

Comprehensive Annual **FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2014



Lancaster County, South Carolina

LANCASTER COUNTY, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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LANCASTER COUNTY, SOUTH CAROLINA

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LANCASTER COUNTY, SOUTH CAROLINA

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INTRODUCTORY SECTION



Lancaster County

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

Telephone:
803-285-1565

November 26, 2014

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 (CAFR) of Lancaster County, South Carolina, for the fiscal year ended June 30, 2014.

The CAFR 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 Mauldin & Jenkins, LLC 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, 2014, 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 unmodified opinion on the County's financial statement for the year ended June 30, 2014. 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 (GAAP) 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 an estimated 2013 population of 80,458, 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. The mission of Lancaster County government is to continuously strive to provide progressive quality public services in a timely fashion and in a cost effective manner.

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 for its residents which includes: voter registration, tax assessment & collection, and health & welfare. In addition, the County is financially accountable for a legally separate Lancaster Economic Development Corporation which is reported as a Component Unit 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.

Budgeting is an essential element of the financial planning, control, and evaluation process of the County. The annual budget process begins with the County Administrator receiving requests for appropriations from all County Departments and Agencies. On the basis of the Administrator's recommendations, the Finance Director prepares a draft budget. The appropriated budget is prepared by fund and function. The recommended 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.

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 fund, this comparison is presented on pages 67 and 68 as part of the required supplementary information. Other budget-to-actual comparisons are presented as supplementary information on pages 80 through 90.

Local Economy

The County's unemployment rate was 6.6% in June 2014, an improvement from 10.8% in June 2013. According to the SC Department of Revenue, retail sales for the County totaled \$1,166,013,553 in fiscal year 2014. Sales in fiscal year 2013 reached \$1,154,461,849. The County continues to experience an increase in permitting activity for housing and commercial which began to revitalize the third quarter of fiscal year 2013. The value of single family home permits increased 32% from calendar year 2012 to 2013. Commercial permits values increased from \$30,187,523 to \$89,734,420 for the same period. Most permits were issued for the "panhandle" area of the County, which is one of the fastest growing areas in the Charlotte region.

Major employers include:

- Red Ventures, an internet marketing and sales company, which employs 1,396 employees. The company recently completed a 180,000 square foot expansion.
- Cardinal Health, a global healthcare products and services company, which employs about 800.

- Springs Memorial Hospital, a 231-bed hospital, employs 736.
- Continental Tire, one of the leading automotive tire suppliers worldwide, employs 485.
- Procter & Gamble-Duracell USA, a leading energy company and one of the world's leading manufacturers of high-performance alkaline batteries that employs 405. The company has been producing batteries in Lancaster County for over 35 years now and has recently announced a \$69 million expansion.

The County is also proud that Keer America, a Chinese textile manufacturer, chose to invest \$218 million that will create 500 jobs. A 230,000-square-foot manufacturing facility is currently under construction and is expected to be completed in 2015. The County received a \$4 million Rural Infrastructure Fund grant from the South Carolina Department of Commerce for this project.

The University of South Carolina at Lancaster is an accredited two year public university located in the County. The college is a regional campus of the University of South Carolina located in Columbia, South Carolina. USC-L's enrollment is estimated to be 1,800 students. Founders Hall, a \$7.5 million 40,000-square-foot classroom and faculty office building, was recently completed in 2014.

Long-term Financial Planning

County Council utilizes its Strategic Plan as a mechanism for budgetary and operational planning. The strategic plan includes six strategic priorities and can be found on the County's website at www.mylancastersc.org on the County Council's webpage.

One of the County's strategic initiatives is to maintain financial stability by keeping healthy reserves and positive cash flow. This is being achieved by conservative budgeting and closely monitoring revenues and expenditures. The County also has a policy to maintain a general fund unassigned fund balance of at least three months of the general operating budget. Also, a ten year CIP (Capital Improvement Plan) was adopted in fiscal year 2013 and is used as a valuable planning tool.

Relevant financial policies

The County's financial policies were created 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

Economic Development is an important component of growth in the County and its one of the County's top priorities. County Council approved an ordinance to establish a 7% revenue stream for economic development. The funds will be generated from any new fee-in-lieu of tax agreements and will be used to fund county economic development projects or structures.

The County budgeted \$100,000 to update its Comprehensive Plan. The Comprehensive Plan is a tool used to set goals and objectives for elements of natural resources, transportation, housing, land use, population, etc. The plan was completed in fall 2014. The next step is to begin updating the Unified Development Ordinance which will create the regulations to implement the goals set by the Comp Plan. The County budgeted \$50,000 to begin that process in January 2015.

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, 2013. This is the fifteenth 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 CAFR. 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 County received its second Distinguished Budget Presentation Award for the annual budget for fiscal year beginning July 1, 2013. This award signifies that the



County prepares a budget document of the highest quality and is used as an operations guide, financial plan, and as a communication device. The award is valid for one year only and the County has submitted its fiscal year 2015 budget for award consideration.

The preparation of the CAFR would not have been possible without the assistance of the Finance Department staff, especially Sarah Jenkins, Senior Accountant. 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 Mauldin & Jenkins for their assistance with this project.

Respectfully submitted,



Steve Willis
County Administrator



Veronica C. Thompson
Finance Director



Government Finance Officers Association

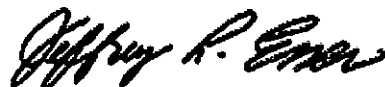
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Lancaster
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

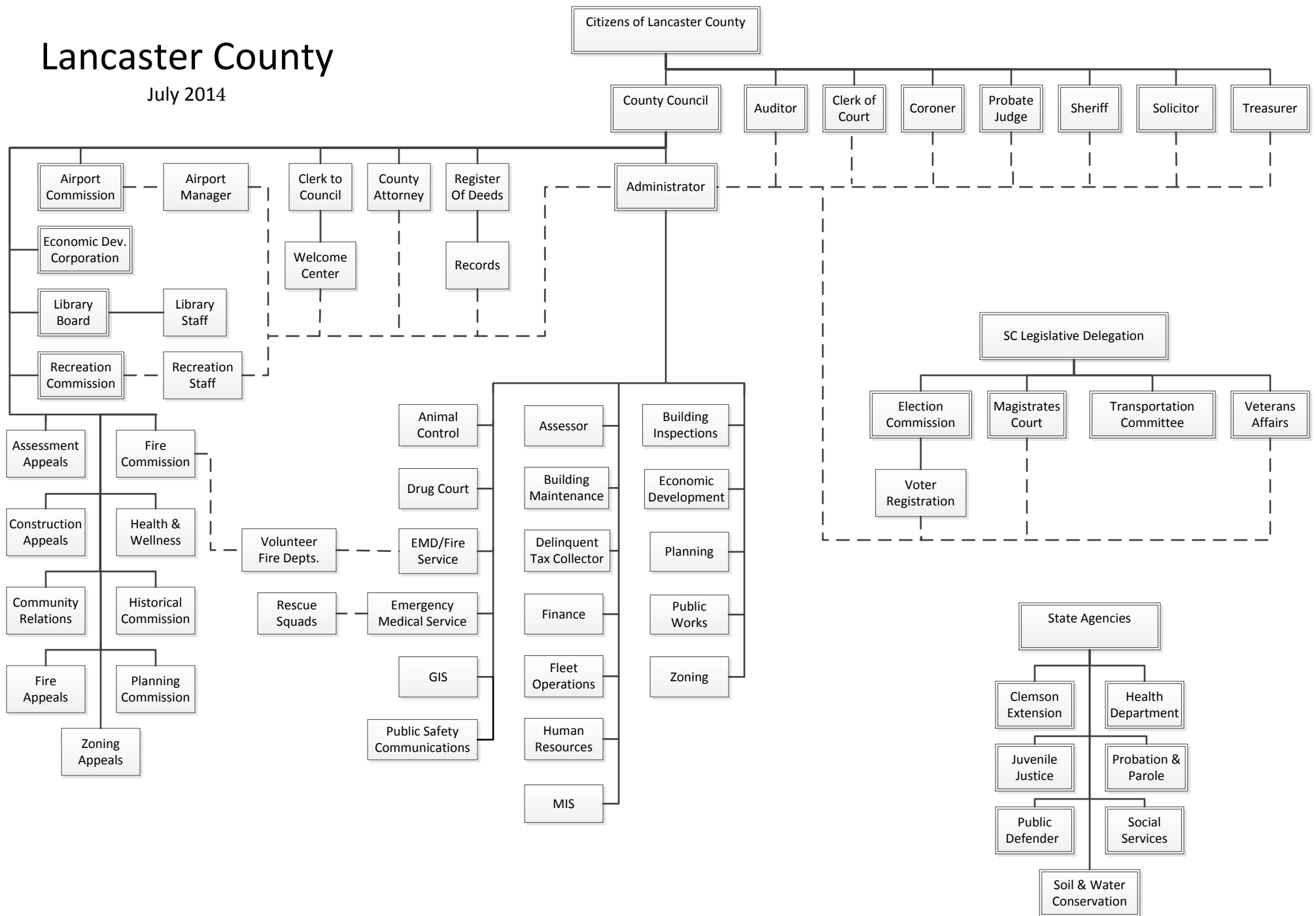
June 30, 2013



Executive Director/CEO

Lancaster County

July 2014



LANCASTER COUNTY, SOUTH CAROLINA

PRINCIPAL COUNTY OFFICIALS JUNE 30, 2014

MEMBERS OF COUNTY COUNCIL

Larry McCullough	District I - Chairman
Bob Bundy	District III - Vice Chairman
Jack Estridge	District VI - Secretary
Charlene McGriff	District II - Member
Larry Honeycutt	District IV - Member
Steve Harper	District V- Member
Brian Carnes	District VII - 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

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

**Lancaster County Council
of Lancaster County
Lancaster, South Carolina**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2014, and the related notes to the financial statements, which collectively comprise Lancaster County, South Carolina's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lancaster County Economic Development Corporation, which represents 100% of the assets, net position and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lancaster County Economic Development Corporation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lancaster County, South Carolina as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* as of July 1, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 16), and the Schedule of Funding Progress (on page 69) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lancaster County, South Carolina's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The summary schedule of court fines, assessments and surcharges is presented for purposes of additional analysis as required by the State of South Carolina, and is not a required part of the basic 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 basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, summary schedule of court fines, assessments and surcharges, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, summary schedule of court fines, assessments and surcharges, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2014, on our consideration of Lancaster County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lancaster County, South Carolina's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
November 26, 2014

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, 2014. 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 pages i - vi 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 \$87,418,026 for governmental and business-type activities as reflected in the Statement of Net Position. Of that amount, \$22,333,441 was available to meet ongoing obligations. The ending net position increased by \$10,559,127 from the prior fiscal year.
- The County's combined governmental funds reported ending fund balances of \$39,748,917, an increase of \$4,003,044 from the prior year.
- Total unassigned fund balance for the governmental funds was \$16,217,543. Unassigned fund balance for the General Fund was \$16,940,776, which is 44 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 position 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 position* presents information on all the County's assets and liabilities, with the difference between the two reported as net position. The County's net position is a way to measure its financial health. Over time, increases or decreases in the County's net position are one indicator of whether financial health is improving or deteriorating.

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

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

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

Facilities Corporation for Lancaster County. A discretely presented component unit which is the Lancaster County Economic Development Corporation and the County Airport (Enterprise Fund) is also reflected. The government-wide financial statements can be found on pages 17 and 18 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 three categories: governmental funds, proprietary 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 21 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. Other Major Funds include:

- The Capital Projects Sales Tax Fund, used to account for a voter approved 1 cent sales tax.
- The SCAGO Public Facilities Corporation Debt Service Fund, used to account for installment purchase debt.
- The Restricted Grants Fund, used to account for the County's grants.

The County's remaining 17 funds, (8) capital projects funds, (8) special revenue funds, and (1) debt service fund, are presented as non-major funds.

Lancaster County adopts an annual appropriated budget for its general, debt service and special revenue funds. Project length budgets are adopted for the capital projects fund. Budgetary comparison statements have been provided for the general fund as required supplementary information. Budgetary comparisons for the special revenue, debt service and capital projects funds are included as other supplementary information. The governmental fund financial statements can be found on pages 19 through 24 of this report.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

Proprietary Funds

The County maintains one type proprietary fund that is used to account for the Airport operations. The enterprise fund financials can be found on pages 25 through 27 of this report. Enterprise funds are reflected as business-type activities in the government-wide financial statements.

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 financials can be found on page 28 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and government fund financial statements. The notes to the financial statements begin on pages 29 - 66.

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 position, 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 67.

Government-wide Financial Analysis

As noted earlier, the statement of net position 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 \$87,418,026 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 position as of June 30, 2014:

Lancaster County's Net position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Current and other assets	\$52,622,454	\$48,244,762	(115,719)	-	\$52,506,735	\$48,244,762
Capital assets	82,813,171	86,924,406	3,790,882	-	\$86,604,053	86,924,406
Total assets	\$135,435,625	\$135,169,168	\$3,675,163	-	\$139,110,788	\$135,169,168
Total Deferred Outflows of Resources	224,809	-	-	-	224,809	-
Long-term liabilities outstanding	\$45,179,650	\$52,188,414	-	-	\$45,179,650	\$52,188,414
Other liabilities	6,728,921	5,508,915	9,000	-	6,737,921	5,508,915
Total liabilities	\$51,908,571	\$57,697,329	\$9,000	-	\$51,917,571	\$57,697,329
Net position:						
Net investment in capital assets	\$40,435,476	\$36,831,933	3,790,882	-	44,226,358	\$36,831,933
Restricted	20,858,227	24,325,103	-	-	20,858,277	24,325,103
Unrestricted	22,458,160	16,314,803	(124,719)	-	22,333,441	16,314,803
Total net position	\$83,751,863	\$77,471,839	\$3,666,163	-	\$87,418,026	\$77,471,839

The largest portion (51%) of Lancaster County's **net position** reflects net position **invested in capital assets**. The **restricted** portion of Lancaster County's net position (24%) represents resources that are subject to external restrictions on their use such as funds for property tax reduction and gasoline tax revenue. The major portion of the restricted net position is \$8,903,137 for the Capital Projects Sales Tax used to account for the County's 1 percent sales tax and \$1,897,009 for the Bailes Ridge Projects Fund. **Current and other assets** increased in cash and cash equivalents. The County pools cash to maximize earnings. **Long-term liabilities outstanding** decreased due to debt payments for the SCAGO Installment Purchase Bond which funded the construction of the County's Justice Center. At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

At the close of fiscal year, the government's net position increased by \$9,946,187 compared to FY13. Total revenues increased in fiscal year 2014 by \$6,893,901 and total expenses increased by \$6,340,498 for all governmental activities. **Charges for Services** increased in response to the rebounding housing market. During the fiscal year, the County received a \$4 million state grant for Economic Development incentives for a large manufacturing company which attributed to the increase in **operating grants and contributions**. The County also received partial reimbursement from the State for the installation of a new CAD system at the 911 center. **Capital grants & contributions** decreased significantly due to acceptance of land & buildings in Walnut Creek Park in the prior fiscal year. This fiscal year, the major component was \$665,681 of roads accepted by the County.

