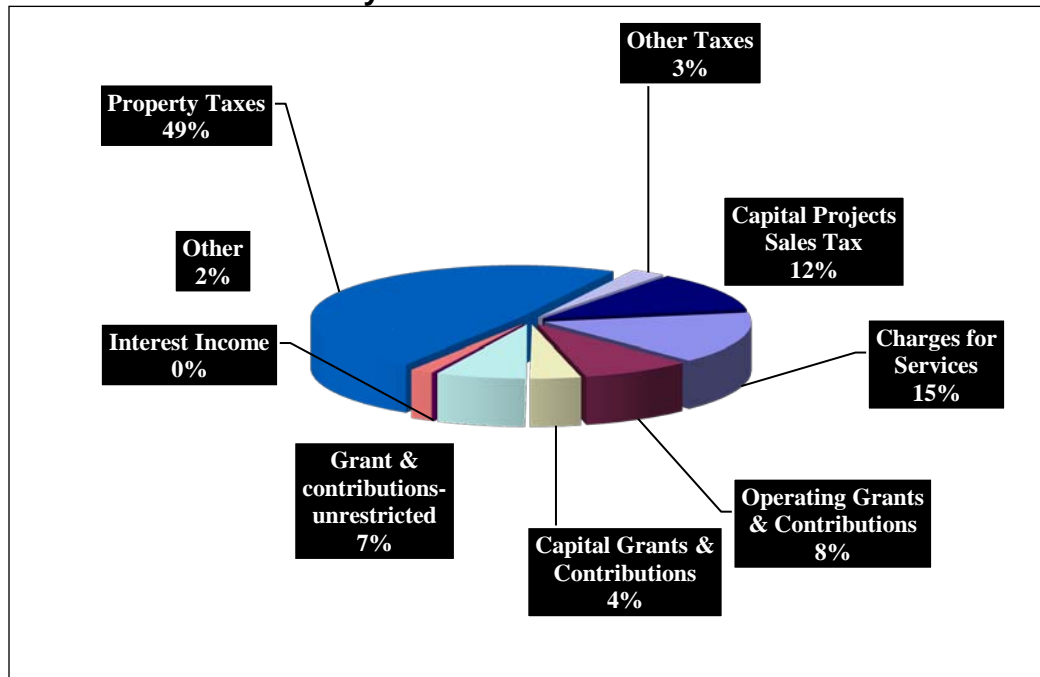
For fiscal year 2011, the government's net assets increased by \$7,330,237 compared to FY10. Overall, total revenues increased in fiscal year 2011 by \$1,667,497 and total expenses decreased \$977,763 for all governmental activities. **Operating grants & contributions** decreased by \$1,821,393 primarily due to a sizeable Airport runway rehabilitation grant reimbursement received in FY10. The following factors lead to an increase in **Capital grants & contributions**: the County accepted subdivision roads valued at \$840,300 into the system, received land &

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

building donation from a corporation valued at \$961,900, and land for the Pleasant Valley Fire Department valued at \$169,300. **Property taxes** received increased \$1,508,066 overall due to a combination of the following: a modest 1.7 mil tax increase in general property taxes, a 11% increase in reimbursement from the State for homestead exemptions, a 18% increase in local option rollback revenue and a 25% in local option revenue. **Local option sales tax levied for capital projects**, specifically the Justice Center, increased \$1,103,300. This increase is attributed to an overall increase in 1 cent sales tax throughout the County.

Revenues by Source – Government Activities



The total cost of all governmental expense activities for the County declined a modest 2% since FY10. While many expense groups remained relatively unchanged, there were a few groups that either increased or decreased. **Economic Development** expenses were the largest decline at \$1,374,315. This was partly because of inactivity in the Edgewater II Assessment District in FY11. There were a number of other large expenses in this group such as \$887,030 spent to make road improvements in the Brookchase Development and a \$750,000 grant reimbursement to an industry called Nutramax to help fund building upfits.

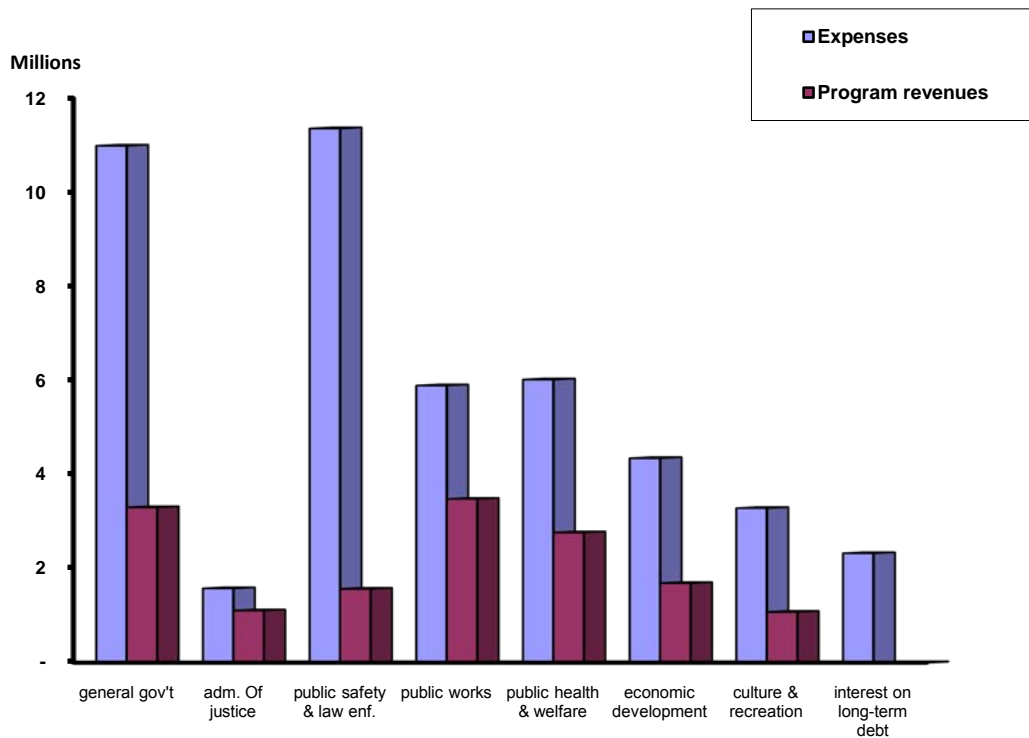
Providing activities for **Public safety and law enforcement** expenses continue to be the largest expense (25%) each fiscal year. **Public health & welfare** increased \$366,721 since last fiscal year because the County purchased property to open another EMS station to address demand.

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

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

Net Cost of 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 unassigned fund balance of \$15,727,979 in the General Fund, an increase of \$1,787,565 from last fiscal year. The increase was partially due to a reimbursement to the General Fund of \$520,000. In FY10, the County purchased & upgraded a building for the County Coroner which was earmarked from fund balance. This fiscal year, the County issued a \$7 million bond which allowed the County to recoup the monies. Also, local option sales tax collections increased from last fiscal year. The County also experienced a number of vacancies that caused expenditures to decline which is explained below under General Fund highlights. The County continues to maintain a healthy fund balance during the recession due to conservatively estimating revenues and controlled spending.

In the **Transportation Fund**, a major fund which accounts for state gasoline tax, fund balance decreased slightly due to ongoing road projects but this fund still maintains a healthy fund

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

balance of \$2,270,709. The **Capital Projects Sales Tax Fund** is also reported as a major fund. This special revenue fund accounts for 1cent sales tax approved by voters in November 2008 and funds the debt for the new Justice Center. Sales Tax revenue collections have increased since last fiscal year which led to an increase in fund balance of \$685,646. With new retail and other businesses locating in the County, we expect this upward trend to continue. The **Capital Projects Fund-SCAGO Public Facilities Corporation** accounts for construction activity for the Justice Center. The large decrease (\$16.6 million) in fund balance is reflective of the ongoing stages of construction. The building was completed this fiscal year but there are still some ancillary projects that remain uncompleted. **Other Governmental Funds** include the debt service, capital projects, and other special revenue funds. The total fund balance of all the governmental funds reached \$41,205,522.

General Fund Budgetary Highlights

A budgetary comparison schedule is included for the general fund on pages 52-53. After accounting for other financing uses, the net change in fund balance was a favorable \$1,294,990. As stated earlier, this increase reflects a one-time reimbursement of \$520,000 from bond fund for the new Coroner's Office. Actual revenues were below budgetary estimates by \$149,532 and actual expenditures were below budgetary appropriations by \$1,155,850. The County experienced a number of vacancies & turnover in public safety during the fiscal year which left the Sheriff and Detention Center with large positive budget variances. There were also positions vacated and left unfilled in the Building & Zoning & Public Works departments. The County also transferred \$1,874,638 from the General Fund to provide funding for the following:

- \$954,210 to fund the Library's employees, benefits, & some operating costs;
- \$880,428 to help fund the Recreation Fund;
- Support for the Airport operations of \$40,000.

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

- **Property Taxes**- While sales tax revenue exceeded budgetary estimates, real & personal property tax collections were \$506,841 below estimates. Collections increased for local option sales taxes but they were still \$287,645 below estimates;
- **Charges for Services** collections were favorable (\$302,665). EMS charges exceeded estimates due to the volume of services and delinquent debt collections through tax refunds;
- **Investment Earnings** ended with an unfavorable variance due to the economy. The estimate for FY12 was lowered significantly to reflect potential modest earnings.

The County reported some significant negative variances between final budgets and actual amounts for expenditures at the departmental level. Although at the fund level, the County's legal level of budgetary control, the variance ended positive. Below were the significant negative variances:

- Council (\$62,387)- Unpredicted legal expenses for various projects;
- Human Resources (\$49,556)- Unforeseen labor attorney costs due to a lawsuit;

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

- Voter Registration & Election (\$34,274) - Special election to form the Indian Land special tax district, a Council seat was vacated, and a State Senator vacated his seat when elected to House of Representatives in Washington. These special elections were not reimbursed by the State;
- Coroner (\$17,361)- Part time coroner had to fill in full time due to Coroner on medical leave;
- EMS (\$191,163)- Changed the pay structure of paramedics and EMTs;
- Economic Development (\$330,609)-Accounted for County property donated to an industry.

There were significant differences between the original and final budgets due to the following for some departments:

- Direct Assistance to other agencies (\$53,278)- Encumbrances carried forward from FY10;
- Council (\$104,096)- Allowed by Budget Ordinance, budget increased to reflect grant matches;
- Building & Zoning's budget decreased by \$27,000 to partially pay for new position in Economic Development;
- Voter Registration (\$6,156) – Encumbrance carried forward from FY10;
- Roads & Bridges (\$48,979)-Encumbrance carried forward from FY10;
- Economic Development (\$30,000)-to pay for new position in economic development not included in original budget.

Capital Assets

Lancaster County's investment in capital assets for its governmental activities as of June 30, 2011, totaled \$83,098,234, 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 31% from last fiscal year.

Lancaster County's Capital Assets (net of depreciation)		
	<u>Governmental Activities</u>	
	FY 2011	FY 2010
Land	\$ 5,460,731	\$ 4,297,745
Buildings & Improvements	49,099,532	19,930,049
Vehicles	8,215,314	8,822,559
Furniture & Equipment	7,717,171	4,495,573
Infrastructure	8,914,766	8,351,434
Construction in Progress	3,690,720	17,506,618
Total	\$83,098,234	\$63,403,978

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

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

- \$433,282- building improvements to historic courthouse;
- \$905,377- Furniture & equipment for new Justice Center;

- \$233,038- to purchase land & building for Buford EMS;
- \$139,531- Computer equipment for new Justice Center;
- \$624,843- Parking lots for new Justice Center;
- \$961,900- Donation of land & building from Founders Federal Credit Union;
- \$24,602,151- New Justice Center building;
- \$625,307- Security system for the Justice Center;
- \$636,331- Audio & Visual equipment for Justice Center;
- \$210,389- Courthouse telephone & data system;
- \$144,415- Mack truck for Roads & Bridges paid with Capital Improvement Funds;
- The Sheriff department purchased vehicles in the amount of \$352,286 paid for with Capital Improvement funds and Court Security Funds;
- The County purchased a vacant corporate facility to house the Sheriff's department at a value of \$1,808,125 paid with bond funds;
- Infrastructure added this fiscal year included \$840,300 roads accepted by Council from various subdivisions and \$379,360 roads paved;
- \$2,015,657 to build the Pleasant Valley Fire Station.

Additional information on the County's capital assets can be found in note 3.B beginning on page 39.

Debt Administration

The legal limit on the amount of general obligation bonded indebtedness that the County can incur is 8% of assessed value. The estimated legal debt margin is \$2,639,445 without a referendum. At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$63,570,182. General obligation bonds make up 37% (\$21,278,707) 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

Lancaster County's Outstanding Debt
General Obligation and Revenue Bonds

	<u>Governmental Activities</u>	
	FY 2011	FY 2010
General Obligation Bonds	\$21,278,707	\$15,778,340
Special Source Revenue Bonds	2,524,245	2,733,658
SCAGO PFC Installment Purchase RB	34,225,000	38,410,000
Total	\$58,027,952	\$56,921,998

The largest increase (GO Bonds) was due to the issuance of \$7M Build America Bonds. The bond will be used to construct infrastructure in the newly formed Airport Industrial Park, purchase a new facility for the Sheriff along with other miscellaneous capital endeavors. The sharp decline in the SCAGO Revenue bond was due to a debt service payment.

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.F on pages 41 through 47 of this report.

Economic Factors and Next Year's Budgets and Tax Rates

- The unemployment rate for Lancaster County was at a level of 15.3% in June 2011. Statewide unemployment was 10.5%, while the national average was 9.2% during the same period.
- Sales tax receipts for fiscal year were 20% percent higher than fiscal year 2011 for the unincorporated areas of the County.
- In order to comply with GASB 45, the Annual Required Contribution for FY12 was determined to be \$269,919 which is included in the budget.
- A Cost-of-Living Adjustment was not appropriated in the FY12 budget.
- There was a 5% increase in health insurance for the employer and employee for seven months of the fiscal year beginning in December 2011.
- There was a slight 2% increase in regular and police employer contributions.
- There was a \$200,000 increase in utilities budget to compensate for the addition of the new Justice Center.
- County Council amended the FY12 original budget, once reassessment figures were confirmed, to include the following: \$153,383 to allow the Sheriff to hire four officers, \$45,085 to reinstate agencies' funding not included in original budget, to include \$111,000 for operating and equipment for fire services and \$164,177 to USC-L for capital needs. The Council also increased the road fee to \$20 to pay for \$308,000 additional road maintenance.

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

- The County's aid from the State of South Carolina remained neutral for FY12. The total reduction for the past few fiscal years amounts to almost \$1 million dollars.

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 general fund budget for fiscal year 2012 which includes 68.40 mils. County Council also adopted 4.10 mils for capital replacement needs, 7.20 mils for debt service, and 3.30 mils for Court Security. Due to County reassessment, the millage rates were set late September 2011.

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.***

EXHIBIT A

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 13,811,193
Investments	26,700,168
Taxes receivable, net	1,885,341
Other receivables, net	4,902,849
Due from other governmental agencies	4,245,977
Inventories	124,241
Prepaid items	50,016
Bond issue costs, net of amortization	896,333
Land held for resale	327,301
Capital assets not being depreciated	9,151,451
Capital assets being depreciated, net of accumulated depreciation	73,946,783
	<u>\$ 136,041,653</u>
Liabilities	
Accounts payable and other current liabilities	\$ 3,939,349
Other post-employment benefit obligation	301,499
Accrued interest payable	430,867
Unearned revenue	671,896
Non-current liabilities:	
Due within one year	8,260,873
Due in more than one year	56,184,308
Total liabilities	<u>69,788,792</u>
Net Assets	
Invested in capital assets, net of related debt	37,890,061
Restricted for:	
Capital projects	2,752,784
Property tax reduction	1,023,841
Public safety	1,956,961
Public works	2,270,709
Public health and welfare	228,044
Cultural and recreation	130,417
Debt service	4,348,278
Unrestricted	15,651,766
Total net assets	<u>66,252,861</u>
	<u>\$ 136,041,653</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, 2011**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Governmental Activities
Primary government					
Governmental Activities					
General government	\$ 10,983,933	\$ 2,715,439	\$ 590,044	\$ 974,796	\$ (6,703,654)
Administration of justice	1,577,496	1,100,988	4,725	-	(471,783)
Public safety and law enforcement	11,351,803	603,548	936,132	169,300	(9,642,823)
Public works	5,880,894	385,552	1,092,851	841,302	(3,561,189)
Public health and welfare	6,008,383	2,513,973	170,919	-	(3,323,491)
Economic development	4,348,071	-	1,689,523	12,500	(2,646,048)
Culture and recreation	3,285,128	877,466	72,556	125,604	(2,209,502)
Interest on long-term debt	2,324,729	-	-	-	(2,324,729)
Total primary government	<u>\$ 45,760,437</u>	<u>\$ 8,196,966</u>	<u>\$ 4,556,750</u>	<u>\$ 2,123,502</u>	<u>(30,883,219)</u>
General revenues:					
Property taxes levied for:					
General purposes					21,111,976
Debt service					2,811,825
Court mandated security					973,569
Equipment replacement					1,141,958
Other taxes and licenses					1,413,273
Local option sales tax, levied for capital projects					6,385,293
Grants and contributions not restricted to specific programs					3,720,738
Unrestricted investment earnings					106,003
Miscellaneous					548,821
Extraordinary item - insurance recoveries, net of impairment loss					382,983
Total general revenues, special items, and transfers					<u>38,596,439</u>
Change in net assets					7,713,220
Net assets - beginning of year					<u>58,539,641</u>
Net assets - end of year					<u>\$ 66,252,861</u>

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

LANCASTER COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Transportation	Capital Projects Sales Tax	Capital Projects Fund - SCAGO Public Facilities Corporation	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 12,410,348	\$ -	\$ 2,485	-	\$ 1,398,360	\$ 13,811,193
Investments	13,522,549	-	-	5,763,688	7,413,931	26,700,168
Taxes receivable, net	116,585	-	-	-	29,269	145,854
Due from other funds	4,369,544	2,146,056	3,403,084	-	5,614,729	15,533,413
Due from other governments	1,729,845	124,653	1,702,682	-	486,783	4,043,963
Other receivables	447,520	-	-	-	1,041,513	1,489,033
Land held for resale	327,301	-	-	-	-	327,301
Inventories	68,948	-	-	-	55,293	124,241
Prepaid items	50,016	-	-	-	-	50,016
	<u>\$ 33,042,656</u>	<u>\$ 2,270,709</u>	<u>\$ 5,108,251</u>	<u>5,763,688</u>	<u>\$ 16,039,878</u>	<u>\$ 62,225,182</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 3,020,288	\$ -	\$ -	281,923	\$ 67,901	\$ 3,370,112
Accrued wages payable	569,238	-	-	-	-	569,238
Bond anticipation note payable	-	-	-	-	875,000	875,000
Due to other funds	11,163,870	-	-	2,457,980	1,911,564	15,533,414
Unearned revenue	601,456	-	-	-	70,440	671,896
	<u>15,354,852</u>	<u>-</u>	<u>-</u>	<u>2,739,903</u>	<u>2,924,905</u>	<u>21,019,660</u>
Fund Balances:						
Nonspendable:						
Land held for resale	327,301	-	-	-	-	327,301
Inventories	68,948	-	-	-	55,293	124,241
Prepaid items	50,016	-	-	-	-	50,016
Restricted:						
Property tax reduction	1,023,841	-	-	-	-	1,023,841
DSS IV-D Incentive	228,044	-	-	-	-	228,044
Victim assistance	40,621	-	-	-	-	40,621
Drug task force	133,000	-	-	-	-	133,000
Capital projects	-	-	5,108,251	3,021,835	8,320,843	16,450,929
Public safety	-	-	-	-	1,783,340	1,783,340
Cultural and recreation	-	-	-	-	130,417	130,417
Debt service	-	-	-	-	4,348,278	4,348,278
Roads and bridges	-	2,270,709	-	-	-	2,270,709
Assigned to:						
Subsequent year's budget	88,054	-	-	1,950	-	90,004
Unassigned	15,727,979	-	-	-	(1,523,198)	14,204,781
	<u>17,687,804</u>	<u>2,270,709</u>	<u>5,108,251</u>	<u>3,023,785</u>	<u>13,114,973</u>	<u>41,205,522</u>
	<u>\$ 33,042,656</u>	<u>\$ 2,270,709</u>	<u>\$ 5,108,251</u>	<u>5,763,688</u>	<u>\$ 16,039,878</u>	<u>\$ 62,225,182</u>

The accompanying notes are an integral part of these statements.

**LANCASTER COUNTY, SOUTH CAROLINA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011**

Total Governmental Fund Balances	\$ 41,205,522
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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.	83,098,234
-------------------------------------------------------------------------------------------------------------------------	------------

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Taxes receivable	1,739,487
Other receivables	3,615,832
Bond issue costs	896,333

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	(430,867)
Other post-employments benefit liability	(301,499)
Long-term debt	<u>(63,570,181)</u>

Net Assets of Governmental Activities	<u>\$ 66,252,861</u>
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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, 2011

	General Fund	Transportation	Capital Projects Sales Tax	Capital Projects Fund - SCAGO Public Facilities Corporation	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 20,838,835	\$ -	\$ -	\$ -	\$ 4,858,834	\$ 25,697,669
Other taxes	996,417	-	6,385,293	-	416,856	7,798,566
Intergovernmental	3,046,929	1,245,031	-	-	5,764,758	10,056,718
Licenses and permits	2,872,281	-	-	-	-	2,872,281
Charges for services	2,746,015	-	-	-	1,481,826	4,227,841
Fees and fines	908,198	-	-	-	70,777	978,975
Contributions and donations	68,931	-	-	-	295,571	364,502
Investment earnings	51,592	9,595	11,362	5,540	25,130	103,219
Miscellaneous	126,005	-	-	-	153,479	279,484
Total revenues	31,655,203	1,254,626	6,396,655	5,540	13,067,231	52,379,255
Expenditures						
Current						
General government	8,987,853	-	5,000	-	853,846	9,846,699
Administration of justice	1,524,894	-	-	16,651,839	382,982	18,559,715
Public safety and law enforcement	8,448,119	-	-	-	4,243,552	12,691,671
Public works	3,676,752	1,284,070	-	-	354,979	5,315,801
Public health and welfare	5,281,791	-	-	-	346,108	5,627,899
Economic development	547,684	-	-	-	2,638,723	3,186,407
Culture and recreation	-	-	-	-	2,952,393	2,952,393
Debt service						
Principal	468,107	-	-	-	6,155,637	6,623,744
Interest and other charges	115,045	-	-	-	2,419,207	2,534,252
Bond issuance costs	-	-	-	-	48,081	48,081
Capital outlay	-	-	-	-	1,858,927	1,858,927
Total expenditures	29,050,245	1,284,070	5,000	16,651,839	22,254,435	69,245,589
Excess (deficiency) of revenues over (under) expenditures	2,604,958	(29,444)	6,391,655	(16,646,299)	(9,187,204)	(16,866,334)
Other Financing Sources (Uses)						
Issuance of debt	-	-	-	-	10,660,000	10,660,000
Premium on issuance of debt	-	-	-	-	50,387	50,387
Payment to refunded debt escrow agent	-	-	-	-	(3,658,895)	(3,658,895)
Proceeds from sale of capital assets	29,670	-	-	-	3,359	33,029
Transfers in	535,000	-	-	-	7,580,647	8,115,647
Transfers out	(1,874,638)	-	(5,706,009)	-	(535,000)	(8,115,647)
Total other financing sources and	(1,309,968)	-	(5,706,009)	-	14,100,498	7,084,521
Extraordinary Item						
Insurance recoveries	-	-	-	-	1,251,553	1,251,553
Net Change in Fund Balances	1,294,990	(29,444)	685,646	(16,646,299)	6,164,847	(8,530,260)
Fund Balances, Beginning of Year	16,392,814	2,300,153	4,422,605	19,670,084	6,950,126	49,735,782
Fund Balances, End of Year	\$ 17,687,804	\$ 2,270,709	\$ 5,108,251	\$ 3,023,785	\$ 13,114,973	\$ 41,205,522

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, 2011

Net Change in Fund Balances - Total Governmental Funds **\$ (8,530,260)**

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 \$21,668,820 exceeded depreciation expense of \$3,903,488 in the current period. 17,765,332

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. (71,976)

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

Property taxes	341,658
Other receivables	(3,504,138)
Donated assets	2,000,900

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. (10,660,000)

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	(107,387)
Bond premium	50,387
Loss on advanced refunding	123,895

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 10,282,639

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (48,378)

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:

Landfill closure and postclosure costs	8,535
Amortization expense	(2,220)
Other post-employment liability	(5,130)
Compensated absences	69,363

Change in Net Assets of Governmental Activities **\$ 7,713,220**

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

EXHIBIT E**LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011**

	Agency Funds
Assets	
Cash and cash equivalents	\$ 6,376,726
Investments	5,321,596
Property taxes receivable	261,927
Accounts receivable	906
	<u>\$ 11,961,155</u>
Liabilities	
Due to other taxing units	\$ 5,413,114
Due to others	6,548,041
	<u>\$ 11,961,155</u>

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

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LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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. The County applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the County's accounting policies are described below.

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. Basic Financial Statements - Government-wide Financial Statements

The government-wide financial statements, the statement of net assets and the statement of activities, reports information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized 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.

For the most part, the effect of interfund activity 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. 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.

LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basic Financial Statements - Government-wide Financial Statements

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Basic Financial Statements – Fund Financial Statements

Fund financial statements report detailed information about the County. Their focus is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial reporting applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The County's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific County functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental fund types are those through which most governmental functions typically are financed. Governmental fund reporting also focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various government funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The County reports the following governmental fund types:

General Fund - The general fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The County has the following major special revenue funds:

- 1) Transportation Fund – is used to account for the State “C” funds that are used for road improvements.
- 2) Capital Projects Sales Tax Fund – is used to account for the local one cent sales and use tax revenues that are restricted to pay for the new County Judicial Center.

LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Basic Financial Statements – Fund Financial Statements - continued

Debt Service Funds – The debt service fund and the SCAGO PFC debt service fund account for and report financial resources that are restricted, committed, or assigned for the payment of general long-term debt principal and interest and related costs.

Capital Projects Funds - The capital project funds are used to account for and report financial resources that are restricted, committed or assigned for the acquisition of capital assets or construction of major capital facilities. The County reports one major capital projects fund, the SCAGO Public Facilities Corporation Capital Projects Fund, which accounts for the construction of the new County Judicial Center.

Additionally, the County reports the following fund type:

Fiduciary Fund – Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The agency fund is custodial in nature (assets equals liabilities) and does not involve measurement of results of operations. The County's fiduciary fund category includes agency funds for education, clerk of court, family court, property taxes, magistrates, and special assessment taxes.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either modified accrual basis of accounting for the governmental fund types or the accrual basis of accounting for fiduciary funds.

Revenues, Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the County is sixty days.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available

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 County.

LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Measurement Focus and Basis of Accounting - continued

Unearned Revenue

The County reports unearned revenue on its statement of net assets and governmental funds balance sheet. In both the government-wide and governmental fund statements, resources received that are "intended to finance" a future period are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the statement of net assets and governmental funds balance sheet and revenue is recognized.

Expenditures/Expenses

Expenditures are generally 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 judgements, are recorded only when payment is due.

E. 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.

The County's investments are stated at fair value which approximates cost.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

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

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.

LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Net Assets or Equity - continued

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, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the County 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 (up to a maximum of 240 hours). 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 straight-line 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, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. 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 expenditures.