Property taxes collections increased \$2,333,077 due to a combination of the following: a small millage increase for the general fund & capital replacement fund, an increase in vehicle tax revenue due to growth, an increase in homestead exemptions due to an increasing aging population, an increase in delinquent collections, a 9% increase in local option rollback revenue and an 10% increase in local option revenue. Local option sales tax levied for capital projects and road fees are included in **Other Taxes & licenses**. This increase is attributed to an overall increase in 1 cent sales tax collections throughout the County and an increase in the road fees from \$25 to \$30 per vehicle.

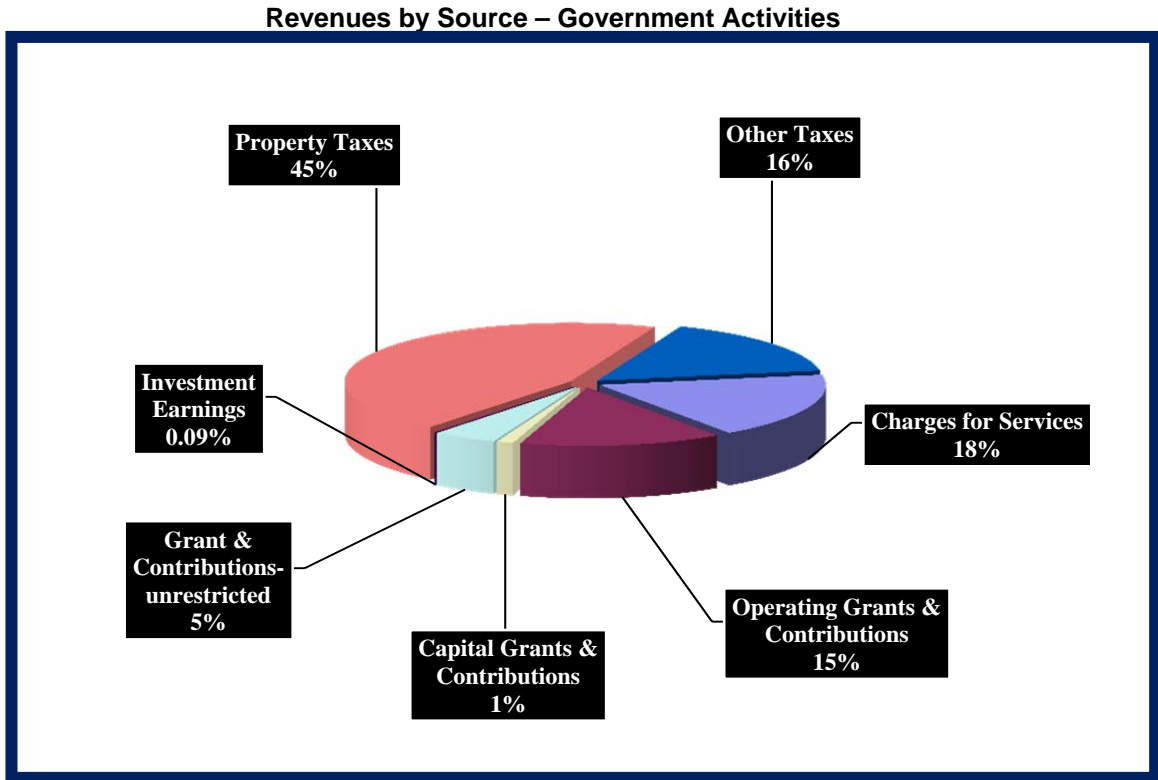
The table on the next page summarizes the changes in net position for the County for the year ended June 30, 2014:

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

Lancaster County's Changes in Net Position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Revenues:						
Program Revenues:						
Charges for services	\$12,023,431	\$10,126,412	\$173,727	-	\$12,197,158	\$10,126,412
Operating grants & contributions	9,593,044	4,346,939	-	-	9,593,044	4,346,939
Capital grants & contributions	807,784	3,273,685	50,393	-	858,177	3,273,685
General Revenues:						
Property taxes	30,138,854	27,805,777	-	-	30,138,854	27,805,777
Other taxes & licenses	10,759,834	9,220,550	-	-	10,759,834	9,220,550
Unrestricted grants & contributions	3,060,980	4,029,881	-	-	3,060,980	4,029,881
Unrestricted investment earnings	57,446	31,753	-	-	57,446	31,753
Other	-	936,595	-	-	-	936,595
Total revenues	66,441,373	59,771,592	224,120	-	66,665,493	59,771,592
Expenses:						
General government	11,299,133	14,274,314	-	-	11,299,133	14,274,314
Administration of justice	2,079,575	2,034,619	-	-	2,079,575	2,034,619
Public safety and law enforcement	18,204,203	13,079,241	-	-	18,204,203	13,079,241
Public works	7,088,564	6,514,659	-	-	7,088,564	6,514,659
Public health & welfare	6,351,517	6,250,734	-	-	6,351,517	6,250,734
Economic development	5,434,387	2,215,207	-	-	5,434,387	2,215,207
Culture & recreation	3,438,846	3,360,319	-	-	3,438,846	3,360,319
Interest on long-term debt	1,772,534	2,036,775	-	-	1,772,534	2,036,775
Airport	-	-	437,607	-	437,607	-
Total expenses	55,668,759	49,765,868	437,607	-	56,106,366	49,765,868
Increase (Decrease) in net position before Transfers	10,772,614	10,005,724	(213,487)	-	10,559,127	10,005,724
Transfers	(40,000)	-	40,000	-	-	-
Increase (Decrease) in net position	10,732,614	10,005,724	(173,487)	-	10,559,127	10,005,724
Net position- beginning of year (restated)	73,019,249	67,466,115	3,839,650	-	76,858,899	67,466,115
Net position- end of year	\$83,751,863	\$77,471,839	\$3,666,163	-	\$87,418,026	\$77,471,839

LANCASTER COUNTY, SOUTH CAROLINA Management's Discussion and Analysis

The pie chart below depicts the percentages of revenues by source:

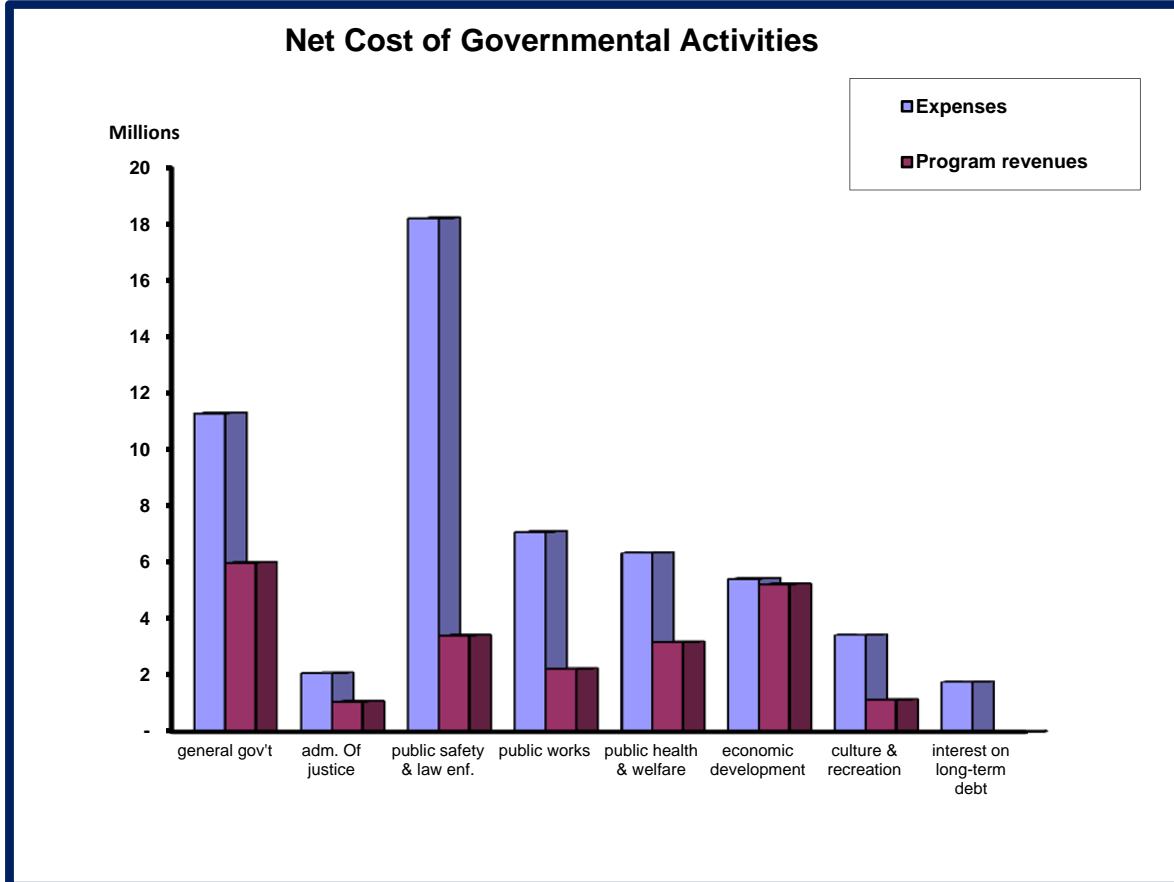


Property taxes are the government's main source of revenue at 45%. Charges for services are the next greatest source of revenue at 18%. Investment earnings is the least source of revenue.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

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



The total cost of all governmental expense activities for the County increased since FY13. While many expense groups remained relatively unchanged, there were a few groups that either increased or decreased. **General Government** activity is the second largest expense for the government at 20%. There was decline in this activity partially due to reclassifying the Airport fund as a business-type activity. There was a decline in expenses for the new Air Rail Park due to its completion in the current fiscal year.

Providing activities for **Public safety and law enforcement** expenses was the next largest expense (32%). During the fiscal year, the County expended \$689,157 towards a Records Management System for the Sheriff's department to interface with the 911 CAD system and 12 radio consoles for 911 system. Council also approved four deputies at the cost of \$130,832 plus fringe benefits. Also, the County was awarded a FEMA Firefighter grant during the fourth quarter of the prior fiscal year. This year's Firefighter grant expenses were for a full year at the cost of \$509,000. Expenses for **Economic Development** increased due to a \$4 million state grant.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

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, unassigned 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 total of all the County's governmental funds fund balances reached \$39,748,917 with \$16,217,543 classified as unassigned. The **General Fund** is the major governmental fund of the County. At the end of the fiscal year, the general fund reported an unassigned fund balance of \$16,940,776 compared to \$14,812,691 the prior year. The County is experiencing an increase building permitting activity and register of deeds collections (**Licenses & Permits**) which were major contributors to the increase in fund balance. Also, local option sales tax (**Taxes**) collected was \$437,830 more than budgeted. The County continues to maintain a healthy fund balance due to conservatively estimating revenues and controlled spending.

The **Capital Projects Sales Tax Fund**, also reported as a major fund, increased its fund balance by \$1,796,253. This special revenue fund accounts for 1 cent sales tax approved by voters in November 2008 and funds the debt for the Justice Center. Sales Tax revenue collections have increased since last fiscal year which led to the increase. With new retail and other businesses locating in the County, we expect this upward trend to continue. **Other Governmental Funds** include the debt service, capital projects, and other special revenue funds. The decline of fund balance (\$666,361) in this category is partially due to the reclassification of the Recreation and Library from special revenue funds to the General Fund.

General Fund Budgetary Highlights

A budgetary comparison schedule is included for the general fund on pages 67 and 68. After accounting for other financing sources and uses, the net change in fund balance was an increase of \$2,841,658. Actual revenues were above budgetary estimates by \$668,324 with a significant positive variance (\$1,034,523) in the **Licenses and Permits** category. Actual expenditures were below budgetary appropriations by \$1,790,186 due to reasons explained further in the significant positive variances by department section below. The County also transferred \$40,000 from the General Fund to provide funding to support the Airport operations.

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

- **Licenses & permits-** As stated before, permit collections were \$1,034,523 above estimates which is an indicator of an improving housing market and economy. Building permits collected were \$641,712 above estimates and Register of deeds fees, county portion, were also \$163,346 above estimates;
- **Charges for Services** collections were favorable (\$168,631). EMS charges exceeded estimates by \$171,957 due to conservative budgeting and an increase in calls;
- **Fund Balance-** The County amended the budget to appropriate \$270K fund balance to purchase computer upgrades and a generator. Encumbrances of \$178,829 were also brought forward from the prior year.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

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

*Below were the significant **negative** variances:*

- Sheriff (\$173,873)- Partially due to a contract with a consultant to help implement the new Records Management System and the recording of School Resource officer wages & fringe which was reimbursed by the School District.
- Economic Development (\$143,871) – The County received tax funds in the amount of \$177,000 from a Utility Company which were used to partially fund infrastructure in the County's new Air Rail Industrial Park.

*Below were the significant **positive** variances:*

- County Council- \$235,130 variance mainly due to not expending entire budget for contractual services which included payments for hospital security. Also, Council did not expend about \$36,000 of grant match;
- Administrator- The County contracted with a doctor's office to provide a nurse practitioner on site a few days each week. The contract began during late fall even though an entire year was budgeted;
- Management Information Services- (\$73,574) The budget was amended to purchase computer equipment. Not all monies appropriated were expended in the fiscal year;
- Planning (\$91,652) – Delay in hiring approved position due to reasons beyond the department's control and partially expended appropriation for rewrite of the County's Comprehensive Plan;
- Detention Center (\$215,756) – Turnover and understaffing caused this department to have a positive variance;
- Roads & Bridges- (163,736)- Positive variance due to transferring an employee to Solid Waste and not expending funds for special road work;
- Solid Waste-(\$380,939) \$400,000 was budgeted to develop a convenience site in Indian Land area of the County. This project has been delayed to the subsequent budget year;
- Capital Outlay- The entire capital appropriation for Recreation was not spent due to lack of funding.

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

Revenues:

- Licenses & Permits \$70,920- Supplemental revenue used to provide an employee for the Clerk of Court's office (\$10K partial year) due to Court mandate, \$5,689 to partially fund fire house replacement from insurance proceeds, \$39,212 to purchase land for the Kershaw transfer site, and \$16,019 to fund COLAs not included in original budget for the Library;
- Fund Balance – The County amended the budget to appropriate \$270K fund balance to purchase computer upgrades and a generator. Encumbrances of \$178,829 were also brought forward from the prior year.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

Expenditures:

- Administrator (\$95,742)- Transfers from other departments for Nurse practitioner contract and \$8,931 encumbrance brought forward from FY13 \$64,571;
- Management Information Services (\$202,575)- Budget amendment to purchase \$200K computer upgrades and \$2,575 encumbrance brought forward from prior year;
- Communications (\$220,381)- Encumbrance brought forward (\$135,181) for CAD project and \$70K to purchase and install generator at 911 building.

Capital Assets

Lancaster County's net investment in capital assets for its governmental activities as of June 30, 2014, totaled \$86,604,053, 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.