Fund Equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) are legally or contractually required to be maintained intact. The County has classified land held for resale, inventories, and prepaid items as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next current fiscal year.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources through either a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

Committed – This classification includes amounts that can only be used for specific purposes pursuant to constraints determined by a formal action of the government's highest level of decision making authority, the County Council. These amounts cannot be used for any other purpose unless the County Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County Council or by an official or body to which the County Council delegates authority. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

The County would typically use restricted fund balances first, followed by committed resources and the assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Assets, Liabilities and Net Assets or Equity – continued

Fund Equity - continued

It is the policy of the County to maintain adequate levels of fund balance to mitigate current and future risks and to ensure stable tax rates. The County intends to maintain a general fund unassigned fund balance of at least three months of the general fund operating budget. If the year-end unassigned fund balances exceeds three months of the general fund operating budget, the excess may be used to fund the following activities: a) one-time capital expenditures which do not increase ongoing operational costs; b) other one-time costs; and c) debt reduction. If the unassigned fund balance declines below three months of the general fund operating budget, the County Council will pursue ways of increasing revenues or decreasing expenditures, or a combination of both until the three month threshold is attained.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net asset component as the unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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, 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.

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.

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

Budgetary Information - continued

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.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash

Custodial credit risk, for deposits, is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County's policy regarding cash custodial risk is to require banks with which the County maintains deposits, to collateralize and, to insure the County's funds.

As of June 30, 2011, the County's deposits were as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Demand deposits	<u>\$ 21,027,253</u>	<u>\$ 20,179,117</u>

Of the County's bank balance, \$2,264,747 was covered by FDIC insurance and \$18,762,507 was collateralized by securities held by the pledging bank's trust department or agent in the County's name.

Investments

As of June 30, 2011, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating *</u>
State Treasurer's Investment Pool	\$ 13,522,549	>60 days	Not Rated
First American Government Obligations Class Y	2,149,698	Daily	AAAm
Wells Fargo Advantage Government Money Market Account	<u>16,349,519</u>	Daily	AAAm
	<u>\$ 32,021,766</u>		

* Standard & Poor's rating

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. The County's policy is to minimize interest rate risk by investing operating funds in primarily shorter-term securities, money market funds or similar investment pools and limiting the average maturity in accordance with the County's cash requirements.

LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

A. Cash and Investments - continued

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's policy is to invest only in those securities allowed by state statute and that are highly rated. 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, 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.

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

Unrestricted cash, including time deposits	\$ 13,811,192
Investments	26,700,169
Agency fund cash (not included in government-wide statement)	6,376,726
Agency fund investments (not included in government-wide statement)	5,321,596
Less: Petty cash	<u>(8,800)</u>
	<u>\$ 52,200,883</u>

LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

B. Capital Assets

Capital asset activity for the year ended June 30, 2011 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,297,745	\$ 1,162,986	\$ -	\$ 5,460,731
Construction in progress	17,506,618	970,163	(14,786,061)	3,690,720
Total capital assets not being depreciated	<u>21,804,363</u>	<u>2,133,149</u>	<u>(14,786,061)</u>	<u>9,151,451</u>
Capital assets being depreciated:				
Buildings and improvements	31,435,056	30,094,585	(121,600)	61,408,041
Vehicles	17,636,926	948,558	(335,217)	18,250,267
Furniture and equipment	9,598,708	4,059,829	(73,405)	13,585,132
Infrastructure	13,295,416	1,219,660	-	14,515,076
Total capital assets being depreciated	<u>71,966,106</u>	<u>36,322,632</u>	<u>(530,222)</u>	<u>107,758,516</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,505,007)	(874,942)	71,440	(12,308,509)
Vehicles	(8,814,367)	(1,539,724)	319,138	(10,034,953)
Furniture and equipment	(5,103,135)	(832,494)	67,668	(5,867,961)
Infrastructure	(4,943,982)	(656,328)	-	(5,600,310)
Total accumulated depreciation	<u>(30,366,491)</u>	<u>(3,903,488)</u>	<u>458,246</u>	<u>(33,811,733)</u>
Total capital assets being depreciated, net	<u>41,599,615</u>	<u>32,419,144</u>	<u>(71,976)</u>	<u>73,946,783</u>
Governmental activities capital assets, net	<u>\$ 63,403,978</u>	<u>\$ 34,552,293</u>	<u>\$ (14,858,037)</u>	<u>\$ 83,098,234</u>

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

Governmental activities:	
General government administration	\$ 496,513
Administration of justice	45,612
Public safety and law enforcement	1,401,366
Public works, including depreciation of infrastructure assets	1,194,669
Public health and welfare	481,927
Culture and recreation	283,401
Total depreciation expense	<u>\$ 3,903,488</u>

LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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 \$382,983 has been reported as an extraordinary item on the statement of activities.

D. Interfund Balances and Transfers

Interfund balances arise because the County Treasurer utilizes a cash pool to maximize earnings. Interfund balances at June 30, 2011 were:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Projects	\$ 1,237,337
General Fund	Restricted Grants	50,109
General Fund	Airport Commission	603,134
General Fund	Capital Projects - SCAGO	2,457,980
General Fund	Pleasant Valley Fire District	1,181
General Fund	Recreation Fund	18,310
General Fund	Local Accomodations Tax	1,493
Transportation Fund	General Fund	2,146,056
Capital Project Sales Tax	General Fund	3,403,084
Sun City/Belair Special Tax District	General Fund	151,615
Edenmoor Special Tax District	General Fund	12,502
E911 Fund	General Fund	626,742
Court Mandated Security Fund	General Fund	191,990
Capital Improvement	General Fund	261,476
Bond Projects Fund	General Fund	4,365,506
Edgewater Improvement District	General Fund	4,467
Sun City Special Assessment	General Fund	431
		<u>\$ 15,533,413</u>

Interfund transfers for the year ended June 30, 2011, consisted of the following:

Transfer from	Transfer to	Purpose	Amount
General Fund	Recreation Fund	Recreation operations	\$ 880,428
General Fund	Airport Fund	Airport operations	40,000
General Fund	Library Fund	Library operations	954,210
Bond Projects Fund	General Fund	Capital projects	520,000
Capital Projects Sales Tax	SCAGO Debt Service Fund	Debt payments	5,706,009
Local Accomodations Tax	General Fund	Tourism promotions	15,000
			<u>\$ 8,115,647</u>

LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3. DETAILED NOTES ON ALL FUNDS - Continued

E. Short-term Obligations

The following is a schedule of changes in short-debt:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
Bond anticipation notes	\$ -	\$ 875,000	\$ -	\$ 875,000

The General Obligation Bond Anticipation Note, Series 2010E with an interest of 1.03 percent, was issued on December 20, 2010, for \$875,000 and matures on December 30, 2011. The proceeds were used for infrastructure improvements in the Brookchase Special Tax District.

F. Long-term Obligations

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 15,778,340	\$ 10,660,000	\$ 5,159,633	\$ 21,278,707	\$ 1,438,707
Capital leases	3,397,813	-	604,414	2,793,399	471,753
SCAGO PFC Installment purchase revenue bonds	38,410,000	-	4,185,000	34,225,000	4,665,000
Special source revenue bonds	2,733,658	-	209,413	2,524,245	209,413
Landfill closure and postclosure costs	1,376,180	-	8,535	1,367,645	56,000
Compensated absences	841,336	475,999	545,362	771,973	545,000
Deferred amounts:					
Unamortized discount	(32,709)	-	(2,974)	(29,735)	-
Unamortized loss on advanced refunding	(218,656)	123,895	(26,401)	(316,150)	
Unamortized premium	1,069,676	50,387	164,965	955,098	-
Long-term liabilities	<u>\$ 63,355,638</u>	<u>\$ 11,310,281</u>	<u>\$ 10,847,947</u>	<u>\$ 63,570,182</u>	<u>\$ 7,385,873</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

F. Long-term Obligations - Continued

General Obligation Bonds

The County issues general obligation debt to provide funds for acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Description	Amount Issued	Interest Rate	Final Maturity	Annual Principal Payments	Amount Outstanding
General obligation bonds, series 2007	\$ 1,855,000	3.75%	2012	\$374,633 to \$388,708	\$ 388,707
General obligation bonds, series 2008	5,600,000	3.40%	2015	\$450,000 to \$1,190,000	4,015,000
refunding bonds, series 2009	4,630,000	3% to 4%	2024	\$325,000 to \$350,000	3,805,000
General obligation bonds, series 2010A	595,000	3%	2016	\$90,000 to \$105,000	505,000
General obligation bonds, taxable series 2010B (Build America Bonds)	1,905,000	4% to 5.8%	2030	\$110,000 to \$170,000	1,905,000
General obligation bonds, taxable series 2010C (Build America Bonds)	7,000,000	3.35% to 4.85%	2025	\$230,000 to \$1,505,000	7,000,000
General obligation refunding bonds, series 2010D	3,660,000	2% to 3.5%	2020	\$80,000 to \$690,000	<u>3,660,000</u>
					<u><u>\$ 21,278,707</u></u>

During 2011 and 2010, the County issued general obligation bonds through the Build America Bond program that provides for a 35% federal subsidy on the total interest requirements. The interest is paid to the County on a semi-annual basis corresponding with the interest payments to the bond holders.

LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

F. Long-term Obligations – Continued

The amounts required to amortize the general obligation bonds outstanding as of June 30, 2011 are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 1,438,707	\$ 833,308	\$ 2,272,015
2013	1,515,000	786,354	2,301,354
2014	1,580,000	738,554	2,318,554
2015	1,660,000	686,104	2,346,104
2016	1,235,000	628,266	1,863,266
2017 to 2021	6,790,000	2,502,568	9,292,568
2022 to 2027	6,420,000	924,301	7,344,301
2028 to 2031	640,000	94,830	734,830
Total	<u>\$ 21,278,707</u>	<u>\$ 7,194,285</u>	<u>\$ 28,472,992</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, 2011, the unamortized premium was \$25,298. 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.

On December 14, 2010, the County issued \$3,660,000 General Obligation Refunding Bonds, Series 2010D. These bonds were issued and the proceeds were used to refund \$3,535,000 of outstanding General Obligation Bonds, Series 2001, and to pay certain issuance costs. In connection with the issuance of the bonds, a premium of \$46,977 was recorded and is being amortized over the life of the bonds. As of June 30, 2011, the unamortized premium was \$44,628.

The advance refunding resulted in a gross cash flow gain of \$118,119 and an economic cash flow gain of \$240,597.

In current and prior years, advance refunding results in book losses that are being amortized over the original remaining life of the old bonds that were defeased. The unamortized losses at June 30, 2011 are shown netted against the related bonds in the Statement of Net Assets. Amortization of \$26,401 has been included in interest expense for the year ended June 30, 2011.

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

F. Long-term Obligations – Continued

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.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2011 were as follows:

Year Ending June 30,	Amount
2012	\$ 585,335
2013	591,948
2014	442,862
2015	157,429
2016	162,156
2017 to 2021	887,023
2022 to 2025	702,921
Total minimum lease payments	3,529,674
Less: amount representing interest	(736,275)
Present value of minimum lease payments	<u>\$ 2,793,399</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 funds are not appropriated by the

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

F. Long-term Obligations - Continued

Installment Purchase Revenue Bonds – continued

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.

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, 2011 was \$875,604.

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, 2011, 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
2012	\$ 221,977	\$ 211,354	\$ 433,331
2013	238,730	198,789	437,519
2014	251,295	184,405	435,700
2015	268,048	169,827	437,875
2016	280,613	153,431	434,044
2017 to 2020	1,263,582	438,036	1,701,618
Total	<u>\$ 2,524,245</u>	<u>\$ 1,355,842</u>	<u>\$ 3,880,087</u>

LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

F. Long-term Obligations - Continued

Closure and Post Closure Costs of Municipal Solid Waste 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 2011, the County expended \$8,535 in landfill closure costs. Remaining post-closure costs are estimated at \$1,367,645 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.

G. 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, 2011, there is one series of Industrial Revenue bonds outstanding with an aggregate principal amount payable of \$28,000,000.

H. 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, 2011, the outstanding balance on this debt was \$6,894,000.

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, 2011, the outstanding balance on this debt was \$33,174,572.

LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued

H. 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, 2011, the outstanding balance on this debt was \$17,415,000.

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, 2011, 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, 2011

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 11.13% 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:

<u>Fiscal Year Ended June 30</u>	<u>SCRS</u>	<u>PORS</u>
2011	\$ 873,915	\$ 579,537
2010	853,665	542,682
2009	875,808	508,994

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 and Annual OPEB Cost – The County's annual other post employment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an actuarially determined amount. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4 - OTHER INFORMATION – Continued

D. Post - Employment Health Insurance Benefits – Continued

The County's annual OPEB cost for the current year is as follows:

Annual required contribution	\$ 335,603
Interest on OPEB obligation	8,376
Adjustment to annual required contribution	(7,760)
Annual OPEB cost (expense)	<u>336,219</u>
Net estimated employer contributions	(331,089)
Increase (decrease) in net OPEB obligation	<u>5,130</u>
Net OPEB obligation, beginning of year	<u>296,369</u>
Net OPEB obligation, end of year	<u><u>\$ 301,499</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2011 and the preceding two fiscal years were as follows:

For the Year Ended June 30	Annual OPEB Cost	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 336,219	\$ 220,847	65.69%	\$ 301,499
2010	314,200	221,946	70.64%	186,127
2009	304,748	210,875	69.20%	93,873

Funding Status and Progress – The funded status of the County's retiree health plan as of June 30, 2010 is as follows:

Actuarial Valuation Date as of June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
2010	\$ -	\$ 3,886,078	\$ 3,886,078	0%

Under the reporting parameters, the County's retiree health care plan is 0% funded with an estimated actuarial liability exceeding the actuarial assets by \$3,886,078 at June 30, 2010.

Actuarial Methods and Assumptions – The Projected Unit Credit actuarial cost method is used to calculate the annual required contribution for the County's retiree health plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit cost method then provides for a systematic funding for these anticipated payments. The annual required contribution is computed to cover the cost of the benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 4 - OTHER INFORMATION – Continued

D. Post - Employment Health Insurance Benefits - Continued

Projections of health benefits are based on the plan as understood by the County and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the County's employees. Actuarial calculation reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant actuarial methods and assumptions were as follows:

Investment rate of return	4.5%, net of expenses
Actuarial cost method	Projected Unit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	Open 30 year period
Salary Growth	3% per annum
Inflation	3% per annum
Medical Trend	Starting at 7.5% and remaining level for 3 years, decreasing by .25% per year to 4.5% per year after 11 years
Drug Trend	Starting at 8.0% for 2011, 7.75% for 2012 and 2013, 7.25% for 2014, and then decreasing by .25% to 4.5% per year for years after 2024

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the County's retiree health plan are subject to revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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.

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

F. Commitments and Contingencies - continued

Contractual Commitments

Total contractual commitments at June 30, 2011 were as follows:

Project	Contract Amount	Job-to-Date Expenditures	Outstanding Commitments
New Justice Center	<u>\$ 26,037,293</u>	<u>\$ 25,163,063</u>	<u>\$ 874,230</u>

NOTE 5 - SUBSEQUENT EVENT

Subsequent to June 30, 2011, the County Council authorized the refinancing of the \$875,000 General Obligation Bond Anticipation Note, Series 2010E for the Brookchase Special Tax District.

Management has evaluated subsequent events through December 16, 2011, the date on which the financial statements were available to be issued.

SCHEDULE 1

**LANCASTER COUNTY, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 21,328,304	\$ 21,328,304	\$ 20,838,835	\$ (489,469)
Other local taxes and tariffs	928,500	928,500	996,417	67,917
Intergovernmental	2,884,875	2,884,875	3,046,929	162,054
Licenses and permits	2,952,306	2,952,306	2,872,281	(80,025)
Charges for services	2,443,350	2,443,350	2,746,015	302,665
Fines, fees and forfeitures	984,500	984,500	908,198	(76,302)
Contributions and donations	23,000	25,400	68,931	43,531
Investment earnings	200,500	200,500	51,592	(148,908)
Miscellaneous	57,000	57,000	126,005	69,005
Total revenues	31,802,335	31,804,735	31,655,203	(149,532)
Expenditures				
Current:				
General Government				
Non-departmental	1,094,152	1,094,152	1,000,914	93,238
Direct assistance to other agencies	666,268	719,546	665,356	54,190
Council	855,121	959,217	1,021,604	(62,387)
Administrator	455,600	455,600	468,581	(12,981)
Finance	456,750	456,750	450,849	5,901
Human resources	249,752	249,752	299,308	(49,556)
Management information services	523,975	523,975	425,425	98,550
GIS	164,616	164,616	123,479	41,137
Building and zoning	917,576	890,576	805,499	85,077
Planning	284,575	284,575	279,680	4,895
Assessor	694,600	694,600	667,838	26,762
Auditor	347,525	347,525	333,861	13,664
Treasurer	388,675	388,675	356,454	32,221
Delinquent tax collector	325,156	325,156	270,098	55,058
Voter registration and elections	205,396	211,552	245,826	(34,274)
Risk management/register of deeds	303,265	303,265	291,367	11,898
Farmers' market	3,100	6,100	6,068	32
Vehicle maintenance	383,520	383,520	372,229	11,291
Building maintenance	973,255	973,255	903,420	69,835
	9,292,877	9,432,407	8,987,853	444,554
Administration of Justice				
Circuit court	60,950	60,950	43,134	17,817
Clerk of court	199,790	199,790	200,046	(256)
Family court	353,422	353,422	300,928	52,494
Probate court	335,074	335,074	303,462	31,612
Magistrate court	697,119	697,119	677,325	19,794
	1,646,355	1,646,355	1,524,894	121,461
Public Safety				
Coroner	248,702	248,702	266,063	(17,361)
Sheriff	5,557,325	5,559,025	5,261,196	297,829
Detention center	1,866,038	1,866,038	1,607,303	258,735
Emergency management	298,482	298,482	280,018	18,464
Fire commission	987,677	989,567	959,594	29,973

SCHEDULE 1

**LANCASTER COUNTY, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Rescue squad	46,778	47,714	47,714	-
Indian Land rescue squad	44,400	39,964	26,231	13,733
	<u>9,049,402</u>	<u>9,049,492</u>	<u>8,448,119</u>	<u>601,373</u>
Public Works				
Roads and bridges	1,871,478	1,920,457	1,826,169	94,288
Landfill	57,000	57,000	8,535	48,465
Solid waste	2,156,963	2,156,963	1,842,049	314,914
	<u>4,085,441</u>	<u>4,134,420</u>	<u>3,676,752</u>	<u>457,668</u>
Public health and welfare				
EMS	4,427,226	4,431,226	4,622,389	(191,163)
Animal control	239,524	239,524	220,643	18,881
Environmental health	5,825	5,825	2,650	3,175
Health services	99,300	99,300	78,024	21,276
Junvenile drug court	104,379	106,779	104,318	2,461
Social services and food stamps	64,210	64,210	58,616	5,594
DSS Family Independence	59,082	59,082	58,023	1,059
Veteran affairs	139,169	139,169	137,128	2,041
	<u>5,138,715</u>	<u>5,145,115</u>	<u>5,281,791</u>	<u>(136,676)</u>
Economic Development				
Economic development commission	187,075	217,075	547,684	(330,609)
Debt Service				
Principal	581,232	581,232	468,107	113,125
Interest and other charges	-	-	115,045	(115,045)
	<u>581,232</u>	<u>581,232</u>	<u>583,152</u>	<u>(1,920)</u>
Total expenditures	<u>29,981,097</u>	<u>30,206,096</u>	<u>29,050,245</u>	<u>1,155,850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,821,238</u>	<u>1,598,639</u>	<u>2,604,958</u>	<u>1,006,318</u>
Other Financing Sources (Uses)				
Fund balance appropriated	45,000	260,999	-	(260,999)
Proceeds from sale of capital assets	-	-	29,670	29,670
Transfers in	15,000	15,000	535,000	520,000
Transfers out	(1,874,638)	(1,874,638)	(1,874,638)	-
Total other financing sources and uses	<u>(1,814,638)</u>	<u>(1,598,639)</u>	<u>(1,309,968)</u>	<u>288,671</u>
Net change in fund balances	<u>\$ 6,600</u>	<u>\$ -</u>	<u>\$ 1,294,990</u>	<u>\$ 1,294,989</u>
Fund Balances, Beginning of Year			<u>16,392,814</u>	
Fund Balances, End of Year			<u>\$ 17,687,804</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,275,000	\$ 1,275,000	\$ 1,245,031	\$ (29,969)
Investment earnings	3,000	3,000	9,595	6,595
Total revenues	<u>1,278,000</u>	<u>1,278,000</u>	<u>1,254,626</u>	<u>(23,374)</u>
Expenditures				
Current				
Public works	<u>1,961,000</u>	<u>1,972,182</u>	<u>1,284,070</u>	<u>688,112</u>
Total expenditures	<u>1,961,000</u>	<u>1,972,182</u>	<u>1,284,070</u>	<u>688,112</u>
Excess (deficiency) of revenues over expenditures	<u>(683,000)</u>	<u>(694,182)</u>	<u>(29,444)</u>	<u>664,738</u>
Other Financing Sources (Uses)				
Fund balance appropriated	<u>683,000</u>	<u>694,182</u>	-	<u>(694,182)</u>
Total other financing sources and uses	<u>683,000</u>	<u>694,182</u>	-	<u>(694,182)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(29,444)</u>	<u>\$ (29,444)</u>
Fund Balances, Beginning of Year			<u>2,300,153</u>	
Fund Balances, End of Year			<u>\$ 2,270,709</u>	

SCHEDULE 3

**LANCASTER COUNTY, SOUTH CAROLINA
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECT SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Other local taxes and tariffs	\$ 5,000,000	\$ 5,000,000	\$ 6,385,293	\$ 1,385,293
Investment earnings	-	-	11,362	11,362
Total revenues	<u>5,000,000</u>	<u>5,000,000</u>	<u>6,396,655</u>	<u>1,396,655</u>
Expenditures				
Current				
Public Safety	-	-	5,000	(5,000)
Total expenditures	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>(5,000)</u>
Excess (deficiency) of revenues over expenditures	<u>5,000,000</u>	<u>5,000,000</u>	<u>6,391,655</u>	<u>1,391,655</u>
Other Financing Sources (Uses)				
Transfers out	(5,590,637)	(5,590,637)	(5,706,009)	(115,372)
Fund balance appropriated	590,637	590,637	-	(590,637)
Total other financing sources and uses	<u>(5,000,000)</u>	<u>(5,000,000)</u>	<u>(5,706,009)</u>	<u>(706,009)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>685,646</u>	<u>\$ 685,646</u>
Fund Balances, Beginning of Year			<u>4,422,605</u>	
Fund Balances, End of Year			<u>\$ 5,108,251</u>	

SCHEDULE 4

**LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
JUNE 30, 2011**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded Actuarial Accrued Liability (UAAL) (B-A)	Ratio of Funded Obligation (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
June 30, 2007	\$ -	\$ 3,843,902	\$ 3,843,902	0.00%	\$ 14,239,968	26.99%
June 30, 2010	\$ -	\$ 3,886,078	\$ 3,886,078	0.00%	\$ 15,313,936	25.38%

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SCHEDULE 5

**LANCASTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2011**

	Special Revenue Fund	Debt Service Fund	Capital Project Fund	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 909,709	\$ 488,651	\$ -	\$ 1,398,360
Investments	-	3,844,980	3,568,951	7,413,931
Taxes receivable, net	6,643	14,645	7,981	29,269
Due from other funds	982,849	-	4,631,880	5,614,729
Due from other governments	120,118	2	366,663	486,783
Other receivables	53,910	-	987,603	1,041,513
Inventories	55,293	-	-	55,293
	<u>\$ 2,128,522</u>	<u>\$ 4,348,278</u>	<u>\$ 9,563,078</u>	<u>\$ 16,039,878</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 59,585	\$ -	\$ 4,898	\$ 64,483
Bond anticipation note payable	-	-	875,000	875,000
Due to other funds	674,227	-	1,237,337	1,911,564
Deferred revenue	70,440	-	-	70,440
Other accrued expenses	3,418	-	-	3,418
	<u>807,670</u>	<u>-</u>	<u>2,117,235</u>	<u>2,924,905</u>
Fund balances:				
Nonspendable:				
Inventories	55,293	-	-	55,293
Restricted for:				
Capital projects	-	-	8,320,843	8,320,843
Public safety	1,783,340	-	-	1,783,340
Cultural and recreation	130,417	-	-	130,417
Debt service	-	4,348,278	-	4,348,278
Other purposes	-	-	-	-
Unassigned	(648,198)	-	(875,000)	(1,523,198)
	<u>1,320,852</u>	<u>4,348,278</u>	<u>7,445,843</u>	<u>13,114,973</u>
	<u>\$ 2,128,522</u>	<u>\$ 4,348,278</u>	<u>\$ 9,563,078</u>	<u>\$ 16,039,878</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, 2011

	Special Revenue Fund	Debt Service Fund	Capital Project Fund	Total Other Governmental Funds
Revenues				
Property taxes	\$ 958,674	\$ 2,082,511	\$ 1,817,649	\$ 4,858,834
Other taxes	416,856	-	-	416,856
Fees and fines	70,777	-	-	70,777
Intergovernmental	5,373,717	24,378	366,663	5,764,758
Charges for services	1,481,826	-	-	1,481,826
Investment earnings	11,176	4,525	9,429	25,130
Miscellaneous	36,550	-	116,929	153,479
Contributions and donations	207,971	-	87,600	295,571
Total revenues	<u>8,557,547</u>	<u>2,111,414</u>	<u>2,398,270</u>	<u>13,067,231</u>
Expenditures				
Current				
General government	491,475	-	362,371	853,846
Administration of Justice	-	-	382,982	382,982
Public safety and law enforcement	2,031,591	-	2,211,961	4,243,552
Public works	12,279	-	342,700	354,979
Public health and welfare	25,619	-	320,489	346,108
Culture and recreation	2,952,393	-	-	2,952,393
Economic development	1,676,693	-	962,030	2,638,723
Debt service				
Principal	90,000	5,719,633	346,004	6,155,637
Interest and other charges	108,408	2,048,894	261,905	2,419,207
Bond issuance costs	-	48,081	-	48,081
Capital outlay	1,858,927	-	-	1,858,927
Total expenditures	<u>9,247,385</u>	<u>7,816,608</u>	<u>5,190,442</u>	<u>22,254,435</u>
Excess (deficiency) of revenues over expenditures	<u>(689,838)</u>	<u>(5,705,194)</u>	<u>(2,792,172)</u>	<u>(9,187,204)</u>
Other Financing Sources (Uses)				
Issuance of debt	-	3,660,000	7,000,000	10,660,000
Premium on issuance of debt	-	46,977	3,410	50,387
Payment to refunded debt escrow agent	-	(3,658,895)	-	(3,658,895)
Proceeds from sale of capital assets	3,359	-	-	3,359
Transfers in	1,874,638	5,706,009	-	7,580,647
Transfers out	(15,000)	-	(520,000)	(535,000)
Total other financing sources and uses	<u>1,862,997</u>	<u>5,754,091</u>	<u>6,483,410</u>	<u>14,100,498</u>
Extraordinary Item				
Insurance recoveries	<u>-</u>	<u>-</u>	<u>1,251,553</u>	<u>1,251,553</u>
Net change in fund balances	1,173,159	48,897	4,942,791	6,164,847
Fund Balances, Beginning of Year	<u>147,693</u>	<u>4,299,381</u>	<u>2,503,052</u>	<u>6,950,126</u>
Fund Balances, End of Year	<u>\$ 1,320,852</u>	<u>\$ 4,348,278</u>	<u>\$ 7,445,843</u>	<u>\$ 13,114,973</u>