Lancaster County's Capital Assets (net of depreciation)						
	Governmental Activities		Business-type Activities		Total	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Land	\$6,283,499	\$ 6,977,194	\$ 598,607	-	\$ 6,882,106	\$ 6,977,194
Buildings & Improvements	51,475,278	54,720,000	3,046,956	-	54,522,234	54,720,000
Vehicles	7,345,504	7,343,582	-	-	7,345,504	7,343,582
Furniture & Equipment	8,487,446	6,979,114	-	-	8,487,446	6,979,114
Infrastructure	8,784,015	8,823,929	-	-	8,784,015	8,823,929
Construction in Progress	437,429	2,080,587	145,319	-	582,748	2,080,587
Total	\$82,813,171	\$86,924,406	\$3,790,882	-	\$86,604,053	\$86,924,406

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

- \$67,641- 150KW Generator for 911 Center
- \$1,082,822- CAD system and console furniture for 911 Center;
- \$1,305,818- Land improvements at the Air Rail Industrial Park;
- \$391,032- Two EMS ambulances;
- \$373,592- Ten defibrillators paid with FEMA Grant;
- \$81,580 Firehouse;
- \$1,795,690- Air Rail Industrial Park (construction in progress);
- \$316,022- 2014 Pierce Rescue Fire truck for Indian Land Fire department;
- \$84,506- 2015 Thomas Freightliner bus for Recreation;
- \$78,081- Caterpillar Mini Excavator for Public Works;
- \$665,681- Subdivision roads accepted by the County from various subdivisions;

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

- \$84,303- 2015 Ford Flatbed truck for Public Works;
- \$347,187- Records Management system for the Sheriff (still in progress);
- The Sheriff department purchased vehicles in the amount of \$295,269;
- Building improvements for the 911 Center in the amount of \$321,366.

Additional information on the County's capital assets can be found in Note 5 beginning on page 46.

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 \$8,761,339 without a referendum. At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$45,179,650. General obligation bonds make up 39% (\$17,506,450) of long-term debt and are backed by the full faith and credit of the government.

Lancaster County's Outstanding Debt General Obligation and Revenue Bonds

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
General Obligation Bonds	\$17,506,450	\$18,325,000	-	-	\$17,506,450	\$18,325,000
Special Source Revenue	2,210,000	2,510,000	-	-	2,210,000	2,510,000
Bonds	19,675,000	24,710,000	-	-	19,675,000	24,710,000
SCAGO PFC IPRB						
Total	\$39,391,450	\$45,545,000	-	-	\$39,391,450	\$45,545,000

The County's overall debt decreased due to principal payments made during the fiscal year. The County's long term obligations include five general obligation bonds and one refunding bond. The sharp decline in the SCAGO Revenue bond balance was due to a large debt service principal payment of \$5,035,000 made during the fiscal year. There was no significant debt issue during the year.

The County currently has ratings of A and Aa3 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 Note 5 beginning on page 49.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Tax Rates

- The unemployment rate for Lancaster County was at a level of 6.6% in June 2014. Statewide unemployment was 5.3%, while the national rate was 6.1% during the same period;
- Local option sales tax revenue was 9% percent higher than fiscal year 2013 for the unincorporated areas of the County;
- A Cost-of-Living Adjustment was appropriated in the FY15 budget which included a 1% raise and implementation of a salary study to bring employees to minimum pay range;
- There was a \$123,831 increase in health insurance premiums and a \$73,992 increase in worker's comp premiums;
- Bond Clerk for Magistrate's Court in the amount of \$20,862 plus fringe benefits;
- Commercial plans reviewer @ \$42,500 plus fringe benefits;
- County Attorney and paralegal at the cost \$135,000 plus fringe benefits to replace contracting former Law Firm now used for debt issuance, etc.;
- Three paramedics in EMS offset by a reduction (\$150K) in overtime;
- One building maintenance staff offset by a reduction in contractual cleaning;
- Direct Assistance to the Solicitor and Public Defender to hire one attorney each (\$62,500 each) to help with docket control;
- \$400,000 to relocate a recycling/convenience center in the northern part of the County (this was initially in FY14 but the project did not take place).

In order to maintain the County's net position and fund balances at current levels in the face of increased demand for services, County Council adopted a general fund budget for fiscal year 2015 which includes 78 mils. County Council also adopted 4.4 mils for capital replacement needs, 7 mils for debt service, and 3.4 mils for Court Security. The FY15 Budget incorporated a number of Council's strategic priorities and reflects Council's desire to maintain quality services without substantial tax and fee increases for the citizens. The Budget in its entirety can be found on the County's website at:

<http://www.mylancastersc.org>.

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**

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Lancaster County Economic Development Corporation
ASSETS				
Cash and cash equivalents	\$ 17,943,821	\$ 100	\$ 17,943,921	\$ 341,973
Investments	21,526,921	-	21,526,921	-
Receivables:				
Taxes	1,681,776	-	1,681,776	-
Accounts	5,552,452	-	5,552,452	15,629
Due from other governments	4,695,843	29,897	4,725,740	-
Internal balances	189,906	(189,906)	-	-
Inventories	90,706	44,190	134,896	-
Prepaid expenses	52,601	-	52,601	-
Assets held for resale	888,428	-	888,428	-
Capital assets:				
Nondepreciable	6,720,928	743,926	7,464,854	-
Depreciable, net	76,092,243	3,046,956	79,139,199	19,444
Other	-	-	-	7,456
Total assets	<u>135,435,625</u>	<u>3,675,163</u>	<u>139,110,788</u>	<u>384,502</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	224,809	-	224,809	-
Total deferred outflows of resources	<u>224,809</u>	<u>-</u>	<u>224,809</u>	<u>-</u>
LIABILITIES				
Accounts payable	4,090,745	-	4,090,745	4,000
Accrued liabilities	1,074,761	-	1,074,761	-
Bond anticipation note payable	818,000	-	818,000	-
Unearned revenues	399,810	9,000	408,810	-
Accrued interest payable	345,605	-	345,605	-
Noncurrent liabilities:				
Due within one year	8,389,097	-	8,389,097	7,918
Due in more than one year	36,790,553	-	36,790,553	9,535
Total liabilities	<u>51,908,571</u>	<u>9,000</u>	<u>51,917,571</u>	<u>21,453</u>
NET POSITION				
Net investment in capital assets	40,435,476	3,790,882	44,226,358	-
Restricted for:				
Property tax reduction	1,285,649	-	1,285,649	-
Capital projects	11,966,028	-	11,966,028	-
Public safety	1,564,436	-	1,564,436	-
Public works	1,286,344	-	1,286,344	-
Public health and welfare	234,098	-	234,098	-
Cultural and recreation	16,681	-	16,681	-
Debt service	4,504,991	-	4,504,991	-
Economic development	-	-	-	385,269
Unrestricted	22,458,160	(124,719)	22,333,441	(22,220)
Total net position	<u>\$ 83,751,863</u>	<u>\$ 3,666,163</u>	<u>\$ 87,418,026</u>	<u>\$ 363,049</u>

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

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	Lancaster County Economic Development Corporation
Primary government:								
Governmental activities:								
General government	\$ 11,299,133	\$ 5,937,198	\$ 65,299	\$ -	\$ (5,296,636)	\$ -	\$ (5,296,636)	\$ -
Administration of justice	2,079,575	1,027,217	50,733	-	(1,001,625)	-	(1,001,625)	-
Public safety	18,204,203	1,037,398	2,384,752	-	(14,782,053)	-	(14,782,053)	-
Public works	7,088,564	146,902	1,417,932	665,681	(4,858,049)	-	(4,858,049)	-
Public health and welfare	6,351,517	2,748,514	428,135	-	(3,174,868)	-	(3,174,868)	-
Culture and recreation	3,438,846	1,064,147	68,822	142,103	(2,163,774)	-	(2,163,774)	-
Economic development	5,434,387	62,055	5,177,371	-	(194,961)	-	(194,961)	-
Interest on long-term debt	1,772,534	-	-	-	(1,772,534)	-	(1,772,534)	-
Total governmental activities	55,668,759	12,023,431	9,593,044	807,784	(33,244,500)	-	(33,244,500)	-
Business-type activities:								
Airport	437,607	173,727	-	50,393	-	(213,487)	(213,487)	-
Total business-type activities	437,607	173,727	-	50,393	-	(213,487)	(213,487)	-
Total primary government	<u>\$ 56,106,366</u>	<u>\$ 12,197,158</u>	<u>\$ 9,593,044</u>	<u>\$ 858,177</u>	<u>(33,244,500)</u>	<u>(213,487)</u>	<u>(33,457,987)</u>	<u>-</u>
Component unit:								
Lancaster County Economic Development Corporation	<u>\$ 560,914</u>	<u>\$ 9,969</u>	<u>\$ 206,461</u>	<u>\$ -</u>	-	-	-	(344,484)
General revenues:								
Property taxes levied for:								
General purposes					24,911,508	-	24,911,508	-
Public safety					1,011,967	-	1,011,967	-
Debt service					2,195,744	-	2,195,744	-
Capital projects					2,019,635	-	2,019,635	-
Other taxes and licenses					10,759,834	-	10,759,834	-
Grants and contributions not restricted for a specific purpose					3,060,980	-	3,060,980	514,873
Unrestricted investment earnings					57,446	-	57,446	772
Gain on sale of capital assets					-	-	-	19,776
Transfers					(40,000)	40,000	-	-
Total general revenues and transfers					43,977,114	40,000	44,017,114	535,421
Change in net position					10,732,614	(173,487)	10,559,127	190,937
Net position, beginning of year, as restated					73,019,249	3,839,650	76,858,899	172,112
Net position, end of year					<u>\$ 83,751,863</u>	<u>\$ 3,666,163</u>	<u>\$ 87,418,026</u>	<u>\$ 363,049</u>

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

LANCASTER COUNTY, SOUTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2014

	General Fund	Restricted Grants Fund	Capital Projects Sales Tax Fund	SCAGO Public Facilities Corporation Debt Service Fund
ASSETS				
Cash and cash equivalents	\$ 17,335,581	\$ 2,500	\$ 22,138	\$ -
Investments	15,143,018	-	-	3,923,075
Taxes receivable, net	1,371,733	-	-	-
Accounts receivable, net	5,501,148	3,510	-	-
Due from other governments	1,959,519	577,056	1,983,281	-
Due from other funds	523,684	-	6,897,718	-
Prepaid expenditures	52,601	-	-	-
Inventories	90,706	-	-	-
Land held for resale	327,301	-	-	-
Total assets	<u>\$ 42,305,291</u>	<u>\$ 583,066</u>	<u>\$ 8,903,137</u>	<u>\$ 3,923,075</u>
LIABILITIES				
Accounts payable	\$ 3,930,928	\$ 158,280	\$ -	\$ -
Accrued liabilities	1,074,761	-	-	-
Bond anticipation note payable	-	-	-	-
Due to other funds	10,384,640	333,778	-	-
Unearned revenues	308,802	91,008	-	-
Total liabilities	<u>15,699,131</u>	<u>583,066</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,292,799	-	-	-
Unavailable revenue - emergency medical services	4,906,338	-	-	-
Total deferred inflows of resources	<u>6,199,137</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	52,601	-	-	-
Inventories	90,706	-	-	-
Land held for resale	327,301	-	-	-
Restricted for:				
Property tax reduction	1,285,649	-	-	-
DSS IV-D Incentive	234,098	-	-	-
Inmate commissary	51,127	-	-	-
Victim services	-	-	-	-
Drug task force	186,591	-	-	-
Capital projects	-	-	8,903,137	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Roads and bridges	-	-	-	-
Debt service	-	-	-	3,923,075
Assigned:				
General government	60,167	-	-	-
Subsequent year's budget	1,178,007	-	-	-
Unassigned	16,940,776	-	-	-
Total fund balances	<u>20,407,023</u>	<u>-</u>	<u>8,903,137</u>	<u>3,923,075</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 42,305,291</u>	<u>\$ 583,066</u>	<u>\$ 8,903,137</u>	<u>\$ 3,923,075</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 583,602	\$ 17,943,821
2,460,828	21,526,921
310,043	1,681,776
47,794	5,552,452
175,987	4,695,843
3,486,922	10,908,324
-	52,601
-	90,706
561,127	888,428
<u>\$ 7,626,303</u>	<u>\$ 63,340,872</u>
\$ 1,537	\$ 4,090,745
-	1,074,761
818,000	818,000
-	10,718,418
-	399,810
<u>819,537</u>	<u>17,101,734</u>
291,084	1,583,883
-	4,906,338
<u>291,084</u>	<u>6,490,221</u>
-	52,601
-	90,706
561,127	888,428
-	1,285,649
-	234,098
-	51,127
12,064	12,064
-	186,591
3,062,891	11,966,028
1,552,372	1,552,372
16,681	16,681
1,286,344	1,286,344
581,916	4,504,991
-	60,167
165,520	1,343,527
(723,233)	16,217,543
<u>6,515,682</u>	<u>39,748,917</u>
<u>\$ 7,626,303</u>	<u>\$ 63,340,872</u>

LANCASTER COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total fund balances for governmental funds:	\$ 39,748,917
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	82,813,171
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	6,490,221
Certain long-term liabilities are not due and payable in the current period and are therefore not reported in the funds. All liabilities, both current and long-term, are reported in the Statement of Net Position net of issuance premiums, and discounts.	
General obligation bonds	\$ (17,506,450)
Unamortized refunding deferral amount on general obligation bonds	224,809
Unamortized bond premium/discount	(374,768)
Capital lease obligations	(2,611,477)
Special source revenue bonds	(2,210,000)
Installment purchase revenue bonds	(19,675,000)
Other post-employment benefits	(496,833)
Post-closure care liabilities	(1,266,035)
Compensated absences payable	(1,039,087)
Total long-term liabilities	(44,954,841)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(345,605)
Net position of governmental activities	<u><u>\$ 83,751,863</u></u>

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

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Restricted Grants Fund	Capital Projects Sales Tax Fund	SCAGO Public Facilities Corporation Debt Service Fund
REVENUES				
Property taxes	\$ 24,653,264	\$ -	\$ -	\$ -
Sales and other local taxes	1,940,220	-	7,871,762	-
Licenses and permits	5,191,197	-	-	-
Intergovernmental	4,226,086	6,547,625	-	-
Charges for services	3,999,763	-	-	-
Fines and forfeitures	937,975	-	-	-
Interest revenue	47,143	-	7,243	417
Contributions and donations	229,468	122,198	-	-
Other revenues	142,198	-	-	-
Total revenues	<u>41,367,314</u>	<u>6,669,823</u>	<u>7,879,005</u>	<u>417</u>
EXPENDITURES				
Current:				
General government	9,943,242	52,955	8,637	-
Administration of justice	1,823,021	-	-	-
Public safety	12,229,972	1,128,762	-	-
Public works	4,328,763	21,687	-	-
Public health and welfare	6,168,796	418,383	-	-
Culture and recreation	3,160,403	47,665	-	-
Economic development	517,134	5,000,371	-	-
Capital outlay	57,417	-	-	-
Debt service:				
Principal	411,939	-	-	5,035,000
Interest	80,884	-	-	1,008,038
Fees	-	-	-	-
Total expenditures	<u>38,721,571</u>	<u>6,669,823</u>	<u>8,637</u>	<u>6,043,038</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,645,743</u>	<u>-</u>	<u>7,870,368</u>	<u>(6,042,621)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	-	15,000	6,089,115
Transfers out	(40,000)	-	(6,089,115)	(15,000)
Capital leases	-	-	-	-
Proceeds from the issuance of bonds	-	-	-	-
Proceeds from the sale of capital assets	210,915	-	-	-
Total other financing sources (uses)	<u>195,915</u>	<u>-</u>	<u>(6,074,115)</u>	<u>6,074,115</u>
Net change in fund balances	2,841,658	-	1,796,253	31,494
Fund balances, beginning of year as restated	<u>17,565,365</u>	<u>-</u>	<u>7,106,884</u>	<u>3,891,581</u>
Fund balances, end of year	<u>\$ 20,407,023</u>	<u>\$ -</u>	<u>\$ 8,903,137</u>	<u>\$ 3,923,075</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 5,227,346	\$ 29,880,610
408,075	10,220,057
-	5,191,197
2,605,194	13,378,905
882,930	4,882,693
90,705	1,028,680
2,643	57,446
-	351,666
88,665	230,863
<u>9,305,558</u>	<u>65,222,117</u>
-	10,004,834
-	1,823,021
3,141,680	16,500,414
1,928,822	6,279,272
-	6,587,179
18,822	3,226,890
-	5,517,505
3,044,387	3,101,804
2,068,550	7,515,489
913,158	2,002,080
7,500	7,500
<u>11,122,919</u>	<u>62,565,988</u>
<u>(1,817,361)</u>	<u>2,656,129</u>
-	6,129,115
(25,000)	(6,169,115)
226,000	226,000
950,000	950,000
-	210,915
<u>1,151,000</u>	<u>1,346,915</u>
(666,361)	4,003,044
<u>7,182,043</u>	<u>35,745,873</u>
<u>\$ 6,515,682</u>	<u>\$ 39,748,917</u>

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 FISCAL YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds	\$	4,003,044
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$	5,639,410	
Depreciation expense		<u>(5,594,051)</u>	45,359

The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position.	(217,796)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	518,575
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Also, the refunding deferral amount, which is the difference in the amount that is sent to the paying agent to be escrowed for payment of refunded debt and the principal amount of debt refunded, is amortized as an adjustment of interest expense in the statement of activities. The effects of these items are as follows:

Repayment of the principal of long-term debt	\$	7,515,489	
Issuance of general obligation bonds		(950,000)	
Issuance of capital leases		(226,000)	
Amortization of premium/discount on long-term debt		221,687	
Amortization of the refunding deferral amount on the refunding general obligation bonds		<u>(30,447)</u>	6,530,729

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The following amounts represent the net liability changes using the full accrual

Landfill postclosure liability	\$	30,075	
Compensated absences		(143,627)	
Accrued interest on long-term debt		15,359	
OPEB liability		<u>(49,104)</u>	(147,297)
			<u>\$ 10,732,614</u>

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

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUND JUNE 30, 2014

		Nonmajor Enterprise Fund Airport Fund
ASSETS		
CURRENT ASSETS		
Cash	\$	100
Due from other governments		29,897
Inventory		44,190
Total current assets		74,187
NONCURRENT ASSETS		
Capital assets:		
Nondepreciable		743,926
Depreciable, net of accumulated depreciation		3,046,956
Total noncurrent assets		3,790,882
Total assets		3,865,069
LIABILITIES		
CURRENT LIABILITIES		
Due to other funds		189,906
Unearned revenues		9,000
Total current liabilities		198,906
Total liabilities		198,906
NET POSITION		
Investment in capital assets		3,790,882
Unrestricted (deficit)		(124,719)
Total net position	\$	3,666,163

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

LANCASTER COUNTY, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Nonmajor Enterprise Fund Airport Fund
OPERATING REVENUES	
Charges for services:	
Sale of fuel	\$ 132,346
Rental income	41,381
Total operating revenues	<u>173,727</u>
OPERATING EXPENSES	
Salaries and fringe benefits	48,966
Costs of services	190,332
Depreciation	198,309
Total operating expenses	<u>437,607</u>
Operating loss	<u>(263,880)</u>
CAPITAL CONTRIBUTIONS	<u>50,393</u>
TRANSFERS	
Transfers in	40,000
Total transfers	<u>40,000</u>
Change in net position	(173,487)
Net position, beginning of year, as restated	<u>3,839,650</u>
Net position, end of year	<u><u>\$ 3,666,163</u></u>

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

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Nonmajor Enterprise Fund Airport Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 182,765
Payments to suppliers	(183,367)
Payments to employees	(48,966)
Net cash used in operating activities	(49,568)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	40,000
Net cash provided by noncapital financing activities	40,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(50,393)
Intergovernmental revenues	50,393
Net cash provided by capital and related financing activities	-
Net change in cash and cash equivalents	(9,568)
Cash and cash equivalents:	
Beginning of year	9,668
End of year	\$ 100
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (263,880)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	198,309
Changes in assets and liabilities:	
Decrease in accounts receivable	3,900
Increase in due from other governments	(25,862)
Decrease in inventory	6,965
Increase in due to other funds	36,420
Decrease in unearned revenues	(5,420)
Net cash used in operating activities	\$ (49,568)

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

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 10,859,194
Investments	9,467,017
Taxes receivable	4,204,615
Due from other governments	<u>2,260</u>
Total assets	<u>24,533,086</u>
LIABILITIES	
Due to other taxing districts and agencies	17,964,487
Due to others	<u>6,568,599</u>
Total liabilities	<u>\$ 24,533,086</u>

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

NOTES TO THE FINANCIAL STATEMENTS

LANCASTER COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lancaster County, South Carolina (the "County") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Reporting Entity

Lancaster 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.

Lancaster County, South Carolina - the primary government - is a political subdivision of the State of South Carolina. These financial statements present all the fund types of the County. Component units may be presented by two different methods. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

The Lancaster County Economic Development Corporation (the "Corporation") is a discretely presented component unit incorporated under the laws of the State of South Carolina on February 20, 1986 for the purpose of encouraging and promoting the economic growth and development of Lancaster County. A Board of Directors composed of 17 individuals, each serving a term of three years, governs the Corporation. The Corporation is fiscally dependent upon the County and a financial burden exists to the County as the County has assumed the obligation to finance deficits of and provide financial support to the Corporation. Separate financial statements for the Corporation can be obtained by contacting the administrative office at 1057 Red Ventures Drive, Suite 135, Indian Land, South Carolina 29707.

The County has one blended component unit, the South Carolina Association of Governmental Organizations Public Facilities Corporation for Lancaster County (SCAGO), 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. Because SCAGO exclusively benefits the County, SCAGO's financial information is blended with that of the County in these basic financial statements. Separate financial information for SCAGO is included in the individual columns throughout the financial statements. SCAGO does not issue separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The statement of net position and the statement of activities display information about the County as a primary government. These statements include the financial activities of the primary government, except for fiduciary funds and component units that are fiduciary in nature. For the most part, the effect of interfund activity has been removed from the statements. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities for the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund financial statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The County reports the following major governmental funds:

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund financial statements (Continued)

The **Restricted Grants Fund** is used to account for the intergovernmental funds received from state and federal governments for various grants. This fund is also used to account for private contributions for various grants. The funds received are restricted for projects as outlined in each grant award.

The **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.

The **SCAGO Public Facilities Corporation Debt Service Fund** is used to account for and report financial resources that are restricted for the payment of the SCAGO Public Facilities Corporation Installment Purchase Revenue Bonds.

The County reports the following proprietary fund:

The **Airport Fund** accounts for the activities of the County's airport operations. It is also used to account for intergovernmental funds received from state and federal governments for grants that are restricted for airport improvements and capital projects.

Additionally, the County reports the following fund types:

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes. Resources restricted to expenditure for purposes normally financed from the general fund may be accounted for through the general fund provided that applicable legal requirements can be appropriately satisfied; and use of special revenue funds is not required unless they are legally mandated.

The **Capital Projects 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 **Debt Service Funds** are used to account for and report financial resources that are restricted, committed or assigned for the payment of governmental activities long-term debt principal and interest.

The **Agency Funds** are used to account for monies held on behalf of school districts, special districts and other agencies that use the County as a depository or property taxes that are collected on behalf of the other governments.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

Government-wide financial statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and liabilities associated with the operation of the County are included on the statement of net position.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise fund functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Fund financial statements

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Fund financial statements (Continued)

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation or capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Agency funds have no measurement focus, but rather are custodial in nature (assets equal liabilities).

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue and in the presentation of expenses versus expenditures.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Revenue - exchange and non-exchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within 60 days of fiscal year-end.

Non-exchange 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 for which the taxes are levied. Revenue from grants, entitlement and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: delinquent taxes, sales tax, grants, interest, fee and charges for services.

Unearned revenue

The County reports unearned revenue on its statement of net position 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 position and governmental funds balance sheet and revenue is recognized.

Unavailable revenue

Unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Unavailable revenue (Continued)

Property taxes for which there is an enforceable legal claim as of year end, but which were levied to finance fiscal year 2014 operations, have been recorded as unavailable revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unavailable revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as unavailable revenue.

Expenses / expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The assigned fund balance for subsequent year's budget includes \$304,527 for outstanding encumbrances and \$1,039,000 for appropriation of existing unassigned fund balance at year-end to eliminate a deficit in next year's budget.

Assets, Liabilities and Net Position or Equity

Cash and investments

Cash includes demand deposits as well as cash equivalents and short-term investments with a maturity date within three months of the date acquired by the County.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Cash and investments (Continued)

State statutes authorize the County 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 deposits collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool. The State Treasurer's Investment Pool is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the investment pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1. Investments are stated at fair value which approximates cost.

Receivables

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

Intergovernmental receivable

Amounts due from federal grants represent reimbursable costs, which have been incurred by the County but have not been reimbursed by the grantor agency. Costs under grant programs are recognized as expenditures in the period in which they are incurred by the County.

Inventories and prepaid assets

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 or produced.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

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 or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Buildings and building improvements are capitalized when costs exceed \$50,000. Land improvements are capitalized when costs exceed \$25,000.

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 the projects are constructed. Interest incurred during the construction phase of proprietary capital assets is included as part of the capitalized value of the assets constructed.

All reported capital assets except land and site preparation are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Vehicles	5 - 15
Furniture and equipment	5 - 15
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) and sick pay benefits up to 75 days. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is reported for unpaid accumulated sick leave.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Deferred Inflows / Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The County only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, *unavailable revenue*, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and emergency medical services and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

Interfund transactions

Transactions among County's funds that would be treated as revenues and expenditures or expenses if they involved organizations external to County government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended are separately reported in the respective fund's operating statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Interfund transactions (Continued)

Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Long-term obligations

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

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 assets 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Fund equity (Continued)

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, through passage of an ordinance. 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. Through resolution, the County Council has authorized the County Administrator and/or the Finance Director to assign fund balances to a specific purpose. The County Administrator must inform the County Council of assigned resources during the fiscal year. 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.

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.

Proprietary fund equity is classified the same as in the government-wide statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, 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, but Council reserves the right to selectively spend unrestricted resources first and to defer the use of the restricted funds.

Use of estimates

The financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenditures/expenses. Actual results could differ from these estimates.

Reclassifications

Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

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, Special Revenue funds (except for the Restricted Grants Fund), Debt Service funds, Capital Projects Sales Tax Fund, and Capital Improvement Fund. The legally adopted budgets for the General Fund are presented as required supplementary information.

NOTES TO THE FINANCIAL STATEMENTS

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. CASH AND INVESTMENTS

Total deposits and investments at June 30, 2014, are summarized below:

As reported in the Statement of Net Position:

Primary government	
Cash and cash equivalents	\$ 17,943,921
Investments	21,526,921
Agency Fund - cash and cash equivalents	10,859,194
Agency Fund - investments	9,467,017
Component Unit - cash and cash equivalents	341,973
	<u>\$ 60,139,026</u>
Cash deposited with financial institutions	\$ 39,867,663
SC State Investment Pool	18,792,637
US Government Treasuries	212,726
US Government Agencies	1,245,627
Certificates of deposit	20,373
	<u>\$ 60,139,026</u>

Custodial credit risk

This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding cash custodial credit risk is to require the banks with which the County maintains deposits to collateralize or insure the County's funds. As of June 30, 2014, the carrying amount of the County's deposits was \$59,788,669 and the bank balance was \$60,233,483. All of the County's deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the County's name. Petty cash funds of \$8,385 are reflected as cash.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

The Lancaster County Economic Development Corporation, a discretely presented component unit, does not have a deposit policy for custodial credit risk. The carrying amount of deposits for the Corporation was \$341,973 at June 30, 2014. All of the Corporation's deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the Corporation's name.

As of June 30, 2014, the County has the following investments:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-5	6-10
State Treasurer's Investment Pool	\$ 18,792,637	\$ 18,792,637	\$ -	\$ -
Money market accounts	10,722,575	10,722,575	-	-
US Government Treasuries	212,726	-	102,945	109,781
US Government Agencies	1,245,627	-	1,098,163	147,464
Certificates of deposit	20,373	-	20,373	-
	<u>\$ 30,993,938</u>	<u>\$ 29,515,212</u>	<u>\$ 1,221,481</u>	<u>\$ 257,245</u>

Credit risk

This 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 in only those securities allowed by state statutes and that are highly rated. The County's investments in the U.S. Government Agencies, including the Federal Farm Credit Banks (FFCB), Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), and Federal National Mortgage Association (FNMA) were rated AA+ by Standard & Poor's and Aaa by Moody's Investor Services. As of June 30, 2014, the County owned \$1,245,627 of government sponsored entity (GSE) debt securities. These bonds are the direct obligation of the FFCB, FHLB, FHLMC, and FNMA which are rated AA+ or equivalent by all rating agencies. The investments are either directly or indirectly guaranteed by the US Treasury. The money market accounts were rated AAA by Standard & Poor's and Aaa by Moody Investor Services. The South Carolina Local Government Investment Pool is not rated, but generally, investments in this 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.

Interest rate risk

This 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Concentration of credit risk

This is the risk of loss attributable to the magnitude of the County's investment in a single issuer. The County's policy is to minimize the concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized, although there is no formal limit on the amount the County may invest in any one issuer.

Custodial credit risk

This is the risk that, in the event of a failure of the counterparty, the County may not be able to recover the value of investments, or collateral securities that are in possession of an outside party. The County's policy is to minimize custodial credit risk by limiting investments to the types of securities allowed by law.

NOTE 4. RECEIVABLES AND PROPERTY TAXES

Property taxes are assessed on the value of real and personal property, excluding automobiles, as of January 1 preceding the fiscal year. Taxes are levied the following September, due January 15 and become delinquent March 15. Liens attach to the property at the time taxes are levied. The levy date for automobiles is the first day of the month in which the vehicle license expires and the tax is due by the end of the same month.