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Recreation Fund	Airport Fund	Library Fund	Restricted Grants 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
Revenues											
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 958,674	\$ 958,674
Sales and miscellaneous taxes	-	-	-	-	-	-	-	-	-	-	416,856
Fees and fines	-	-	66,247	-	46,648	-	23	370,208	4,223	-	70,777
Intergovernmental	107,103	2,579,289	90,358	2,477,504	-	284	-	87,614	31,849	-	5,373,717
Charges for services	801,085	175,346	10,020	-	-	180,990	6,210	-	308,175	-	1,481,826
Investment earnings	115	-	433	-	42	-	-	2,359	8,227	-	11,176
Miscellaneous	5,500	31,050	-	-	-	-	-	-	-	-	36,550
Contributions and donations	-	-	51,840	156,131	-	-	-	-	-	-	207,971
Total revenues	913,803	2,785,685	218,898	2,633,635	46,690	181,274	6,233	460,181	352,474	958,674	8,557,547
Expenditures											
Current											
General government	-	274,666	-	178,804	38,005	-	-	-	-	-	491,475
Public safety and law enforcement	-	-	-	575,533	-	96,661	-	344,125	87,295	927,977	2,031,591
Public works	-	-	-	12,279	-	-	-	-	-	-	12,279
Public health and welfare	-	-	-	25,619	-	-	-	-	-	-	25,619
Culture and recreation	1,790,811	-	1,161,582	-	-	-	-	-	-	-	2,952,393
Economic development	-	-	-	1,676,693	-	-	-	-	-	-	1,676,693
Debt service	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	90,000	-	90,000
Interest and other charges	-	-	-	-	-	-	-	-	108,408	-	108,408
Capital outlay	87,206	134,040	-	-	-	-	-	-	1,637,681	-	1,858,927
Total expenditures	1,878,017	408,706	1,161,582	2,468,928	38,005	96,661	-	344,125	1,923,384	927,977	9,247,385
Excess (deficiency) of revenues over expenditures	(964,214)	2,376,979	(942,684)	164,707	8,685	84,613	6,233	116,056	(1,570,910)	30,697	(689,838)
Other Financing Sources (Uses)											
Issuance of debt	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	3,359	-	-	-	-	-	-	-	-	-	3,359
Transfers out	880,428	40,000	954,210	-	-	-	-	-	-	-	1,874,638
Total Other Financing Sources	883,787	40,000	954,210	-	(15,000)	-	-	-	-	-	(15,000)
Net change in fund balances	(80,427)	2,416,979	11,526	164,707	(6,315)	84,613	6,233	116,056	(1,570,910)	30,697	1,173,159
Fund Balances, Beginning of Year	63,655	(2,937,497)	115,977	(220,322)	9,229	67,002	6,269	571,031	2,304,413	167,936	147,693
Fund Balances, End of Year	\$ (16,772)	\$ (520,518)	\$ 127,503	\$ (55,615)	\$ 2,914	\$ 151,615	\$ 12,502	\$ 687,087	\$ 733,503	\$ 198,633	\$ 1,320,852

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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 107,103	\$ 107,103	\$ 107,103	\$ -
Charges for services	1,179,665	1,179,665	801,085	(378,580)
Interest income	-	-	115	115
Miscellaneous revenue	-	-	5,500	5,500
	<u>1,286,768</u>	<u>1,286,768</u>	<u>913,803</u>	<u>(372,965)</u>
Expenditures				
Current				
Culture and recreation - operations	2,113,645	2,113,645	1,790,811	322,834
Capital outlay	107,102	107,102	87,206	19,896
	<u>2,220,747</u>	<u>2,220,747</u>	<u>1,878,017</u>	<u>342,730</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(933,979)</u>	<u>(933,979)</u>	<u>(964,214)</u>	<u>(30,235)</u>
Other Financing Sources				
Proceeds from sale of capital assets	-	-	3,359	(3,359)
Transfer in	880,428	880,428	880,428	-
	<u>880,428</u>	<u>880,428</u>	<u>883,787</u>	<u>(3,359)</u>
Net Change in Fund Balance	<u>\$ (53,551)</u>	<u>\$ (53,551)</u>	<u>(80,427)</u>	<u>\$ (33,594)</u>
Fund Balance, Beginning of Year			<u>63,655</u>	
Fund Balance, End of Year			<u>\$ (16,772)</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 2,579,289	\$ 2,579,289
Charges for services	140,000	140,000	175,346	35,346
Miscellaneous income	23,200	23,200	31,050	7,850
	<u>163,200</u>	<u>163,200</u>	<u>2,785,685</u>	<u>2,622,485</u>
Expenditures				
Current				
General government	203,200	203,200	274,666	(71,466)
Capital outlay				
General	-	-	134,040	(134,040)
	<u>203,200</u>	<u>203,200</u>	<u>408,706</u>	<u>(205,506)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,000)</u>	<u>(40,000)</u>	<u>2,376,979</u>	<u>2,416,979</u>
Other Financing Sources (Uses)				
Transfer in	40,000	40,000	40,000	-
	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,416,979</u>	<u>\$ 2,416,979</u>
Fund Balance, Beginning of Year			<u>(2,937,497)</u>	
Fund Balance, End of Year			<u>\$ (520,518)</u>	

LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LIBRARY FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 90,358	\$ 90,358	\$ 90,358	\$ -
Charges for services	6,000	6,000	10,020	4,020
Fines, fees and copier revenue	63,000	63,000	66,247	3,247
Contributions and donations	20,500	51,840	51,840	-
Interest income	-	-	433	433
	<u>179,858</u>	<u>211,198</u>	<u>218,898</u>	<u>7,700</u>
Expenditures				
Current				
Culture and recreation	<u>1,171,687</u>	<u>1,195,799</u>	<u>1,161,582</u>	<u>34,217</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(991,829)</u>	<u>(984,601)</u>	<u>(942,684)</u>	<u>41,917</u>
Other Financing Sources (Uses)				
Transfer in	<u>954,210</u>	<u>954,210</u>	<u>954,210</u>	<u>-</u>
	<u>954,210</u>	<u>954,210</u>	<u>954,210</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (37,619)</u>	<u>\$ (30,391)</u>	11,526	<u>\$ 41,917</u>
Fund Balance, Beginning of Year			<u>115,977</u>	
Fund Balance, End of Year			<u>\$ 127,503</u>	

SCHEDULE 12

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local accomodation tax revenue	\$ 50,000	\$ 50,000	\$ 46,648	\$ (3,352)
Investment earnings	-	-	42	42
Total revenues	50,000	50,000	46,690	(3,310)
Expenditures				
Current				
General government administration	35,000	35,000	38,005	(3,005)
Total expenditures	35,000	35,000	38,005	(3,005)
Excess (deficiency) of revenues over expenditures	15,000	15,000	8,685	(6,315)
Other Financing Sources (Uses)				
Transfers out	(15,000)	(15,000)	(15,000)	-
Total other financing sources and uses	(15,000)	(15,000)	(15,000)	-
Net change in fund balances	\$ -	\$ -	(6,315)	\$ (6,315)
Fund Balance, Beginning of Year			9,229	
Fund Balance, End of Year			\$ 2,914	

SCHEDULE 13

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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Charges for services	\$ 185,500	\$ 185,500	\$ 180,990	\$ (4,510)
Fines, fees and forfeitures	-	-	284	284
Total revenues	185,500	185,500	181,274	(4,226)
Expenditures				
Current				
Public safety and law enforcement	185,500	185,500	96,661	88,839
Total expenditures	185,500	185,500	96,661	88,839
Excess (deficiency) of revenues over expenditures	-	-	84,613	84,613
Net change in fund balances	\$ -	\$ -	84,613	\$ 84,613
Fund Balance, Beginning of Year			67,002	
Fund Balance, End of Year			\$ 151,615	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Other local taxes and tariffs	\$ 430,000	\$ 430,000	\$ 370,208	\$ (59,792)
Intergovernmental	10,800	10,800	87,614	76,814
Investment earnings	500	500	2,359	1,859
Total revenues	<u>441,300</u>	<u>441,300</u>	<u>460,181</u>	<u>18,881</u>
Expenditures				
Capital outlay				
Public safety and law enforcement	<u>441,300</u>	<u>488,808</u>	<u>344,125</u>	<u>144,683</u>
Total expenditures	<u>441,300</u>	<u>488,808</u>	<u>344,125</u>	<u>144,683</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(47,508)</u>	<u>116,056</u>	<u>163,564</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (47,508)</u>	<u>116,056</u>	<u>\$ 163,564</u>
Fund Balance, Beginning of Year			<u>571,031</u>	
Fund Balance, End of Year			<u>\$ 687,087</u>	

SCHEDULE 15

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 31,849	\$ 31,849
Charges for services	314,458	314,458	308,175	(6,283)
Fines, fees and forfeitures	2,000	2,000	4,223	2,223
Investment earnings	-	-	8,227	8,227
Total revenues	<u>316,458</u>	<u>316,458</u>	<u>352,474</u>	<u>36,016</u>
Expenditures				
Current				
Public safety and law enforcement	118,800	118,800	87,295	31,505
Capital outlay				
Public safety and law enforcement	-	-	1,637,681	(1,637,681)
Debt Service				
Principal	90,000	90,000	90,000	-
Interest and other charges	107,658	107,658	108,408	(750)
Total expenditures	<u>316,458</u>	<u>316,458</u>	<u>1,923,384</u>	<u>(1,606,926)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(1,570,910)</u>	<u>(1,570,910)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(1,570,910)</u>	<u>\$ (1,570,910)</u>
Fund Balance, Beginning of Year			<u>2,304,413</u>	
Fund Balance, End of Year			<u>\$ 733,503</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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 953,500	\$ 953,500	\$ 958,674	\$ 5,174
Total revenues	953,500	953,500	958,674	5,174
Expenditures				
Public safety and law enforcement	953,500	953,500	927,977	25,523
Total expenditures	953,500	953,500	927,977	25,523
Excess (deficiency) of revenues over expenditures	-	-	30,697	30,697
Net change in fund balances	\$ -	\$ -	30,697	\$ 30,697
Fund Balance, Beginning of Year			167,936	
Fund Balance, End of Year			<u>\$ 198,633</u>	

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2011

	Debt Service Fund	Debt Service Fund - SCAGO Public Facilities Corporation	Total
Assets			
Cash and cash equivalents	\$ 488,651	\$ -	\$ 488,651
Investments	-	3,844,980	3,844,980
Taxes receivable, net	14,645	-	14,645
Due from other governments	2	-	2
	<u>\$ 503,298</u>	<u>\$ 3,844,980</u>	<u>\$ 4,348,278</u>
Liabilities and Fund Balances			
Fund balances:			
Restricted for:			
Debt service	\$ 503,298	\$ 3,844,980	\$ 4,348,278
	<u>\$ 503,298</u>	<u>\$ 3,844,980</u>	<u>\$ 4,348,278</u>

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Debt Service Fund	Debt Service Fund - SCAGO Public Facilities Corporation	Total
Revenues			
Property Taxes	\$ 2,082,511	\$ -	\$ 2,082,511
Intergovernmental	24,378	-	24,378
Investment earnings	3,340	1,185	4,525
Total revenues	<u>2,110,229</u>	<u>1,185</u>	<u>2,111,414</u>
 Debt service			
Principal retirement	1,534,633	4,185,000	5,719,633
Interest and other charges	522,269	1,526,625	2,048,894
Bond issuance costs	48,081	-	48,081
Total expenditures	<u>2,104,983</u>	<u>5,711,625</u>	<u>7,816,608</u>
 Excess (deficiency) of revenues over expenditures	<u>5,246</u>	<u>(5,710,440)</u>	<u>(5,705,194)</u>
 Other Financing Sources (Uses)			
Issuance of debt	3,660,000	-	3,660,000
Other financing source - premium	46,977	-	46,977
Payment to refunded debt escrow agent	(3,658,895)	-	(3,658,895)
Transfers in	-	5,706,009	5,706,009
Total other financing sources (uses)	<u>48,082</u>	<u>5,706,009</u>	<u>5,754,091</u>
 Net Change in Fund Balances	53,328	(4,431)	48,897
 Fund Balances, Beginning of Year	<u>449,970</u>	<u>3,849,411</u>	<u>4,299,381</u>
 Fund Balances, End of Year	<u>\$ 503,298</u>	<u>\$ 3,844,980</u>	<u>\$ 4,348,278</u>

SCHEDULE 19

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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues				
Property taxes	\$ 2,052,742	\$ 2,052,742	\$ 2,082,511	\$ 29,769
Intergovernmental	-	-	24,378	24,378
Investment earnings	2,500	2,500	3,340	840
Total revenues	<u>2,055,242</u>	<u>2,055,242</u>	<u>2,110,229</u>	<u>54,987</u>
Expenditures				
Debt service				
Principal retirement	1,534,634	1,534,634	1,534,633	1
Interest and other charges	520,608	520,608	522,269	(1,661)
Bond issue costs	-	-	48,081	(48,081)
Total expenditures	<u>2,055,242</u>	<u>2,055,242</u>	<u>2,104,983</u>	<u>(49,741)</u>
Other Financing Sources (Uses)				
Issuance of debt	-	-	3,660,000	3,660,000
Premium on issuance of debt	-	-	46,977	46,977
Payment to refunded debt escrow agent	-	-	(3,658,895)	(3,658,895)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>48,082</u>	<u>48,082</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>53,328</u>	<u>\$ 53,328</u>
Fund Balance, Beginning of Year			<u>449,970</u>	
Fund Balance, End of Year			<u>\$ 503,298</u>	

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
JUNE 30, 2011

	General Capital Projects		Capital Improvement Fund	Bond Projects Fund	Edgewater Improvement District Fund		Baile Ridge Project Fund	Edenmoor Special Assessments Funds		Sun City Special Assessments Fund		Brookchase Special Tax District		Total
	Fund	Fund			District Fund	District Fund		Funds	Funds	Fund	Fund	District	District	
Assets														
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	179,252	-	-	-	3,568,951
Taxes receivable, net	-	-	7,981	-	-	-	-	-	-	-	-	-	-	7,981
Due from other funds	-	-	261,476	4,365,506	-	4,467	-	-	-	431	-	-	-	4,631,880
Due from other governments	366,663	-	-	-	-	-	-	-	-	-	-	-	-	366,663
Other receivables, net	870,674	-	116,929	-	-	-	-	-	-	-	-	-	-	987,603
	<u>\$ 1,237,337</u>	<u>\$ 386,386</u>	<u>\$ 4,365,506</u>	<u>\$ 4,467</u>	<u>\$ 800</u>	<u>\$ 2,198,700</u>	<u>\$ 1,190,199</u>	<u>\$ 2,198,700</u>	<u>\$ 179,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,563,078</u>
Liabilities and Fund Balances														
Liabilities:														
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	431	\$ -	\$ -	\$ -	\$ 4,898
Bond anticipation note payable	-	-	-	-	-	-	-	-	-	-	-	875,000	-	875,000
Due to other funds	1,237,337	-	-	-	-	-	-	-	-	-	-	-	-	1,237,337
	<u>1,237,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>431</u>	<u>875,000</u>	<u>-</u>	<u>-</u>	<u>2,117,235</u>
Fund balances:														
Restricted for:														
Capital projects	-	386,386	4,365,506	-	800	-	1,190,199	2,198,700	179,252	-	-	(875,000)	-	8,320,843
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	(875,000)
	<u>-</u>	<u>386,386</u>	<u>4,365,506</u>	<u>-</u>	<u>800</u>	<u>-</u>	<u>1,190,199</u>	<u>2,198,700</u>	<u>179,252</u>	<u>-</u>	<u>-</u>	<u>(875,000)</u>	<u>-</u>	<u>7,445,843</u>
	<u>\$ 1,237,337</u>	<u>\$ 386,386</u>	<u>\$ 4,365,506</u>	<u>\$ 4,467</u>	<u>\$ 800</u>	<u>\$ 2,198,700</u>	<u>\$ 1,190,199</u>	<u>\$ 2,198,700</u>	<u>\$ 179,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,563,078</u>