Property tax revenues are recognized when due or past due and collectible within the current period or soon enough thereafter (defined as 60 days) to pay liabilities of the current period. The County bills and collects its own property taxes, and also collects taxes for the Lancaster County School District, the City of Lancaster, and the Town of Kershaw. Collections of the County taxes and remittance of them to these entities are accounted for in the agency funds. Unavailable property tax revenue represents that portion of property taxes which is deemed not available to pay current expenditures.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES AND PROPERTY TAXES (CONTINUED)

Receivables as of June 30, 2014, including the applicable allowances for uncollectible accounts, are as follows:

	General	Restricted Grants	Capital Projects Sales Tax
Taxes receivable	\$ 1,443,929	\$ -	\$ -
Accounts receivable	7,236,556	3,510	-
Due from other governments	1,959,519	577,056	1,983,281
Less: Allowance	(1,807,604)	-	-
Net receivables	<u>\$ 8,832,400</u>	<u>\$ 580,566</u>	<u>\$ 1,983,281</u>
	Nonmajor Governmental	Airport	Total
Taxes receivable	\$ 326,360	\$ -	\$ 1,770,289
Accounts receivable	47,794	29,897	7,317,757
Due from other governments	175,987	-	4,695,843
Less: Allowance	(16,317)	-	(1,823,921)
Net receivables	<u>\$ 533,824</u>	<u>\$ 29,897</u>	<u>\$ 11,959,968</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the County's governmental activities for the year ended June 30, 2014 was as follows:

Governmental Activities	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Capital assets not being depreciated					
Land	\$ 6,378,587	\$ 74,212	\$ (169,300)	\$ -	\$ 6,283,499
Construction in progress	1,985,661	1,786,120	-	(3,334,352)	437,429
Total capital assets not being depreciated	<u>8,364,248</u>	<u>1,860,332</u>	<u>(169,300)</u>	<u>(3,334,352)</u>	<u>6,720,928</u>
Capital assets being depreciated					
Buildings and improvements	61,253,255	47,665	-	1,627,185	62,928,105
Vehicles	19,867,806	1,475,385	(255,932)	100,000	21,187,259
Furniture and equipment	15,294,669	1,590,347	(532,190)	1,607,167	17,959,993
Infrastructure	15,823,254	665,681	-	-	16,488,935
Total capital assets being depreciated	<u>112,238,984</u>	<u>3,779,078</u>	<u>(788,122)</u>	<u>3,334,352</u>	<u>118,564,292</u>
Less accumulated depreciation					
Buildings and improvements	(9,778,520)	(1,674,307)	-	-	(11,452,827)
Vehicles	(12,524,224)	(1,539,423)	221,892	-	(13,841,755)
Furniture and equipment	(8,315,555)	(1,674,726)	517,734	-	(9,472,547)
Infrastructure	(6,999,325)	(705,595)	-	-	(7,704,920)
Total accumulated depreciation	<u>(37,617,624)</u>	<u>(5,594,051)</u>	<u>739,626</u>	<u>-</u>	<u>(42,472,049)</u>
Total capital assets being depreciated, net	<u>74,621,360</u>	<u>(1,814,973)</u>	<u>(48,496)</u>	<u>3,334,352</u>	<u>76,092,243</u>
Governmental activities capital assets, net	<u>\$ 82,985,608</u>	<u>\$ 45,359</u>	<u>\$ (217,796)</u>	<u>\$ -</u>	<u>\$ 82,813,171</u>

The beginning balances of capital assets and accumulated depreciation have been adjusted to properly remove the Airport Fund from governmental activities and reclassify it as an enterprise fund. See Note 13 for additional information.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

Depreciation expense was charged to functions as follows:

General government	\$ 1,661,739
Administration of justice	342,160
Public safety	1,604,184
Public works, including depreciation of infrastructure assets	1,112,695
Public health and welfare	494,867
Culture and recreation	369,413
Economic development	8,993
	<u>5,594,051</u>
Total Governmental Activities Depreciation Expense	<u>\$ 5,594,051</u>

Capital asset activity for the County's business-type activities for the year ended June 30, 2014 was as follows:

Business-Type Activities	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Capital assets not being depreciated					
Land	\$ 598,607	\$ -	\$ -	\$ -	\$ 598,607
Construction in progress	94,926	50,393	-	-	145,319
Total capital assets not being depreciated	693,533	50,393	-	-	743,926
Capital assets being depreciated					
Buildings and improvements	9,244,893	-	-	-	9,244,893
Furniture and equipment	43,950	-	-	-	43,950
Total capital assets being depreciated	9,288,843	-	-	-	9,288,843
Less accumulated depreciation					
Buildings and improvements	(5,999,628)	(198,309)	-	-	(6,197,937)
Furniture and equipment	(43,950)	-	-	-	(43,950)
Total accumulated depreciation	(6,043,578)	(198,309)	-	-	(6,241,887)
Total capital assets being depreciated, net	3,245,265	(198,309)	-	-	3,046,956
Business-type activities capital assets, net	<u>\$ 3,938,798</u>	<u>\$ (147,916)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,790,882</u>

The beginning balances of capital assets and accumulated depreciation have been adjusted to reflect the Airport Fund as a business-type activity (enterprise fund). The Airport Fund was previously reported as a governmental type fund. See Note 13 for additional information.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

Depreciation expense was charged to programs of the business-type activities as follows:

Airport	\$ 198,309
Total Business-Type Activities Depreciation Expense	<u>\$ 198,309</u>

B. Component Unit

Capital asset activity for the Lancaster County Economic Development Corporation for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Capital assets being depreciated					
Vehicles	\$ 68,589	\$ -	\$ -	\$ -	\$ 68,589
Furniture and equipment	14,007	-	-	-	14,007
Office equipment	4,728	-	-	-	4,728
Total capital assets being depreciated	<u>87,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,324</u>
Less accumulated depreciation					
Vehicles	(41,483)	(7,745)	-	-	(49,228)
Furniture and equipment	(13,583)	(384)	-	-	(13,967)
Office equipment	(4,489)	(196)	-	-	(4,685)
Total accumulated depreciation	<u>(59,555)</u>	<u>(8,325)</u>	<u>-</u>	<u>-</u>	<u>(67,880)</u>
Total capital assets being depreciated, net	<u>\$ 27,769</u>	<u>\$ (8,325)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,444</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES

A. Primary Government

The following is a summary of long-term debt activity for the primary government for the fiscal year ended June 30, 2014:

	Balance			Balance	Due Within
Governmental Activities	June 30, 2013	Additions	Reductions	June 30, 2014	One Year
General obligation bonds	\$ 18,325,000	\$ 950,000	\$ (1,768,550)	\$ 17,506,450	\$ 1,846,272
Capital lease obligations	2,797,416	226,000	(411,939)	2,611,477	180,833
SCAGO PFC installment					
purchase revenue bonds	24,710,000	-	(5,035,000)	19,675,000	5,230,000
Special source revenue bonds	2,510,000	-	(300,000)	2,210,000	320,000
Post-closure care costs	1,296,110	-	(30,075)	1,266,035	57,000
Compensated absences	895,460	898,619	(754,992)	1,039,087	754,992
Net post employment benefit					
obligation	447,729	49,104	-	496,833	-
Deferred amounts:					
Unamortized discount	(23,789)	-	5,625	(18,164)	-
Unamortized premium	620,244	-	(227,312)	392,932	-
	<u>\$ 51,578,170</u>	<u>\$ 2,123,723</u>	<u>\$ (8,522,243)</u>	<u>\$ 45,179,650</u>	<u>\$ 8,389,097</u>

Compensated absences, net post-employment benefit obligation, and post-closure care costs are ordinarily liquidated by the General Fund.

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. During 2011, 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. During 2013, the County issued general obligation bonds for the acquisition of a records management system for the Sheriff's office and for emergency communications equipment.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

A. Primary Government (Continued)

General Obligation Bonds (Continued)

General obligation bonds currently outstanding are as follows:

Description	Amount Issued	Interest Rate	Final Maturity	Annual Principal Payments	Amount Outstanding
General obligation bonds, series 2008	\$ 5,600,000	3.25% to 3.625%	2015	\$1,150,000 to \$1,190,000	\$ 1,190,000
General obligation refunding bonds, Series 2009	4,630,000	3% to 4%	2024	\$240,000 to \$350,000	3,070,000
General obligation bonds, series 2010A	595,000	3.00%	2016	\$100,000 to \$105,000	210,000
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, taxable series 2010D (Build America Bonds)	3,660,000	2% to 3.5%	2020	\$115,000 to \$690,000	3,370,000
General obligation bonds, taxable series 2013A	950,000	1.45%	2018	\$186,272 to \$194,493	761,450
					<u>\$ 17,506,450</u>

The annual requirements to amortize all general obligation bonds as of June 30, 2014, including interest payments, are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2015	\$ 1,846,272	\$ 697,144	\$ 2,543,416
2016	1,423,973	636,605	2,060,578
2017	1,466,713	595,285	2,061,998
2018	1,509,492	550,468	2,059,960
2019	1,355,000	503,430	1,858,430
2020-2024	7,475,000	1,675,065	9,150,065
2025-2029	2,260,000	254,673	2,514,673
2030	170,000	9,860	179,860
	<u>\$ 17,506,450</u>	<u>\$ 4,922,530</u>	<u>\$ 22,428,980</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

A. Primary Government (Continued)

General Obligation Bonds (continued)

Debt service funds of \$572,689 are available to service the general obligation bonds.

The general obligation bonds are secured by a pledge of the full faith, credit and taxing power of the County.

There are a number of limitations and restrictions contained in the various debt instruments. The County is in compliance with all significant limitations and restrictions including the legal debt limit imposed by Article X, Section 15 of the Constitution of the State of South Carolina, 1895, as amended.

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 amortized over the life of the bonds. As of June 30, 2014, the unamortized premium was \$18,175. 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 Position.

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, 2014, the unamortized premium was \$28,085.

In current and prior years, advance refunding resulted 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, 2014 are classified as a deferred outflow of resources on the Statement of Net Position. Amortization of \$30,447 has been included in interest expense for the year ended June 30, 2014. As of June 30, 2014, the County's outstanding in-substance defeased debt totaled \$5,475,000.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

A. Primary Government (Continued)

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of sanitation vehicles, ambulances, and office equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is an analysis of equipment leased under capital leases as of June 30, 2014:

Machinery and Equipment and Construction in Progress	\$ 2,446,489
Less: Accumulated Depreciation	<u>(333,540)</u>
	<u><u>\$ 2,112,949</u></u>

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2014:

Fiscal Year Ending June 30,	Governmental Funds
2015	\$ 254,753
2016	259,479
2017	264,400
2018	269,413
2019	274,573
2020 to 2024	1,219,273
2025 to 2029	354,258
2030 to 2033	<u>170,000</u>
Total Minimum Lease Payments	3,066,149
Less: Amount Representing Interest	<u>(454,672)</u>
	<u><u>\$ 2,611,477</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

A. Primary Government (Continued)

Installment Purchase Revenue Bonds

The South Carolina Association of Governmental Organizations Public Facilities Corporation (SCAGO PFC) for Lancaster County 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 SCAGO PFC dated January 28, 2009. The County leased certain real property and conveyed the improvements to the SCAGO PFC so that the SCAGO PFC 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, which together with certain improvements (including the conveyed improvements), fixtures and personal property located on the real property 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 SCAGO PFC in amounts calculated to be sufficient to enable the SCAGO PFC 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 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 SCAGO PFC 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; 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 SCAGO PFC'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, 2013 was \$342,559.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

A. Primary Government (Continued)

Installment Purchase Revenue Bonds (Continued)

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 relayed to the U.S. Treasury. The SCAGO Public Facilities Corporation for Lancaster County Installment Purchase Revenue Bonds are subject to an arbitrage calculation. As of June 30, 2014, no arbitrage liability exists.

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

Annual debt service requirements for the SCAGO Installment Purchase Revenue Bonds are as follows:

Year Ending June 30,	Installment Purchase Revenue Bonds		
	Principal	Interest	Total
2015	\$ 5,230,000	\$ 812,575	\$ 6,042,575
2016	5,470,000	571,825	6,041,825
2017	8,975,000	224,375	9,199,375
	<u>\$ 19,675,000</u>	<u>\$ 1,608,775</u>	<u>\$ 21,283,775</u>

Special Source Revenue Bonds

During 2006, the County issued special source revenue bonds in the amount 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 through 2020 and have an annual interest rate of 5.75 percent.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

A. Primary Government (Continued)

Special Source Revenue Bonds (Continued)

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

Year Ending June 30,	Special Source Revenue Bonds		
	Principal	Interest	Total
2015	\$ 320,000	\$ 127,075	\$ 447,075
2016	335,000	108,675	443,675
2017	355,000	89,413	444,413
2018	375,000	69,000	444,000
2019	400,000	47,438	447,438
2020	425,000	24,437	449,437
	<u>\$ 2,210,000</u>	<u>\$ 466,038</u>	<u>\$ 2,676,038</u>

Landfill Closure and Post Closure Care Costs

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 30 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 year 2014, the County expended \$30,075 in landfill closure costs. Remaining post-closure costs are estimated at \$1,266,035 and included with the long-term liabilities in the statement of net position. Postclosure care costs are reported in the General Fund and are based on engineering estimates that are subject to change due to inflation, deflation, technology and/or applicable laws and regulations.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

A. Primary Government (Continued)

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, 2014, there is one series of Industrial Revenue bonds outstanding with an aggregate principal amount payable of \$16,000,000.

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, 2014, the outstanding balance on this debt was \$6,151,000.

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, 2014, the outstanding balance on this debt was \$25,056,572.

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, 2014, the outstanding balance on this debt was \$15,690,000.

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, 2014, the outstanding balance on this debt was \$28,602,500.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Component Unit

Long-term liabilities for the Lancaster County Economic Development Corporation at June 30, 2014 were as follows:

Lancaster County Economic Development Corporation	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
Capital lease obligations	\$ 25,157	\$ -	\$ (7,704)	\$ 17,453	\$ 7,918
	<u>\$ 25,157</u>	<u>\$ -</u>	<u>\$ (7,704)</u>	<u>\$ 17,453</u>	<u>\$ 7,918</u>

NOTE 7. SHORT-TERM LIABILITIES

The County issued General Obligation Bond Anticipation Note, Series 2013 with an interest rate of .93% for \$865,500 and it matured on December 28, 2013. On January 24, 2014, the County issued General Obligation Bond Anticipation Note, Series 2014 for \$818,000. This note has an interest rate of .72% and matures January 23, 2015. The proceeds were used for infrastructure improvements in the Brookchase Special Tax District.

The following is a schedule of changes in short-term liabilities:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014
Bond anticipation notes	\$ 865,500	\$ 818,000	\$ (865,500)	\$ 818,000
	<u>\$ 865,500</u>	<u>\$ 818,000</u>	<u>\$ (865,500)</u>	<u>\$ 818,000</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS

A. Primary Government

Retirement Plan

Eligible employees of the County are members of the South Carolina Retirement System (SCRS) or the Police Officers Retirement System (PORS). These systems are cost-sharing multiple-employer plans administered by the Retirement Division of the State Budget and Control Board. The Plan offers retirement and disability benefits, cost of living adjustments on an ad hoc basis, and life and survivor benefits. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws. The state is authorized by statute to establish and amend all plan provisions. Covered payroll was \$17,232,907, \$ 15,731,635, and \$14,992,932 for the years ended June 30, 2014, 2013 and 2012, respectively. Generally, all employees are required to participate in the SCRS or PORS as a condition of employment. Under SCRS, employees are eligible for normal retirement with no reduction of benefits upon reaching age 65 with five years of vestment or completion of 28 years credited service regardless of age. The benefit formula effective July 1, 1989, for the System is 1.82 percent of an employee's average final compensation multiplied by the number of years of credited service. An early retirement option with reduced benefits is available as early as age 60. Employees are vested for a deferred annuity after five years service and qualify for a survivor's benefit upon completion of 15 years credited service. A group-life insurance benefit equal to an active employee's annual rate of compensation is payable upon the death of an employee with a minimum of one year of credited service. Employees are required to contribute 7.0 percent of their salary for the year ended June 30, 2014. The County is required to contribute 10.45 percent of employees' salary for the years ended June 30, 2014. In addition, the County pays 0.15 percent of payroll for group life contributions.

PORS - Participating employees contribute 7.0 percent of their annual covered payroll. The County contributes on their behalf 11.9 percent of annual payroll plus an additional 0.2 percent of payroll for accidental death contributions and another 0.2 percent of payroll for group life contributions. There are no early retirement provisions under SCPORS. A member must have 25 years of service for full retirement or must be age 55 with five years of service. Both criteria provide for full formula benefit, payable for life with an annual rate equal to 2.14 percent of average final compensation, for each year of credited service.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Retirement Plan (continued)

The Plans provide death and disability as well as retirement benefits. Both employees and employers are required to contribute to the Plans at rates established under authority of Title 9 of the SC Code of Laws. Contribution information for the year ended June 30, 2014 and the two years prior were equal to the required contribution for each year-end and are as follows:

<u>Fiscal Year Ended</u>	<u>SCRS</u>	<u>PORS</u>
June 30, 2014	\$ 1,087,036	\$ 880,562
June 30, 2013	1,072,816	724,355
June 30, 2012	955,391	617,041

South Carolina Retirement System employees eligible for service retirement may participate in the Teacher and Retiree Incentive Program (TERI). TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. During the TERI period, participants are eligible for the contributing retiree group life insurance benefit equaled to one year's salary, but are not eligible for disability retirement. Effective July 1, 2007, TERI participants who entered the program after July 1, 2006 are required to pay the same pre-tax contribution to SCRS during the TERI period, but do not earn service credit.

Ten-year historical trend information presenting the retirement system's progress in accumulating sufficient assets to pay benefits when due is presented annually by the South Carolina Retirement System. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, SC 29211-1960.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, which is administered and controlled by the State of South Carolina. The plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Great-West Retirement Services, P.O. Box 173764, Denver CO 80217-3764, (under state contract) is the program administrator of the 457 plan as well as the 401(k) plan and 401(k) Roth plan which are also available to County employees at their option.

Other Post Employment Healthcare Benefits (OPEB)

Plan description

In addition to providing pension benefits through the South Carolina Retirement System, the County provides certain healthcare benefits for 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Other Post Employment Healthcare Benefits (OPEB) (continued)

Funding policy and annual OPEB costs

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB costs for the year, the amount actuarially contributed to the plan, and changes in the County's net OPEB obligation for the post-employment health insurance benefits:

	2014
Annual Required Contribution	\$ 368,028
Interest on OPEB Obligation	20,148
Adjustment to Annual Required Contribution	(18,667)
Annual OPEB Costs	369,509
Contributions Made	(320,405)
Increase in Net OPEB Obligation	49,104
Net OPEB Obligation - Beginning of Year	447,729
Net OPEB Obligation - End of Year	<u>\$ 496,833</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

For the Year Ended June 30	Annual OPEB Cost	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 369,509	\$ 320,405	86.71%	\$ 496,833
2013	358,584	296,112	82.58%	447,729
2012	346,668	262,910	81.77%	385,257

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

A. Primary Government (Continued)

Other Post Employment Healthcare Benefits (OPEB) (continued)

Funding Status and Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$4,735,113. The covered payroll (annual payroll of active employees covered by the plan) was \$15,419,474; the ratio of the UAAL to the covered payroll was 30.7 percent.

Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the June 2012 actuarial valuation, the projected unit credit actuarial method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is consistent with the investment return earned on the County's general assets, an annual medical cost trend decrease of 7.25 percent to 4.5 percent per year over eight years, and an annual dental cost trend of 4.5 percent per year. General inflation is assumed to be 3.0 percent per year. The actuarial value of assets was set equal to the reported market value of assets. The UAAL is being amortized as a level percent of payroll required to fully amortize the UAAL over an open 30-year period.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. 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 natural disasters for which the County carries insurance through the State Budget and Control Board Office of Insurance Reserve Fund. The County pays premiums to the Fund for its general insurance coverage. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event. Additionally, the County participates in a self-funded program to provide workers' compensation insurance through the South Carolina Association of Counties, which works in a similar way as the Insurance Reserve Fund. The County continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance through the South Carolina Counties Property and Liability Trust. In addition, the County carries employee health and accident insurance through the South Carolina Office of Insurance Services. This South Carolina state health plan represents various South Carolina governmental entities joined together in a public entity risk pool. The County pays premiums to the Fund for its employee health and accident insurance. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event.

The County continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 10. INTERFUND ASSETS AND LIABILITIES

Interfund receivable and payable balances at June 30, 2014 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Restricted Grants Fund	\$ 333,778
General Fund	Airport Fund	189,906
Capital Project Sales Tax Fund	General Fund	6,897,718
Nonmajor Governmental Funds	General Fund	3,486,922
		<u>\$ 10,908,324</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances normally clear within one to two months.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. INTERFUND ASSETS AND LIABILITIES (CONTINUED)

Any transactions to transfer revenues from the fund budgeted to receive them to the fund budgeted to expend them are reported as transfers from and to other funds. Total transfers during the year ended June 30, 2014 consisted of the following individual amounts:

<u>Transfer in Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 25,000
Airport Fund	General Fund	40,000
SCAGO Public Facilities Corporation	Capital Projects Sales	
Debt Service Fund	Tax Fund	6,089,115
Capital Projects Sales	SCAGO Public Facilities Corporation	
Tax Fund	Debt Service Fund	15,000
		<u>\$ 6,169,115</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

The County participates in a number of federal and state assisted grant programs. These programs are subject to audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2014, have not yet been conducted. Therefore, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Construction commitments at June 30, 2014 totaled approximately \$62,300.

NOTE 12. LITIGATION

The County is party to a number of lawsuits arising in the course of operations. It is the opinion of management, in consultation with legal counsel, that it cannot be determined whether resolution of the other pending cases will have a material adverse effect on the financial condition of the County.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. PRIOR PERIOD ADJUSTMENTS/RESTATEMENTS

The County has determined that a restatement to beginning net position of governmental activities is required to (1) reflect corrections of errors in the June 30, 2013 financial report and (2) reflect the change in accounting principle for implementation of Governmental Accounting Standards Board (GASB) Statement No. 65 *Items Previously Reported as Assets and Liabilities*, through which bond issuance costs are written off as of July 1, 2013. These restatements are as follows:

Governmental activities net position, as previously reported	\$ 77,471,839
Adjustment needed to write off bond issuance costs in accordance with GASB 65	(612,940)
Adjustment needed to reclassify Airport Fund as an Enterprise Fund in accordance with GASB 54	(3,839,650)
Governmental activities net position, as restated	<u><u>\$ 73,019,249</u></u>

The County has determined that a restatement to beginning net position of the business-type activities and the nonmajor enterprise fund (Airport Fund) is required to reflect the correction of an error in the June 30, 2013 financial report. This restatement is as follows:

	Business type Activities	Nonmajor Enterprise Fund Airport Fund
Net position, as previously reported	\$ -	\$ -
Adjustment needed to reclassify Airport Fund as an Enterprise Fund in accordance with GASB 54	3,839,650	3,839,650
Net position, as restated	<u><u>\$ 3,839,650</u></u>	<u><u>\$ 3,839,650</u></u>

The County has determined that a restatement of fund balance of the General Fund and other governmental funds is required to reflect the correction of errors in the June 30, 2013 financial report. These restatements are as follows:

	General Fund	Other Governmental Funds
Fund Balance, as previously reported	\$ 17,444,294	\$ 7,203,966
Adjustment needed to reclassify Airport Fund as an Enterprise Fund in accordance with GASB 54	-	99,148
Adjustment needed to include the Recreation Fund as a department of the General Fund in accordance with GASB 54	17,170	(17,170)
Adjustment needed to include the Library Fund as a department of the General Fund in accordance with GASB 54	103,901	(103,901)
Fund Balance, as restated	<u><u>\$ 17,565,365</u></u>	<u><u>\$ 7,182,043</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. PRIOR PERIOD ADJUSTMENTS/RESTATEMENTS (CONTINUED)

To further explain the above restatements, the following thoughts are provided:

Reclassification of Special Revenue Funds. Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, defines special revenue funds as funds that are used to account for the proceeds of resources that are restricted or committed for purposes other than debt service or capital projects. Additionally, the restricted or committed resources need to comprise a **substantial** portion of the inflows reported in the special revenue fund. The County noted that the Recreation Fund and the Library Fund did not meet the definition of special revenue funds as defined under GASB 54. The County determined that an adjustment was needed to reclassify the Recreation Fund and the Library Fund as departments of the General Fund due to the fact that historically, a significant portion of the inflows reported in these funds were transfers from the General Fund. This resulted in an increase in beginning fund balance of the General Fund and a decrease in beginning fund balance of the Other Governmental Funds in the amount of \$121,071. Additionally, the County determined that the Airport Fund did not meet the definition of a special revenue fund and should instead be recorded as an enterprise fund due to the fact that a significant portion of the fund's revenue is derived from fuel sales and rental income. This resulted in an increase in the beginning net position of the business-type activities and a decrease in the beginning net position of the governmental activities in the amount of \$3,839,650, an increase in the beginning fund balance of the Other Governmental Funds in the amount of \$99,148, and an increase in the beginning net position of the Airport Fund in the amount of \$3,839,650.

Adjustment of Bond Issuance Costs. The County implemented Governmental Accounting Standards Board (GASB) Statement No. 65, through which bond issuance costs are written off as of July 1, 2013. This change in accounting principle resulted in a decrease in unamortized bond issuance costs and a decrease in governmental activities net position in the amount of \$612,940 within the government-wide financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES:				
Property taxes	\$ 24,656,435	\$ 24,656,435	\$ 24,653,264	\$ (3,171)
Other local taxes	1,928,500	1,928,500	1,940,220	11,720
Licenses and permits	4,085,754	4,156,674	5,191,197	1,034,523
Intergovernmental	4,148,329	4,148,329	4,226,086	77,757
Charges for services	3,831,132	3,831,132	3,999,763	168,631
Fines and forfeitures	900,250	900,250	937,975	37,725
Interest revenue	41,000	41,000	47,143	6,143
Contributions and donations	35,500	46,421	229,468	183,047
Other revenues	63,000	63,000	142,198	79,198
Budgeted fund balance	478,420	927,249	-	(927,249)
Total revenues	40,168,320	40,698,990	41,367,314	668,324
EXPENDITURES:				
Current:				
General government:				
Non-departmental expenditures	1,230,579	1,230,579	1,183,256	47,323
Direct assistance to other agencies	649,702	649,702	591,789	57,913
County council	1,038,883	1,038,883	803,753	235,130
Administrator	401,923	497,665	406,115	91,550
Finance	498,883	498,883	485,733	13,150
Human resources	214,913	197,643	200,742	(3,099)
Risk management	115,309	109,260	97,825	11,435
Management information services	533,859	736,434	662,860	73,574
GIS	184,095	184,095	160,973	23,122
Building	835,615	835,615	690,990	144,625
Zoning	306,984	306,984	291,435	15,549
Planning	481,118	481,118	389,466	91,652
Assessor	709,732	709,732	688,098	21,634
Auditor	367,726	367,726	354,095	13,631
Treasurer	397,143	397,143	356,167	40,976
Delinquent tax collector	303,517	303,517	288,629	14,888
Voter registration and elections	257,154	257,154	224,452	32,702
Register of deeds	328,588	328,588	312,020	16,568
Farmers' market	4,600	4,600	749	3,851
Vehicle maintenance	443,787	443,067	419,219	23,848
Building maintenance	1,462,028	1,462,028	1,334,876	127,152
Total general government	10,766,138	11,040,416	9,943,242	1,097,174
Administration of justice:				
Circuit court	79,202	79,202	64,505	14,697
Clerk of court	297,076	307,076	302,910	4,166
Family court	324,805	324,805	315,464	9,341
Probate court	434,113	434,113	379,084	55,029
Magistrate court	797,700	797,700	761,058	36,642
Total administration of justice	1,932,896	1,942,896	1,823,021	119,875
Public safety:				
Coroner	387,666	387,666	352,406	35,260
Sheriff	6,615,945	6,627,727	6,801,600	(173,873)
Detention center	1,948,675	1,948,675	1,732,919	215,756
Communications	1,282,022	1,502,403	1,462,699	39,704
Emergency management	343,509	343,509	329,969	13,540
Fire commission	1,555,086	1,529,150	1,538,083	(8,933)
Rescue squad	18,604	18,604	5,365	13,239
Indian Land rescue squad	24,500	24,500	6,931	17,569
Total public safety	12,176,007	12,382,234	12,229,972	152,262

(Continued)

LANCASTER COUNTY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Expenditures: (Continued)				
Current: (Continued)				
Public works:				
Roads and bridges	\$ 2,370,184	\$ 2,369,059	\$ 2,205,323	\$ 163,736
Landfill	57,000	57,000	30,075	26,925
Solid waste	2,435,092	2,474,304	2,093,365	380,939
Total public works	4,862,276	4,900,363	4,328,763	571,600
Public health and welfare:				
EMS	5,387,983	5,369,983	5,422,621	(52,638)
Animal control	312,972	313,531	294,731	18,800
Environmental health	2,525	2,525	-	2,525
Health services	90,600	90,600	72,404	18,196
Juvenile drug court	108,091	108,091	102,004	6,087
Social services and food stamps	64,210	64,210	62,173	2,037
DSS Family Independence	58,330	58,330	64,818	(6,488)
Veteran affairs	154,633	154,633	150,045	4,588
Total public health and welfare	6,179,344	6,161,903	6,168,796	(6,893)
Culture and recreation:				
Recreation	1,967,282	1,967,282	1,951,151	16,131
Library	1,239,220	1,239,220	1,209,252	29,968
Total culture and recreation	3,206,502	3,206,502	3,160,403	46,099
Economic development:				
Economic development commission	368,263	373,263	517,134	(143,871)
Debt service:				
Principal	411,978	411,978	411,939	39
Interest and other charges	80,884	80,884	80,884	-
Total debt service	492,862	492,862	492,823	39
Capital Outlay	188,551	188,551	57,417	131,134
Total expenditures	40,172,839	40,688,990	38,721,571	1,790,186
Excess (deficiency) of revenues over (under) expenditures	(4,519)	10,000	2,645,743	2,635,743
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	30,000	25,000	(5,000)
Transfers out	(40,000)	(40,000)	(40,000)	-
Proceeds from the sale of capital assets	-	-	210,915	210,915
Total other financing sources (uses)	(10,000)	(10,000)	195,915	205,915
Net change in fund balances	(14,519)	-	2,841,658	2,841,658
Fund balances, beginning of year, as restated			17,565,365	
Fund balances, end of year			<u>\$ 20,407,023</u>	

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

LANCASTER COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF FUNDING PROGRESS OTHER POST-EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2007	\$ -	\$ 3,843,902	\$ 3,843,902	- %	\$ 14,239,968	27.0%
6/30/2010	-	3,886,078	3,886,078	-	15,313,936	25.4%
6/30/2012	-	4,735,113	4,735,113	-	15,419,474	30.7%

The assumptions used in the preparation of the above schedule are disclosed in Note 8 to the financial statements.