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Capital Projects Fund	Capital Improvement Fund	Bond Projects Fund	Edgewater II Improvement District Fund	Bailes Ridge Project Fund	Edenmoor Special Assessments Fund	Sun City Special Assessments Fund	Brookchase Special Tax District Fund	Total
Revenues									
Property Taxes	\$ -	\$ 1,125,023	\$ -	\$ -	\$ 692,626	\$ -	\$ -	\$ -	\$ 1,817,649
Intergovernmental	366,663	-	-	-	-	-	-	-	366,663
Investment earnings	-	-	8,151	-	109	221	18	930	9,429
Miscellaneous	-	116,929	-	-	-	-	-	-	116,929
Contributions and donations	75,000	-	-	-	-	-	-	12,600	87,600
Total revenues	441,663	1,241,952	8,151	-	692,735	221	18	13,530	2,398,270
Expenditures									
Capital outlay									
General government	-	302,226	60,145	-	-	-	-	-	362,371
Administration of justice	382,982	-	-	-	-	-	-	-	382,982
Public safety and law enforcement	-	379,089	1,832,872	-	-	-	-	-	2,211,961
Public works	-	342,700	-	-	-	-	-	-	342,700
Public health and welfare	-	87,451	233,038	-	-	-	-	-	320,489
Economic development	75,000	-	-	-	-	-	-	887,030	962,030
Debt service									
Principal	-	136,591	-	-	209,413	-	-	-	346,004
Interest and other charges	-	19,685	-	-	240,720	-	-	1,500	261,905
Total expenditures	457,982	1,267,742	2,126,055	-	450,133	-	-	888,530	5,190,442
Excess (deficiency) of revenues over expenditures	(16,319)	(25,790)	(2,117,904)	-	242,602	221	18	(875,000)	(2,792,172)
Other Financing Sources (Uses)									
Issuance of debt	-	-	7,000,000	-	-	-	-	-	7,000,000
Premium on issuance of debt	-	-	3,410	-	-	-	-	-	3,410
Transfers out	-	-	(520,000)	-	-	-	-	-	(520,000)
	-	-	6,483,410	-	-	-	-	-	6,483,410
Extraordinary Item									
Insurance recoveries	1,251,553	-	-	-	-	-	-	-	1,251,553
Net Change in Fund Balances	1,235,234	(25,790)	4,365,506	-	242,602	221	18	(875,000)	4,942,791
Fund Balances, Beginning of Year	(1,235,234)	412,176	-	800	947,597	2,198,479	179,234	-	2,503,052
Fund Balances, End of Year	\$ -	\$ 386,386	\$ 4,365,506	\$ 800	\$ 1,190,199	\$ 2,198,700	\$ 179,252	\$ (875,000)	\$ 7,445,843

SCHEDULE 22

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, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues				
Property taxes	\$ 1,056,500	\$ 1,056,500	\$ 1,125,023	\$ 68,523
Miscellaneous	-	-	116,929	116,929
Total revenues	<u>1,056,500</u>	<u>1,056,500</u>	<u>1,241,952</u>	<u>185,452</u>
Expenditures				
Capital outlay				
General government administration	135,500	135,500	302,226	(166,726)
Public safety and law enforcement	380,000	380,000	379,089	911
Public works	350,000	350,000	342,700	7,300
Public health and welfare	82,000	82,000	87,451	(5,451)
Debt service				
Principal	157,000	157,000	136,591	20,409
Interest and other charges	-	-	19,685	(19,685)
Total expenditures	<u>1,104,500</u>	<u>1,104,500</u>	<u>1,267,742</u>	<u>(163,242)</u>
Excess (deficiency) of revenues over expenditures	<u>(48,000)</u>	<u>(48,000)</u>	<u>(25,790)</u>	<u>22,210</u>
Net change in fund balances	<u>\$ (48,000)</u>	<u>\$ (48,000)</u>	<u>(25,790)</u>	<u>\$ 22,210</u>
Fund Balance, Beginning of Year			<u>412,176</u>	
Fund Balance, End of Year			<u>\$ 386,386</u>	

SCHEDULE 23

**LANCASTER COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
Education Fund				
Assets				
Cash and cash equivalents	\$ 5,618,200	\$ 53,397,828	\$53,910,846	\$ 5,105,182
Accounts receivable	2,078	906	2,078	906
Property taxes receivable	262,694	261,927	262,694	261,927
	<u>\$ 5,882,972</u>	<u>\$ 53,660,661</u>	<u>\$54,175,618</u>	<u>\$ 5,368,015</u>
Liabilities				
Due to school district	\$ 5,875,525	\$ 52,683,930	\$53,198,052	\$ 5,361,403
Due to USC-L	7,447	976,731	977,566	6,612
	<u>\$ 5,882,972</u>	<u>\$ 53,660,661</u>	<u>\$54,175,618</u>	<u>\$ 5,368,015</u>
Clerk of Court				
Assets				
Cash	\$ 447,071	\$ 638,482	\$ 495,893	\$ 589,660
Liabilities				
Due to others	\$ 447,071	\$ 638,482	\$ 495,893	\$ 589,660
Family Court				
Assets				
Cash	\$ 189,410	\$ 5,754,327	\$ 5,698,800	\$ 244,937
Liabilities				
Due to others	\$ 189,410	\$ 5,754,327	\$ 5,698,800	\$ 244,937
Probate Court				
Assets				
Cash	\$ 1,379	\$ 130,532	\$ 130,406	\$ 1,505
Liabilities				
Due to others	\$ 1,379	\$ 130,532	\$ 130,406	\$ 1,505
Tax Collector Property Sold				
Assets				
Cash	\$ 68,178	\$ 875,844	\$ 790,556	\$ 153,466
Liabilities				
Due to others	\$ 68,178	\$ 875,844	\$ 790,556	\$ 153,466
Tax Collector Trust Account				
Assets				
Cash	\$ 57,945	\$ 10,147	\$ 22,289	\$ 45,803
Liabilities				
Due to others	\$ 57,945	\$ 10,147	\$ 22,289	\$ 45,803
Forfeit Land Commission				
Assets				
Cash	\$ 4,954	\$ 66,999	\$ 15,524	\$ 56,429
Liabilities				
Due to others	\$ 4,954	\$ 66,999	\$ 15,524	\$ 56,429

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Magistrates				
Assets				
Cash	\$ 86,364	\$ 1,070,740	\$ 1,067,435	\$ 89,669
Liabilities				
Due to others	\$ 86,364	\$ 1,070,740	\$ 1,067,435	\$ 89,669
City of Lancaster				
Assets				
Cash	\$ 622	\$ 4,023,022	\$ 3,980,555	\$ 43,089
Liabilities				
Due to City of Lancaster	\$ 622	\$ 4,023,022	\$ 3,980,555	\$ 43,089
Town of Kershaw				
Assets				
Cash	\$ 39	\$ 135,125	\$ 133,154	\$ 2,010
Liabilities				
Due to Town of Kershaw	\$ 39	\$ 135,125	\$ 133,154	\$ 2,010
Edgewater Improvement District				
Assets				
Investments	\$ 813,364	\$ 908,848	\$ 538,177	\$ 1,184,035
Liabilities				
Due to others	\$ 813,364	\$ 908,848	\$ 538,177	\$ 1,184,035
Edgewater II Improvement District				
Assets				
Investments	\$ 1,937,481	\$ 179,929	\$ 1,152,547	\$ 964,863
Liabilities				
Due to others	\$ 1,937,481	\$ 179,929	\$ 1,152,547	\$ 964,863
Sun City Improvement District				
Assets				
Investments	\$ 2,229,015	\$ 1,244,737	\$ 1,259,572	\$ 2,214,180
Liabilities				
Due to others	\$ 2,229,015	\$ 1,244,737	\$ 1,259,572	\$ 2,214,180
Edenmoor Improvement District				
Assets				
Investments	\$ 1,011,264	\$ 96,108	\$ 148,854	\$ 958,518
Liabilities				
Due to others	\$ 1,011,264	\$ 96,108	\$ 148,854	\$ 958,518
Detention Center Inmates				
Assets				
Cash	\$ -	\$ 42,754	\$ -	\$ 42,754
Liabilities				
Due to others	\$ -	\$ 42,754	\$ -	\$ 42,754

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
Employee Funds				
Assets				
Cash	\$ -	\$ 2,245	\$ 23	\$ 2,222
Liabilities				
Due to others	\$ -	\$ 2,245	\$ 23	\$ 2,222
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,474,162	\$ 66,148,045	\$66,245,481	\$ 6,376,726
Investments	5,991,124	2,429,622	3,099,150	5,321,596
Property tax receivable	262,694	261,927	262,694	261,927
Accounts receivable	2,078	906	2,078	906
Total assets	<u>\$ 12,730,058</u>	<u>\$ 68,840,500</u>	<u>\$69,609,403</u>	<u>\$ 11,961,155</u>
<u>LIABILITIES</u>				
Due to other taxing units	\$ 5,883,633	\$ 57,818,808	\$58,289,327	\$ 5,413,114
Due to others	6,846,425	11,021,692	11,320,076	6,548,041
Total liabilities	<u>\$ 12,730,058</u>	<u>\$ 68,840,500</u>	<u>\$69,609,403</u>	<u>\$ 11,961,155</u>

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, 2011

Function and Activity	Land	Construction in Progress	Buildings and Improvements	Vehicles	Furniture and Equipment	Infrastructure	Total
General government administration							
Administration	\$ -	\$ -	\$ -	\$ 15,515	\$ -	\$ -	\$ 15,515
Building and zoning	-	-	-	194,622	22,726	-	217,348
Delinquent tax	-	-	-	29,124	-	-	29,124
Finance	-	-	-	-	25,110	-	25,110
GIS	-	-	-	-	49,906	-	49,906
Human Resource	-	-	-	11,999	-	-	11,999
Planning	-	-	-	-	9,945	-	9,945
Assessor	-	-	-	115,567	89,431	-	204,998
Auditor	-	-	-	17,525	21,887	-	39,412
Voter registration and elections	-	-	-	-	451,798	-	451,798
MIS	-	-	-	32,325	221,676	-	254,001
Register of Deeds	-	-	-	-	10,451	-	10,451
Economic Development	-	-	-	-	7,366	-	7,366
Non-departmental	2,351,024	795,892	34,775,902	-	3,021,276	-	40,944,094
	<u>2,351,024</u>	<u>795,892</u>	<u>34,775,902</u>	<u>416,677</u>	<u>3,931,572</u>	<u>-</u>	<u>42,271,067</u>
Administration of justice							
Clerk of Court	-	-	2,895,200	-	1,167,876	-	4,063,076
Probate Court	-	-	-	-	6,672	-	6,672
Family Court	7,690	-	-	-	-	-	7,690
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>3,552,899</u>	<u>22,620</u>	<u>1,196,182</u>	<u>-</u>	<u>5,105,691</u>
Public safety and law enforcement							
E-911 Communications	-	-	-	13,200	530,576	-	543,776
Sheriff	81,500	23,658	3,939,850	2,624,353	546,999	-	7,216,360
Detention Center	-	-	466,119	20,723	47,142	-	533,984
Emergency Management	-	-	116,400	33,121	351,450	-	500,971
Fire Commission	609,200	-	2,388,427	10,513,556	2,304,144	-	15,815,327
	<u>690,700</u>	<u>23,658</u>	<u>6,910,796</u>	<u>13,204,953</u>	<u>3,780,311</u>	<u>-</u>	<u>24,610,418</u>
Public works							
Airport	598,607	2,871,170	6,092,102	-	43,950	-	9,605,829
Roads and bridges	142,205	-	119,800	1,444,626	3,457,562	14,515,076	19,679,269
	<u>740,812</u>	<u>2,871,170</u>	<u>6,211,902</u>	<u>1,444,626</u>	<u>3,501,512</u>	<u>14,515,076</u>	<u>29,285,098</u>
Public health and welfare							
EMS	135,438	-	568,094	2,682,387	751,297	-	4,137,216
Coroner	46,900	-	434,039	59,900	15,000	-	555,839
Animal Control	5	-	99,000	125,347	77,577	-	301,929
Health services	3,333	-	1,043,000	-	-	-	1,046,333
	<u>185,676</u>	<u>-</u>	<u>2,144,133</u>	<u>2,867,634</u>	<u>843,874</u>	<u>-</u>	<u>6,041,317</u>
Culture and recreation	1,158,529	-	7,812,409	293,757	331,681	-	9,596,376
Total governmental funds capital assets	<u>\$5,460,731</u>	<u>\$ 3,690,720</u>	<u>\$ 61,408,041</u>	<u>\$ 18,250,267</u>	<u>\$ 13,585,132</u>	<u>\$ 14,515,076</u>	<u>\$ 116,909,967</u>