COMBINING STATEMENTS AND SCHEDULES

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2014

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Totals
ASSETS				
Cash and cash equivalents	\$ 10,913	\$ 572,689	\$ -	\$ 583,602
Investments	-	-	2,460,828	2,460,828
Taxes receivable	68,592	150,945	90,506	310,043
Accounts receivable, net	47,194	-	600	47,794
Due from other governments	175,983	4	-	175,987
Due from other funds	2,647,544	-	839,378	3,486,922
Land held for resale	-	-	561,127	561,127
Total assets	<u>\$ 2,950,226</u>	<u>\$ 723,638</u>	<u>\$ 3,952,439</u>	<u>\$ 7,626,303</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 1,537	\$ 1,537
Bond anticipation note payable	-	-	818,000	818,000
Total liabilities	<u>-</u>	<u>-</u>	<u>819,537</u>	<u>819,537</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	64,388	141,722	84,974	291,084
Total deferred inflows of resources	<u>64,388</u>	<u>141,722</u>	<u>84,974</u>	<u>291,084</u>
FUND BALANCES				
Nonspendable:				
Land held for resale	-	-	561,127	561,127
Restricted for:				
Victim services	12,064	-	-	12,064
Public safety	1,552,372	-	-	1,552,372
Debt service	-	581,916	-	581,916
Culture and recreation	16,681	-	-	16,681
Roads and bridges	1,286,344	-	-	1,286,344
Capital projects	-	-	3,062,891	3,062,891
Assigned:				
Subsequent year's budget	18,377	-	147,143	165,520
Unassigned	-	-	(723,233)	(723,233)
Total fund balances	<u>2,885,838</u>	<u>581,916</u>	<u>3,047,928</u>	<u>6,515,682</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,950,226</u>	<u>\$ 723,638</u>	<u>\$ 3,952,439</u>	<u>\$ 7,626,303</u>

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Totals
Revenues:				
Property taxes	\$ 1,011,967	\$ 2,195,744	\$ 2,019,635	\$ 5,227,346
Other taxes	408,075	-	-	408,075
Intergovernmental	2,500,279	104,915	-	2,605,194
Charges for services	820,875	-	62,055	882,930
Fines and forfeitures	90,705	-	-	90,705
Interest revenue	1,139	703	801	2,643
Other revenues	49,049	-	39,616	88,665
Total revenues	<u>4,882,089</u>	<u>2,301,362</u>	<u>2,122,107</u>	<u>9,305,558</u>
Expenditures:				
Current:				
Public safety	3,141,680	-	-	3,141,680
Public works	1,928,822	-	-	1,928,822
Culture and recreation	18,822	-	-	18,822
Capital outlay	-	-	3,044,387	3,044,387
Debt service:				
Principal	100,000	1,668,550	300,000	2,068,550
Interest	106,798	644,906	161,454	913,158
Fees	-	-	7,500	7,500
Total expenditures	<u>5,296,122</u>	<u>2,313,456</u>	<u>3,513,341</u>	<u>11,122,919</u>
Deficiency of revenues under expenditures	<u>(414,033)</u>	<u>(12,094)</u>	<u>(1,391,234)</u>	<u>(1,817,361)</u>
Other financing sources (uses):				
Transfers out	(25,000)	-	-	(25,000)
Capital leases	226,000	-	-	226,000
Proceeds from issuance of bonds	-	-	950,000	950,000
Total other financing sources (uses)	<u>201,000</u>	<u>-</u>	<u>950,000</u>	<u>1,151,000</u>
Net change in fund balances	(213,033)	(12,094)	(441,234)	(666,361)
Fund balances, beginning of year	<u>3,098,871</u>	<u>594,010</u>	<u>3,489,162</u>	<u>7,182,043</u>
Fund balances, end of year	<u>\$ 2,885,838</u>	<u>\$ 581,916</u>	<u>\$ 3,047,928</u>	<u>\$ 6,515,682</u>

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2014

	Local Accommodations Tax Fund	Indian Land Fire Protection District Fund	E-911 Fund	Pleasant Valley Fire District Fund	Court Mandated Security Fund	Victim Services Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ 6,213	\$ -	\$ -	\$ -	\$ 4,700
Taxes receivable	-	-	-	-	68,592	-
Accounts receivable, net	3,786	38	43,357	-	-	13
Due from other governments	-	-	59,666	-	-	-
Due from other funds	12,895	205,252	697,272	396,403	144,744	7,351
Total assets	<u>\$ 16,681</u>	<u>\$ 211,503</u>	<u>\$ 800,295</u>	<u>\$ 396,403</u>	<u>\$ 213,336</u>	<u>\$ 12,064</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ -	\$ -	\$ -	\$ -	\$ 64,388	\$ -
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,388</u>	<u>-</u>
FUND BALANCES						
Restricted for:						
Victim services	-	-	-	-	-	12,064
Public safety	-	211,503	794,228	396,403	136,638	-
Culture and recreation	16,681	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-
Assigned:						
Subsequent year's budget	-	-	6,067	-	12,310	-
Total fund balances	<u>16,681</u>	<u>211,503</u>	<u>800,295</u>	<u>396,403</u>	<u>148,948</u>	<u>12,064</u>
Total deferred inflows of resources and fund balances	<u>\$ 16,681</u>	<u>\$ 211,503</u>	<u>\$ 800,295</u>	<u>\$ 396,403</u>	<u>\$ 213,336</u>	<u>\$ 12,064</u>

Transportation Fund	Sunday Alcohol Sales Fund	Totals
\$ -	\$ -	\$ 10,913
-	-	68,592
-	-	47,194
116,317	-	175,983
1,170,027	13,600	2,647,544
<u>\$ 1,286,344</u>	<u>\$ 13,600</u>	<u>\$ 2,950,226</u>

<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,388</u>
<u>-</u>	<u>-</u>	<u>64,388</u>

-	-	12,064
-	13,600	1,552,372
-	-	16,681
1,286,344	-	1,286,344
-	-	18,377
<u>1,286,344</u>	<u>13,600</u>	<u>2,885,838</u>

<u>\$ 1,286,344</u>	<u>\$ 13,600</u>	<u>\$ 2,950,226</u>
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LANCASTER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Local Accommodations Tax Fund	Indian Land Fire Protection District Fund	E-911 Fund	Pleasant Valley Fire District Fund	Court Mandated Security Fund	Victim Services Fund
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,011,967	\$ -
Other taxes	39,394	-	368,681	-	-	-
Intergovernmental	-	-	1,064,123	31,411	-	-
Charges for services	-	460,875	-	360,000	-	-
Fines and forfeitures	-	3,330	-	2,559	-	84,816
Interest revenue	2	117	185	193	-	-
Other revenues	-	-	49,049	-	-	-
Total revenues	<u>39,396</u>	<u>464,322</u>	<u>1,482,038</u>	<u>394,163</u>	<u>1,011,967</u>	<u>84,816</u>
Expenditures:						
Current:						
Public safety	-	627,319	1,330,750	119,963	980,840	82,808
Public works	-	-	-	-	-	-
Culture and recreation	18,822	-	-	-	-	-
Debt service:						
Principal	-	-	-	100,000	-	-
Interest	-	-	-	106,798	-	-
Total expenditures	<u>18,822</u>	<u>627,319</u>	<u>1,330,750</u>	<u>326,761</u>	<u>980,840</u>	<u>82,808</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,574</u>	<u>(162,997)</u>	<u>151,288</u>	<u>67,402</u>	<u>31,127</u>	<u>2,008</u>
Other financing sources (uses):						
Transfers out	(10,000)	-	-	(15,000)	-	-
Capital leases	-	226,000	-	-	-	-
Total other financing sources (uses)	<u>(10,000)</u>	<u>226,000</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,574	63,003	151,288	52,402	31,127	2,008
Fund balances, beginning of year	<u>6,107</u>	<u>148,500</u>	<u>649,007</u>	<u>344,001</u>	<u>117,821</u>	<u>10,056</u>
Fund balances, end of year	<u>\$ 16,681</u>	<u>\$ 211,503</u>	<u>\$ 800,295</u>	<u>\$ 396,403</u>	<u>\$ 148,948</u>	<u>\$ 12,064</u>

Transportation Fund	Sunday Alcohol Sales Fund	Totals
\$ -	\$ -	\$ 1,011,967
-	-	408,075
1,396,245	8,500	2,500,279
-	-	820,875
-	-	90,705
642	-	1,139
-	-	49,049
<u>1,396,887</u>	<u>8,500</u>	<u>4,882,089</u>
-	-	3,141,680
1,928,822	-	1,928,822
-	-	18,822
-	-	100,000
-	-	106,798
<u>1,928,822</u>	<u>-</u>	<u>5,296,122</u>
<u>(531,935)</u>	<u>8,500</u>	<u>(414,033)</u>
-	-	(25,000)
-	-	226,000
-	-	201,000
(531,935)	8,500	(213,033)
<u>1,818,279</u>	<u>5,100</u>	<u>3,098,871</u>
<u>\$ 1,286,344</u>	<u>\$ 13,600</u>	<u>\$ 2,885,838</u>

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS JUNE 30, 2014

	Bailes Ridge Projects Fund	Bond Projects Fund	Brookchase Special Tax District Fund	Capital Improvement Fund	Edgewater Improvement District Fund	Edgewater II Improvement District Fund
ASSETS						
Investments	\$ 1,897,009	\$ -	\$ -	\$ -	\$ -	\$ 800
Taxes receivable	-	-	-	90,506	-	-
Accounts receivable, net	-	-	-	600	-	-
Due from other funds	-	602,447	94,767	140,627	1,156	-
Land held for resale	-	561,127	-	-	-	-
Total assets	<u>\$ 1,897,009</u>	<u>\$ 1,163,574</u>	<u>\$ 94,767</u>	<u>\$ 231,733</u>	<u>\$ 1,156</u>	<u>\$ 800</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,156	\$ -
Bond anticipation note payable	-	-	818,000	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>818,000</u>	<u>-</u>	<u>1,156</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	84,974	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,974</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)						
Nonspendable:						
Land held for resale	-	561,127	-	-	-	-
Restricted for:						
Capital projects	1,897,009	511,540	-	104,459	-	800
Assigned:						
Subsequent year's budget	-	90,907	-	42,300	-	-
Unassigned	-	-	(723,233)	-	-	-
Total fund balances (deficit)	<u>1,897,009</u>	<u>1,163,574</u>	<u>(723,233)</u>	<u>146,759</u>	<u>-</u>	<u>800</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,897,009</u>	<u>\$ 1,163,574</u>	<u>\$ 94,767</u>	<u>\$ 231,733</u>	<u>\$ 1,156</u>	<u>\$ 800</u>

SCAGO Public Facilities Corporation Fund	Sun City Special Assessments Fund	Totals
\$ 283,174	\$ 279,845	\$ 2,460,828
-	-	90,506
-	-	600
-	381	839,378
-	-	561,127
<u>\$ 283,174</u>	<u>\$ 280,226</u>	<u>\$ 3,952,439</u>
\$ -	\$ 381	\$ 1,537
-	-	818,000
<u>-</u>	<u>381</u>	<u>819,537</u>
-	-	84,974
<u>-</u>	<u>-</u>	<u>84,974</u>
-	-	561,127
269,238	279,845	3,062,891
13,936	-	147,143
-	-	(723,233)
<u>283,174</u>	<u>279,845</u>	<u>3,047,928</u>
<u>\$ 283,174</u>	<u>\$ 280,226</u>	<u>\$ 3,952,439</u>

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Bailes Ridge Projects Fund	Bond Projects Fund	Brookchase Special Tax District Fund	Capital Improvement Fund	Edgewater Improvement District Fund	Edgewater II Improvement District Fund
Revenues:						
Property taxes	\$ 701,516	\$ -	\$ -	\$ 1,318,119	\$ -	\$ -
Charges for services	-	-	62,055	-	-	-
Interest revenue	181	479	37	-	-	-
Other revenues	-	-	-	39,616	-	-
Total revenues	<u>701,697</u>	<u>479</u>	<u>62,092</u>	<u>1,357,735</u>	<u>-</u>	<u>-</u>
Expenditures:						
Capital outlay:						
General government	-	459,486	-	278,514	-	-
Administration of justice	-	-	-	23,703	-	-
Public safety	-	689,157	-	459,110	-	-
Public works	-	-	-	257,907	-	-
Public health and welfare	-	-	-	405,432	-	-
Culture and recreation	-	-	-	90,657	-	-
Economic development	-	74,548	-	-	-	-
Debt service:						
Principal	300,000	-	-	-	-	-
Interest	153,428	-	8,026	-	-	-
Fees	-	5,000	2,500	-	-	-
Total expenditures	<u>453,428</u>	<u>1,228,191</u>	<u>10,526</u>	<u>1,515,323</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>248,269</u>	<u>(1,227,712)</u>	<u>51,566</u>	<u>(157,588)</u>	<u>-</u>	<u>-</u>
Other financing sources:						
Issuance of bonds	-	950,000	-	-	-	-
Total other financing sources	<u>-</u>	<u>950,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	248,269	(277,712)	51,566	(157,588)	-	-
Fund balances (deficit), beginning of year	<u>1,648,740</u>	<u>1,441,286</u>	<u>(774,799)</u>	<u>304,347</u>	<u>-</u>	<u>800</u>
Fund balances (deficit), end of year	<u>\$ 1,897,009</u>	<u>\$ 1,163,574</u>	<u>\$ (723,233)</u>	<u>\$ 146,759</u>	<u>\$ -</u>	<u>\$ 800</u>

SCAGO Public Facilities Corporation Fund	Sun City Special Assessments Fund	Totals
\$ -	\$ -	\$ 2,019,635
-	-	62,055
76	28	801
-	-	39,616
<u>76</u>	<u>28</u>	<u>2,122,107</u>
-	-	738,000
133,799	-	157,502
172,074	-	1,320,341
-	-	257,907
-	-	405,432
-	-	90,657
-	-	74,548
-	-	300,000
-	-	161,454
-	-	7,500
<u>305,873</u>	<u>-</u>	<u>3,513,341</u>
<u>(305,797)</u>	<u>28</u>	<u>(1,391,234)</u>
<u>-</u>	<u>-</u>	<u>950,000</u>
<u>-</u>	<u>-</u>	<u>950,000</u>
(305,797)	28	(441,234)
<u>588,971</u>	<u>279,817</u>	<u>3,489,162</u>
<u>\$ 283,174</u>	<u>\$ 279,845</u>	<u>\$ 3,047,928</u>

LANCASTER COUNTY, SOUTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Local Accommodations Tax Fund** accounts for the local accommodations tax funds that are used to promote tourism in the County.