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, 2011

Function and Activity	Beginning of Year	Additions	Transfers In (Out)	Deletions	End of Year
General government administration					
Administration	\$ 27,457	\$ -	\$ (11,942)	\$ -	\$ 15,515
Finance	25,110	-	-	-	25,110
Building and zoning	158,505	98,995	(15,677)	(24,475)	217,348
Delinquent tax	29,124	-	-	-	29,124
Planning	9,945	-	-	-	9,945
Assessor	197,368	25,730	-	(18,100)	204,998
GIS	49,906	-	-	-	49,906
Human Resource	-	-	11,999	-	11,999
Auditor	39,412	-	-	-	39,412
Voter registration and elections	451,798	-	-	-	451,798
MIS	120,419	139,531	-	(5,949)	254,001
Register of Deeds	-	10,451	-	-	10,451
Economic Development	7,366	-	-	-	7,366
Non-departmental	25,527,862	29,350,308	-	(13,934,076)	40,944,094
	<u>26,644,272</u>	<u>29,625,015</u>	<u>(15,620)</u>	<u>(13,982,600)</u>	<u>42,271,067</u>
Administration of justice					
Clerk of Court	2,489,360	1,573,716	-	-	4,063,076
Probate Court	6,672	-	-	-	6,672
Family Court	129,290	-	-	(121,600)	7,690
Teen Court	6,469	-	-	-	6,469
Magistrate Courts	1,021,784	-	-	-	1,021,784
	<u>3,653,575</u>	<u>1,573,716</u>	<u>-</u>	<u>(121,600)</u>	<u>5,105,691</u>
Public safety and law enforcement					
E-911 Communications	519,371	24,405	-	-	543,776
Sheriff	4,979,787	2,479,615	-	(243,042)	7,216,360
Detention Center	533,984	-	-	-	533,984
Emergency Management	490,224	10,747	-	-	500,971
Fire Commission	14,027,552	2,639,760	-	(851,985)	15,815,327
	<u>20,550,918</u>	<u>5,154,527</u>	<u>-</u>	<u>(1,095,027)</u>	<u>24,610,418</u>
Public works					
Airport	9,455,216	150,613	-	-	9,605,829
Roads and bridges	18,080,463	1,582,221	23,885	(7,300)	19,679,269
	<u>27,535,679</u>	<u>1,732,834</u>	<u>23,885</u>	<u>(7,300)</u>	<u>29,285,098</u>
Public health and welfare					
EMS	4,414,290	297,465	-	(18,700)	4,693,055
Animal Control	315,341	22,906	(36,318)	-	301,929
Health services	1,046,333	-	-	-	1,046,333
	<u>5,775,964</u>	<u>320,371</u>	<u>(36,318)</u>	<u>(18,700)</u>	<u>6,041,317</u>
Culture and recreation	<u>9,610,061</u>	<u>49,318</u>	<u>28,053</u>	<u>(91,056)</u>	<u>9,596,376</u>
Total governmental funds capital assets	<u>\$ 93,770,469</u>	<u>\$ 38,455,781</u>	<u>\$ -</u>	<u>\$ (15,316,283)</u>	<u>\$ 116,909,967</u>

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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, 2011**

	Total Collections	Amount Retained by County Treasurer	Amount Remitted to State Treasurer	Amount Allocated to Victims' Services
Clerk of Court:				
Fines and fees	\$ 215,997	\$ 58,765	\$ 157,232	\$ -
Assessments	5,205	4,086	1,119	4,086
Surcharges	42,673	21,059	21,614	21,059
	<u>\$ 263,875</u>	<u>\$ 83,910</u>	<u>\$ 179,965</u>	<u>\$ 25,145</u>
Magistrate Courts:				
Fines and fees	\$ 469,887	\$ 437,227	\$ 32,660	\$ -
Assessments	87,595	36,291	51,304	36,291
Surcharges	464,076	25,425	438,651	25,425
	<u>\$ 1,021,558</u>	<u>\$ 498,943</u>	<u>\$ 522,615</u>	<u>\$ 61,716</u>
Family Court:				
Fines and fees	\$ 392,264	\$ 165,170	\$ 227,094	\$ -
	<u>\$ 392,264</u>	<u>\$ 165,170</u>	<u>\$ 227,094</u>	<u>\$ -</u>
Probate Court:				
Fines and fees	\$ 138,167	\$ 129,007	\$ 9,160	\$ -
	<u>\$ 138,167</u>	<u>\$ 129,007</u>	<u>\$ 9,160</u>	<u>\$ -</u>
Total	<u>\$ 1,815,864</u>	<u>\$ 877,030</u>	<u>\$ 938,834</u>	<u>\$ 86,861</u>
Victim Assistance				
Amount reserved for victim assistance, 6/30/2010				\$ 32,656
Plus: Amount allocated for victim assistance in fiscal year 2011				86,861
Plus: Other amounts for victim assistance in fiscal year 2011				17,157
Less: Amounts spent for victim assistance in fiscal year 2011				
from assessments and surcharges:				
Salaries and benefits			88,054	
Operating expenditures			6,556	
Direct assistance to other agencies			1,443	
				<u>(96,053)</u>
Balance reserved for victim assistance, 6/30/2011				<u>\$ 40,621</u>

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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 Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006 (1)	2007	2008 (2)	2009 (3)	2010 (4)	2011	
Governmental Activities:										
Primary government										
Invested in capital assets, net of related debt	\$ 7,308,965	\$ 7,619,726	\$ 8,318,341	\$ 9,648,288	\$ 13,838,835	\$ 18,128,925	\$ 27,608,973	\$ 30,319,260	\$ 37,890,061	
Restricted	3,056,345	3,696,532	3,384,709	3,531,482	3,201,375	3,557,298	3,668,396	10,234,674	12,711,034	
Unrestricted	4,368,758	5,233,610	6,674,834	42,178,027	25,027,627	39,197,629	21,506,800	17,985,707	15,651,766	
Total primary government net assets	<u>\$ 14,734,068</u>	<u>\$ 16,549,868</u>	<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>	<u>\$ 66,252,861</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 Nine Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006 (1)	2007 (2)	2008 (3)	2009 (4)	2010	2011
Expenses									
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	\$ 10,983,933
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	11,351,803
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	5,880,894
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	17,543,807
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	45,760,437
Program Revenues									
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	2,715,439
Administration of justice	870,445	832,818	851,113	902,749	932,736	1,230,302	1,198,420	1,161,469	1,100,988
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	2,513,973
Other activities	279,844	260,073	374,316	431,714	569,592	1,628,022	1,574,402	1,835,658	1,866,566
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	4,556,750
Capital grants and contributions	1,932,247	8,455,964	305,907	564,598	1,360,234	832,855	5,555,897	946,405	2,123,502
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	14,877,218
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)	(30,883,219)
General Revenues and Other Changes in Net Assets									
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	26,039,328
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	7,798,566
Grants and contributions not restricted to specific 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	3,720,738
Unrestricted interest income	73,452	39,615	121,134	322,854	1,653,578	1,254,997	374,332	101,224	106,003
Other	63,230	9,393	156,735	776,925	293,010	500,844	1,033,880	1,652,252	931,804
Transfers				2,370,949	(689,885)	-			
Total general revenues, special items, and transfers primary 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	38,596,439
Changes in Net Assets									
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	\$ 7,713,220

- (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.
(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 revenues and expenditures related to SCAGO Public Facilities Corporation.

Lancaster County, South Carolina
Tax Revenues By Source - Governmental Funds
Last Nine 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
2011	19,991,538	1,810,435	4,237,355	6,385,293	996,417	416,856	33,837,894

(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)

	2002	2003	2004	2005	2006(2)	2007	2008 (3)	2009 (4)	2010	2011
General fund										
Nonspendable	51,804	559,722	548,803	905,391	893,727	899,882	1,260,535	752,723	1,525,507	446,265
Restricted	1,283,804	1,252,728	1,398,076	1,357,623	1,450,634	1,546,591	1,087,506	1,029,032	814,990	1,425,506
Committed	-	-	-	-	-	-	383,204	341,269	-	-
Assigned	11,645	-	-	-	52,794	1,906,949	1,252,516	327,277	111,903	88,054
Unassigned	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	15,727,979
Total general fund	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	17,687,804
All other governmental funds										
Nonspendable										55,293
Restricted	3,090,289	2,602,788	2,840,720	2,027,086	36,038,635	12,685,898	985,901	5,337,669	37,556,390	24,983,673
Assigned						104,795	252,947	44,861	430,788	1,950
Unassigned, reported in:										
Special revenue funds					(41,937)	(110,512)	2,470,311	3,184,088	(3,408,975)	(648,198)
Capital projects funds			537,829	50,981	(865,247)	(127,980)	22,932,726	38,941,499	(1,235,234)	(875,000)
Total all other governmental funds	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	23,517,718
Total fund balances all governmental funds	\$ 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	\$ 41,205,522

(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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$ 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	\$ 33,496,235
Intergovernmental revenue	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	10,056,718
Licenses and permits	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	2,872,281
Charges for services	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	4,227,841
Fines, fees, and forfeitures	969,122	929,355	842,430	950,152	918,949	947,023	1,038,828	964,382	1,202,761	978,975
Contributions and donations	125,760	147,153	22,259	393,053	464,458	379,263	2,324,810	468,171	218,121	364,502
Interest income	183,432	75,076	67,655	125,034	544,821	1,964,141	1,360,491	383,775	99,235	103,219
Contributions from property owners										
Other	1,241,456	10,013	7,794,512	-	46,541,631	(4,988,640)	26,131,035	16,254	-	279,484
Total revenues	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	52,379,255
Expenditures										
General government	5,134,282	5,055,697	5,988,263	6,362,781	7,225,795	7,824,858	9,508,392	10,916,594	11,087,906	9,846,699
Administration of justice	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	18,559,715
Public safety and law enforcement	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	12,691,671
Public works	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	5,315,801
Public health and welfare	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	5,627,899
Economic development		2,303,436	8,022,796	154,973	19,697,038	20,492,644	18,819,783	14,647,485	5,497,672	3,186,407
Other	288,128	2,293	465,972	478,482	738,890	738,022	3,564,609	4,570,651	3,025,348	2,952,393
Debt Service										
Principal retirement	225,000	761,811	818,029	1,198,520	1,740,020	1,886,886	2,132,673	2,004,577	2,135,256	6,623,744
Interest & other charges	537,989	683,557	705,305	723,953	654,713	721,550	621,290	1,370,994	2,538,338	2,582,333
Capital Outlay	4,248,105	1,195,908	94,367	1,284,308	-	-	64,488	-	3,059,750	1,858,927
Total expenditures	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	69,245,589
Excess of revenues over (under) expenditures	(1,652,156)	40,214	732,325	(705,891)	30,311,267	(17,863,439)	5,291,547	(21,869,727)	(19,035,062)	(16,866,334)
Other financing sources (uses)										
Special Item - Insurance recoveries								827,397	227,836	1,251,553
Issuance of debt - capital leases								2,338,851	605,000	
Issuance of debt	622,000	422,455	366,654	1,203,504	2,152,320	645,700	7,463,709	43,040,000	2,502,721	10,660,000
Premium on bond					2,929,053			1,302,907		50,387
Payment to refunded debt escrow agent								(4,556,438)		(3,658,895)
Sale of capital assets	50,052	54,116			2,370,949	116,657	2,397,963	38,549	12,751	33,029
Transfer in								2,461,432	2,757,365	8,115,647
Transfer out	(863,892)	(1,008,000)		(207,310)		(116,657)	(2,397,963)	(2,461,432)	(2,757,365)	(8,115,647)
Total other financing sources (uses)	(191,840)	(531,429)	366,654	986,194	7,452,322	645,700	7,551,609	42,991,266	3,348,408	8,336,074
Net change in fund balances	\$ (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)	\$ (8,530,260)
Debt service as a percentage of noncapital expenditures	3.99%	7.04%	5.08%	7.78%	5.21%	5.37%	5.30%	6.39%	10.64%	19.35%

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

Fiscal Year	(1) Real Property Tax	Vehicle Tax	Local Option Sales Tax Property Tax Relief	Local Option Sales Tax for Capital Projects	Road Improvement Fee Tax	Other Taxes	Total
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
2011	19,649,879	1,810,435	4,237,355	6,385,293	996,417	416,856	33,496,235

(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)

Year Ended June 30	Property Taxes	Inter-governmental	Licenses and Permits	Charges for Services	Fines, Fees, and Forfeitures	Other	Total Revenues	Other Financing Sources	Total Revenues Including Other Financing Sources
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
2011	20,838,835	3,046,929	2,872,281	2,746,015	908,198	1,242,945	31,655,203	564,670	32,219,873

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

Year Ended June 30	General Government	Administration of Justice	Public Safety & Law Enforcement	Public Works	Public Health & Welfare	Other	Debt Service (2)	Total Expenditures	Other Financing Uses	Total Expenditures Including Other Financing Uses
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	2,473,644	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
2011	8,987,853	1,524,894	8,448,119	3,676,752	5,281,791	547,684	583,152	29,050,245	1,874,638	30,924,883

(1) Includes only general funds. The E-911 fund was included in general funds for fiscal years 2002-2007.

(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			
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%	75.90	
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	
2011	2010	215,604,040	4,312,080,800	66,175,793	770,986,505	281,779,833	5,083,067,305	5.54%	83.60	

(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.

Overlapping Rates

Source: Lancaster County Auditor

Note: Millage rates were rolled back in fiscal year 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 2011				Fiscal Year 2003			
	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	\$ 7,291,790	1	2.59%	\$ 1,979,923	\$ 5,686,590	3	3.41%	\$ 1,237,308
The Gillette Company	4,338,057	2	1.54%	1,711,294	8,090,764	2	4.85%	1,467,734
Lancaster Hospital Corp.	4,235,400	3	1.50%	1,557,531	4,718,676	4	2.83%	1,054,304
Springland Associates	2,167,900	4	0.77%	793,527	2,117,956	5	1.27%	464,302
Springs Global	2,981,728	5	1.06%	757,667	8,093,294	1	4.86%	1,862,163
Pulte Home Corp.	2,939,280	6	1.04%	732,344				
Craft Development	1,970,830	7	0.70%	501,805				
Lawson Bend LLC	1,809,750	8	0.64%	460,792				
Lancaster Telephone Co.	1,227,770	9	0.44%	381,588	1,565,530	6	0.94%	353,750
Wells Real Estate	1,360,454	10	0.48%	356,847				
Belden Wire & Cable					1,507,268	7	0.90%	354,208
Allegiance Healthcare					1,021,566	8	0.61%	240,068
Boral Bricks					906,600	9	0.54%	186,168
Kanawha Insurance					681,900	10	0.41%	152,610
Total assessed value of ten largest taxpayers	<u>\$ 30,322,959</u>		10.76%	<u>\$ 9,233,318</u>	<u>\$ 34,390,144</u>		20.64%	<u>\$ 7,372,615</u>
Total assessed value of all taxpayers	<u>\$ 281,779,833</u>		100.00%		<u>\$ 166,658,710</u>		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	Original Levy	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage Adjusted Levy		Amount	Percentage of Adjusted Levy
2001	\$ 5,546,725	\$ 673,167	\$ 6,219,892	\$ 6,038,667	97.1%	\$ 177,106	\$ 6,215,773	99.93%
2002	6,220,586	526,132	6,746,718	6,512,732	96.5%	224,092	6,736,824	99.85%
2003	6,681,529	750,827	7,432,356	7,119,362	95.8%	302,957	7,422,319	99.86%
2004	7,317,411	1,139,138	8,456,549	8,140,090	96.3%	302,104	8,442,194	99.83%
2005	9,279,454	1,083,887	10,363,341	10,036,563	96.8%	302,925	10,339,488	99.77%
2006	11,116,412	163,118	11,279,530	10,837,919	96.1%	413,901	11,251,820	99.75%
2007	12,413,953	663,423	13,077,376	12,596,199	96.3%	442,982	13,039,181	99.71%
2008	16,324,750	(93,735)	16,231,015	15,243,682	93.9%	749,977	15,993,659	98.54%
2009	16,692,282	267,163	16,959,445	15,998,456	94.3%	568,219	16,566,675	97.68%
2010	18,177,916	(34,172)	18,143,744	16,954,909	93.4%	-	16,954,909	93.45%

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		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
2001	\$ 1,297,907	\$ 436,487	\$ 1,734,394	\$ 1,729,882	99.7%	\$ 937	\$ 1,730,819	99.79%
2002	1,330,090	370,585	1,700,675	1,695,280	99.7%	1,433	1,696,713	99.77%
2003	1,469,166	231,989	1,701,155	1,693,236	99.5%	3,732	1,696,968	99.75%
2004	1,482,117	323,685	1,805,802	1,716,302	95.0%	86,065	1,802,367	99.81%
2005	1,486,566	298,098	1,784,664	1,703,928	95.5%	76,102	1,780,030	99.74%
2006	1,569,338	464,910	2,034,248	1,942,620	95.5%	86,767	2,029,387	99.76%
2007	1,270,405	407,701	1,678,106	1,607,309	95.8%	67,009	1,674,318	99.77%
2008	1,492,012	285,701	1,777,713	1,694,729	95.3%	78,179	1,772,908	99.73%
2009	1,763,319	294,958	2,058,277	1,916,851	93.1%	75,098	1,991,949	96.78%
2010	1,609,746	136,941	1,746,687	1,630,457	93.3%	-	1,630,457	93.35%

(1) 2001-2004 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			General Obligation Bonds		Special Source Revenue Bonds		Capital Leases		Percentage of Personal Income
	General Obligation Bonds	Installment Purchase Revenue Bonds	Facilities	Revenue Bonds	Capital Leases	Revenue Bonds	Mortgages Payable	Bond Anticipation Note Payable	Total	
2002	\$ 10,850,000	-	\$	-	\$ 2,396,550	\$	-	\$ 419,116	\$	1.07%
2003	10,600,000	-		-	2,307,194	-	-	357,500	-	1.00%
2004	10,325,000	-		-	2,195,499	-	-	292,821	-	0.96%
2005	9,975,000	-		-	2,618,397	-	-	224,907	-	0.91%
2006	9,550,000	-		-	3,532,241	2,973,658	-	153,956	-	1.09%
2007	9,115,000	-		-	2,800,930	2,973,658	-	78,722	-	0.97%
2008	15,737,402	-		-	1,579,739	2,973,658	-	-	-	1.25%
2009	14,764,408	38,410,000		38,410,000	3,202,000	2,973,658	-	-	-	3.39%
2010	15,778,340	38,410,000		38,410,000	3,397,813	2,733,658	-	-	-	3.31%
2011	21,278,707	34,225,000		34,225,000	2,793,399	2,524,245	-	875,000	61,696,351	4.25%

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)
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
2011	21,278,707	0.42%	278

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, 2011

Governmental Unit	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to County	Amount Applicable to County
Direct:			
Lancaster County	\$ 21,278,707	100%	\$ 21,278,707
Overlapping:			
City of Lancaster	425,000	100%	425,000
Lancaster School District	20,445,000	100%	20,445,000
	<u>20,870,000</u>		<u>20,870,000</u>
Total direct and overlapping debt	<u>\$ 42,148,707</u>		<u>\$ 42,148,707</u>

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

Note: All of the overlapping debt is issued by either school districts or municipalities whose geographic boundaries are wholly contained within the geographic boundary of the county. Therefore, the county's share of the overlapping debt is 100%. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lancaster County, South Carolina. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 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	\$ 21,508,152
Total net debt applicable to limit	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	18,868,707
Legal debt margin	\$ 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	\$ 2,639,445
Total net debt applicable to the limit as a percentage of debt limit	81.04%	79.75%	76.20%	71.63%	65.47%	49.52%	85.18%	70.78%	61.66%	87.73%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value (1)	\$ 267,289,829
Add back: exempt Merchant Inventory (2)	\$ 1,562,070
Total assessed value	268,851,899
Debt limit (8% of assessed value) (3)	21,508,152
Debt applicable to limit:	
Total general obligation bonds	21,278,707
Less G.O. bonds not applicable to 8% debt limit (4)	(2,410,000)
Net G.O. bonds applicable to limit	18,868,707
Legal debt margin without a referendum (5)	\$ 2,639,445

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 (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%
2011	76,652	1,450,946	18,929	11,586	15.3%

Sources:

(1) Bureau of Census/SC Budget & Control Board Office of Research & Statistics/Bureau of Economic Analysis. All are estimates except fiscal year 2011 which is based on the 2010 census.

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

(3) 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 Eight Years Ago

Employer	2011			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lancaster County Schools	1,521	1	4.94%	1,374	2	4.95%
Red Ventures	813	2	2.64%			0.00%
Lancaster County (1)	767	3	2.49%	426	7	1.53%
Wal-Mart	670	4	2.17%			0.00%
Cardinal Health	600	5	1.95%	700	4	
Springs Memorial Hospital	584	6	1.89%	800	3	2.88%
Duracell	405	7	1.31%	601	5	2.16%
Continental Tire	400	8	1.30%			
Founders Federal Credit Union	275	9	0.89%			
Kershaw Correctional Institution	262	10	0.85%			
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	<u>6,297</u>		<u>20.43%</u>	<u>6,276</u>		<u>20.07%</u>
 Total Labor Force	 <u>30,819</u>			 <u>27,776</u>		

Source: Lancaster County Economic Development Corporation and SC Employment Security Commission

(1) Fiscal year 2011 includes part-time poll workers as employees, but fiscal year 2003 does not.

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

Function	Full-time Equivalent Employees as of June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government Administration	66.50	69.00	70.50	72.50	79.00	84.00	87.00	88.50	91.00
Administration of Justice	24.50	26.50	27.50	27.00	27.00	27.50	27.50	29.00	29.00
Culture & Recreation	34.50	36.00	40.50	43.00	43.00	46.00	54.00	57.50	55.00
Public Safety & Law Enforcement	114.00	130.50	131.50	127.50	135.50	140.00	152.00	165.50	166.00
Public Works	36.50	37.00	36.00	36.50	38.50	41.50	42.50	39.00	41.00
Public Health & Welfare	54.50	57.50	64.00	59.00	66.50	74.00	83.00	83.50	73.00
	330.50	356.50	370.00	365.50	389.50	413.00	446.00	463.00	455.00

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

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

	Fiscal Year Ended June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	1,654
Clerk of Court common pleas cases disposed	n/a	n/a	n/a	n/a	n/a	3,306	1,660	1,910	1,811
Family Court cases disposed	1,261	1,053	980	1,003	1,047	827	975	997	765
Magistrate Court									
Criminal Docket total cases filed	2,394	1,859	1,933	2,677	2,881	2,442	2,258	2,623	2,379
Traffic Docket total cases filed	10,919	5,502	8,082	8,158	10,388	10,162	11,163	9,025	8,402
Civil Docket total cases filed	2,021	2,408	2,260	2,294	2,371	2,237	2,535	2,314	2,181
Probate Court									
Estates opened	475	502	489	477	511	518	572	593	589
Estates disposed	448	451	415	430	385	474	487	560	492
Marriage license issued	478	492	541	589	482	509	509	481	472
Guardianship and/or conservatorships opened	36	38	27	35	28	30	25	27	35
Guardianship and/or conservatorships disposed	20	30	36	36	29	40	33	20	23
Mental and chemical commitment files opened	n/a	n/a	376	279	296	295	295	362	326
Mental and chemical hearings held	n/a	90	137	135	118	83	99	145	117
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	3,427
Coroner - Total number of calls (1)	200	250	270	315	300	307	285	270	364
Fire Service - Total number of calls (1)	2,478	3,098	2,705	2,914	3,196	3,311	3,246	3,306	3,600
Sheriff Department (1)									
Criminal arrests	n/a	2,133	588	1,160	799	2,802	1,905	2,374	2,172
Traffic cases	n/a	3,645	570	1,821	1,145	4,177	4,115	4,405	3,602
Arrest warrants served	n/a	2,641	2,931	2,749	2,699	2,778	2,920	2,094	1,835
Fraudulent check warrants served	n/a	469	616	460	600	430	351	277	94
Public Works									
Roads & Bridges: # of roads on which potholes were repaired	n/a	248	222	213	173	143	150	154	159
Solid Waste									
Tons of household garbage disposed of	n/a	26,186	28,066	28,840	28,903	23,187	30,290	28,507	30,619
Tons of recyclables collected	n/a	3,482	4,030	4,866	4,400	5,513	6,159	(2) 3,127	2,882
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	4,292
Number of animals through shelter	5,536	5,133	5,332	5,154	5,146	5,042	4,771	4,611	4,462
EMS - Total number of calls (1)	8,908	9,557	9,946	10,263	11,046	10,637	11,452	12,289	13,334

Sources: Various county departments.

Note: Indicators are not available for the general government function. Also, statistics were not available for FY03 for the Sheriff and Public Works departments, FY03 and FY04 for some Probate Court statistics, and FY03 thru FY07 for Clerk of Court common pleas cases disposed.

(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 tires 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 Nine Fiscal Years

	Fiscal Year Ended June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety and law enforcement									
Number of police stations	1	1	1	1	1	1	1	1	1
Number of police sub-stations	2	2	2	2	2	2	2	2	3
Number of police vehicles	68	71	87	96	85	90	112	112	116
Number of fire stations	19	19	19	19	19	19	18	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	976.9
Miles of paved roads maintained (1)	306.0	306.0	307.5	308.5	312.8	312.4	324.8	330.8	338.8
Public health and welfare									
Number of EMS stations	6	6	6	7	7	7	7	7	7
Number of emergency vehicles	17	18	20	21	21	21	22	22	23
Culture & recreation									
Number of parks	8	9	9	10	11	13	13	13	13
Number of recreation centers	2	2	3	3	3	4	4	4	4
Number of libraries	2	2	2	2	2	2	3	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.

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, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 16, 2011. 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.

McAbee Talbert Halliday & Co.

Spartanburg, South Carolina
December 16, 2011

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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, 2011. 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, 2011.

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 Halliday & Co.
Spartanburg, South Carolina
December 16, 2011

**LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011**

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, 2011 are:

<u>Program Name</u>	<u>CFDA Number</u>
Justice Assistance Grant Program Cluster	16.738, 16.803 and 16.804
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, 2011**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number		Expenditures
US Department of Justice Bureau of Justice Assistance				
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	1G509058	* \$	48,319
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	1GS09160	*	104,329
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government	16.804	2009-SB-B9-2573	*	18,244
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1210	*	24,609
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1015	*	231
US Department of Justice Bureau of Justice Assistance				
***Passed through SC Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1G09034	*	89,890
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1G10008	*	139,323
US Department of Homeland Security				
***Passed through SC Emergency Management Division				
Emergency Management Performance Grant	97.042	8EMPG01		65,000
Emergency Management Performance Grant	97.042	9EMPG01		3,261
Emergency Management Performance Grant	97.042	10EMPG01		48,800
Hazardous Materials Training Program	97.020	HMESC8042160		17,241
US Department of Transportation Federal Aviation Administration				
Airport Improvement Program Grant	20.106	3-45-0034-11-2008		100,081
Airport Improvement Program Grant	20.106	3-45-0034-014-2010		44,262
US Department of Housing and Urban Development				
***Passed through SC Department of Commerce				
Community Development Block Grant	14.228	4-RP-08-003	*	60,500
Community Development Block Grant	14.228	4-V-08-003	*	249,276
Community Development Block Grant	14.228	4-W-08-012	*	22,706
Community Development Block Grant	14.228	4-CI-0-018	*	211,149
US Department of Health and Human Services				
***Passed through SC Department of Social Services				
IV-D Child Support Transaction Reimbursement	93.563	N/A		143,472
IV-D Child Support Incentive Payments	93.563	N/A		34,280
IV-D Child Support Filing Fees	93.563	N/A		20,328
IV-D Child Support Service of Process Payments	93.563	N/A		9,966
County Administrative Expense	10.561	N/A		16,096
County Administrative Expense (Promoting Safe and Stable Families)	93.556	N/A		188
County Administrative Expense (Temporary Assistance for Needy Families)	93.558	N/A		21,356
County Administrative Expense (Child Support Enforcement)	93.563	N/A		30
County Administrative Expense (Child Care and Dev. Block Grant)	93.575	N/A		316
County Administrative Expense (Child Welfare Services- State Grant)	93.645	N/A		894
County Administrative Expense (Foster Care- Title IV E)	93.658	N/A		9,656
County Administrative Expense (Social Services Block Grant)	93.667	N/A		9,927
County Administrative Expense (Medicaid Assistance Program- Administrative)	93.778	N/A		12,204
County Administrative Expense (Non-Federal Food and Nutrition Services)	N/A	N/A		4,479
TOTAL			\$	<u>1,530,412</u>

* 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.