The **Indian Land Fire Protection District Fund** accounts for the revenues that are collected for use in the Indian Land Fire Special Tax Districts for fire protection. An annual fee is levied per each residential unit that is serviced by the fire department.

The **E-911 Fund** accounts for fees levied through telephone bills to support the emergency 911 system. Funds are restricted for improvements and expansion of the County's emergency 911 system.

The **Pleasant Valley Fire District Fund** accounts for the revenues that are collected for use in the Pleasant Valley Fire Special Tax Districts for fire protection.

The **Court Mandated Security Fund** accounts for the revenues that are collected to pay for court security expenditures for the Lancaster County court system.

The **Victim Services Fund** accounts for funds collected through the courts that are restricted to pay for victim services.

The **Transportation Fund** accounts for State "C" fund revenues that are used for road improvements in the County of Lancaster.

The **Sunday Alcohol Sales Fund** accounts for revenues that are used for specific purposed as outlined by state law.

**LANCASTER COUNTY, SOUTH CAROLINA
LOCAL ACCOMMODATIONS TAX**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Other taxes	\$ 40,000	\$ 40,000	\$ 39,394	\$ (606)
Interest revenue	-	-	2	2
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>39,396</u>	<u>(604)</u>
EXPENDITURES				
Current:				
Culture and recreation	25,000	25,000	18,822	6,178
Total expenditures	<u>25,000</u>	<u>25,000</u>	<u>18,822</u>	<u>6,178</u>
Excess of revenues over expenditures	15,000	15,000	20,574	5,574
Other financing uses				
Transfers out	(15,000)	(15,000)	(10,000)	5,000
Total other financing uses	<u>(15,000)</u>	<u>(15,000)</u>	<u>(10,000)</u>	<u>5,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	10,574	<u>\$ 10,574</u>
FUND BALANCES, beginning of year			<u>6,107</u>	
FUND BALANCES, end of year			<u>\$ 16,681</u>	

**LANCASTER COUNTY, SOUTH CAROLINA
INDIAN LAND FIRE PROTECTION DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	\$ 424,000	\$ 424,000	\$ 460,875	\$ 36,875
Fines and forfeitures	-	-	3,330	3,330
Investment income	-	-	117	117
Budgeted fund balance	115,000	115,000	-	(115,000)
Total revenues	<u>539,000</u>	<u>539,000</u>	<u>464,322</u>	<u>(74,678)</u>
EXPENDITURES				
Current:				
Public safety	539,000	539,000	627,319	(88,319)
Total expenditures	<u>539,000</u>	<u>539,000</u>	<u>627,319</u>	<u>(88,319)</u>
Deficiency of revenues under expenditures	-	-	(162,997)	(162,997)
Other financing sources				
Capital leases	-	-	226,000	226,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>226,000</u>	<u>226,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	63,003	<u>\$ 63,003</u>
FUND BALANCES, beginning of year			<u>148,500</u>	
FUND BALANCES, end of year			<u>\$ 211,503</u>	

LANCASTER COUNTY, SOUTH CAROLINA

E-911 FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Other taxes	\$ 385,000	\$ 385,000	\$ 368,681	\$ (16,319)
Intergovernmental	125,000	125,000	1,064,123	939,123
Interest revenue	500	500	185	(315)
Other revenues	-	-	49,049	49,049
Budgeted fund balance	-	896,819	-	(896,819)
Total revenues	<u>510,500</u>	<u>1,407,319</u>	<u>1,482,038</u>	<u>74,719</u>
EXPENDITURES				
Current:				
Public safety	510,500	1,407,319	1,330,750	76,569
Total expenditures	<u>510,500</u>	<u>1,407,319</u>	<u>1,330,750</u>	<u>76,569</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	151,288	<u>\$ 151,288</u>
FUND BALANCES, beginning of year			<u>649,007</u>	
FUND BALANCES, end of year			<u>\$ 800,295</u>	

**LANCASTER COUNTY, SOUTH CAROLINA
PLEASANT VALLEY FIRE DISTRICT FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 31,411	\$ 31,411
Charges for services	347,334	347,334	360,000	12,666
Fines and forfeitures	2,500	2,500	2,559	59
Interest revenue	-	-	193	193
Budgeted fund balance	20,964	20,964	-	(20,964)
Total revenues	<u>370,798</u>	<u>370,798</u>	<u>394,163</u>	<u>23,365</u>
EXPENDITURES				
Current:				
Public safety	149,000	149,000	119,963	29,037
Debt service:				
Principal	100,000	100,000	100,000	-
Interest	106,798	106,798	106,798	-
Total expenditures	<u>355,798</u>	<u>355,798</u>	<u>326,761</u>	<u>29,037</u>
Excess of revenues over expenditures	15,000	15,000	67,402	52,402
Other financing uses				
Transfers out	(15,000)	(15,000)	(15,000)	-
Total other financing uses	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	52,402	<u>\$ 52,402</u>
FUND BALANCES, beginning of year			<u>344,001</u>	
FUND BALANCES, end of year			<u>\$ 396,403</u>	

**LANCASTER COUNTY, SOUTH CAROLINA
COURT MANDATED SECURITY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Property taxes	\$ 1,034,187	\$ 1,034,187	\$ 1,011,967	\$ (22,220)
Budgeted fund balance	90,113	101,438	-	(101,438)
Total revenues	<u>1,124,300</u>	<u>1,135,625</u>	<u>1,011,967</u>	<u>(123,658)</u>
EXPENDITURES				
Current:				
Public safety	<u>1,124,300</u>	<u>1,135,625</u>	<u>980,840</u>	<u>154,785</u>
Total expenditures	<u>1,124,300</u>	<u>1,135,625</u>	<u>980,840</u>	<u>154,785</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	31,127	<u>\$ 31,127</u>
FUND BALANCES, beginning of year			<u>117,821</u>	
FUND BALANCES, end of year			<u>\$ 148,948</u>	

LANCASTER COUNTY, SOUTH CAROLINA
VICTIM SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Fines and forfeitures	\$ 85,850	\$ 85,850	\$ 84,816	\$ (1,034)
Total revenues	<u>85,850</u>	<u>85,850</u>	<u>84,816</u>	<u>(1,034)</u>
EXPENDITURES				
Current:				
Public safety	85,850	85,850	82,808	3,042
Total expenditures	<u>85,850</u>	<u>85,850</u>	<u>82,808</u>	<u>3,042</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,008	<u>\$ 2,008</u>
FUND BALANCES, beginning of year			<u>10,056</u>	
FUND BALANCES, end of year			<u>\$ 12,064</u>	

**LANCASTER COUNTY, SOUTH CAROLINA
TRANSPORTATION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	\$ 1,275,000	\$ 1,275,000	\$ 1,396,245	\$ 121,245
Interest revenue	2,000	2,000	642	(1,358)
	<u>324,000</u>	<u>424,000</u>	<u>-</u>	<u>(424,000)</u>
Total revenues	<u>1,601,000</u>	<u>1,701,000</u>	<u>1,396,887</u>	<u>(304,113)</u>
EXPENDITURES				
Current:				
Public works	<u>1,601,000</u>	<u>1,701,000</u>	<u>1,928,822</u>	<u>(227,822)</u>
Total expenditures	<u>1,601,000</u>	<u>1,701,000</u>	<u>1,928,822</u>	<u>(227,822)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(531,935)</u>	<u>\$ (531,935)</u>
FUND BALANCES, beginning of year			<u>1,818,279</u>	
FUND BALANCES, end of year			<u>\$ 1,286,344</u>	

LANCASTER COUNTY, SOUTH CAROLINA
SUNDAY ALCOHOL SALES FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 8,500	\$ 8,500
Total revenues	-	-	8,500	8,500
EXPENDITURES				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	8,500	\$ 8,500
FUND BALANCES, beginning of year			5,100	
FUND BALANCES, end of year			\$ 13,600	

LANCASTER COUNTY, SOUTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

The **Debt Service Fund** accounts for the resources used for the payment of the County's principal and interest on various debt obligations.

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities for the County's governmental funds.

The **Bailes Ridge Projects Fund** accounts for improvements to the area's infrastructure that is funded by the fee-in-lieu taxes levied specifically for this purpose.

The **Bond Projects Fund** accounts for the various capital projects that are funded with General Obligation Bonds.

The **Brookchase Special Tax District Fund** accounts for the fees levied in the district. These funds are restricted to fund improvements to the area's infrastructure.

The **Capital Improvement Fund** accounts for the capital projects and capital equipment replacement of the various County departments. Property taxes are levied specifically for this purpose.

The **Edgewater Improvement District Fund** accounts for the capital projects funded with special assessment debt that is restricted for improvements to the area's infrastructure.

The **Edgewater II Improvement District Fund** accounts for the capital projects funded with special assessment debt that is restricted for improvements to the area's infrastructure.

The **SCAGO Public Facilities Corporation Fund** accounts for the capital projects funded with the installment purchase revenue bonds issued by the corporation.

The **Sun City Special Assessments Fund** accounts for the capital projects funded with special assessment debt that is restricted for improvements to the area's infrastructure and a public library construction.

LANCASTER COUNTY, SOUTH CAROLINA
DEBT SERVICE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Property taxes	\$ 1,883,215	\$ 2,080,528	\$ 2,195,744	\$ 115,216
Intergovernmental	-	-	104,915	104,915
Interest revenue	750	750	703	(47)
Budgeted fund balance	237,790	237,790	-	(237,790)
Total revenues	<u>2,121,755</u>	<u>2,319,068</u>	<u>2,301,362</u>	<u>(17,706)</u>
EXPENDITURES				
Debt service:				
Principal	1,480,000	1,668,551	1,668,550	1
Interest	641,755	650,517	644,906	5,611
Total expenditures	<u>2,121,755</u>	<u>2,319,068</u>	<u>2,313,456</u>	<u>5,612</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(12,094)	<u>\$ (12,094)</u>
FUND BALANCES, beginning of year			<u>594,010</u>	
FUND BALANCES, end of year			<u>\$ 581,916</u>	

LANCASTER COUNTY, SOUTH CAROLINA
CAPITAL PROJECT SALES TAX FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Sales and other local taxes	\$ 7,000,000	\$ 7,000,000	\$ 7,871,762	\$ 871,762
Interest revenue	-	-	7,243	7,243
Total revenues	<u>7,000,000</u>	<u>7,000,000</u>	<u>7,879,005</u>	<u>879,005</u>
EXPENDITURES				
Current:				
General government	15,000	15,000	8,637	6,363
Budgeted fund balance	883,006	883,006	-	883,006
Total expenditures	<u>898,006</u>	<u>898,006</u>	<u>8,637</u>	<u>889,369</u>
Excess of revenues over expenditures	6,101,994	6,101,994	7,870,368	1,768,374
Other financing sources (uses)				
Transfers in	-	-	15,000	15,000
Transfers out	(6,101,994)	(6,101,994)	(6,089,115)	12,879
Total other financing sources (uses)	<u>(6,101,994)</u>	<u>(6,101,994)</u>	<u>(6,074,115)</u>	<u>27,879</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,796,253	<u>\$ 1,796,253</u>
FUND BALANCES, beginning of year			<u>7,106,884</u>	
FUND BALANCES, end of year			<u>\$ 8,903,137</u>	

LANCASTER COUNTY, SOUTH CAROLINA
CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Property taxes	\$ 1,283,500	\$ 1,283,500	\$ 1,318,119	\$ 34,619
Other revenues	-	-	39,616	39,616
Budgeted fund balance	219,000	219,000	-	(219,000)
Total revenues	<u>1,502,500</u>	<u>1,502,500</u>	<u>1,357,735</u>	<u>(144,765)</u>
EXPENDITURES				
Capital outlay:				
General government	298,000	298,000	278,514	19,486
Administration of justice	24,000	24,000	23,703	297
Public safety	480,000	480,000	459,110	20,890
Public works	275,000	275,000	257,907	17,093
Public health and welfare	378,000	378,000	405,432	(27,432)
Culture and recreation	47,500	47,500	90,657	(43,157)
Total expenditures	<u>1,502,500</u>	<u>1,502,500</u>	<u>1,515,323</u>	<u>(12,823)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(157,588)</u>	<u>\$ (157,588)</u>
FUND BALANCES, beginning of year			<u>304,347</u>	
FUND BALANCES, end of year			<u>\$ 146,759</u>	

AGENCY FUNDS

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	June 30, 2013	Increases	Decreases	June 30, 2014
Education Fund				
ASSETS				
Cash and cash equivalents	\$ 5,891,120	\$ 60,824,984	\$ (58,167,098)	\$ 8,549,006
Investments	17,132,845	20,494	(11,977,870)	5,175,469
Taxes receivable	510,703	3,950,340	(510,703)	3,950,340
Accounts receivable	611	6,780	(7,391)	-
Due from other governments	-	2,260	-	2,260
Total assets	<u>\$ 23,535,279</u>	<u>\$ 64,804,858</u>	<u>\$ (70,663,062)</u>	<u>\$ 17,677,075</u>
LIABILITIES				
Due to school district	\$ 23,523,027	\$ 63,464,892	\$ (69,400,954)	\$ 17,586,965
Due to USC-L	12,252	1,339,966	(1,262,108)	90,110
Total liabilities	<u>\$ 23,535,279</u>	<u>\$ 64,804,858</u>	<u>\$ (70,663,062)</u>	<u>\$ 17,677,075</u>
Clerk of Court				
ASSETS				
Cash and cash equivalents	\$ 402,344	\$ 381,289	\$ (464,216)	\$ 319,417
Investments	-	20,373	-	20,373
Total assets	<u>\$ 402,344</u>	<u>\$ 401,662</u>	<u>\$ (464,216)</u>	<u>\$ 339,790</u>
LIABILITIES				
Due to others	\$ 402,344	\$ 401,662	\$ (464,216)	\$ 339,790
Total liabilities	<u>\$ 402,344</u>	<u>\$ 401,662</u>	<u>\$ (464,216)</u>	<u>\$ 339,790</u>
Family Court				
ASSETS				
Cash and cash equivalents	\$ 227,521	\$ 5,724,873	\$ (5,753,201)	\$ 199,193
Total assets	<u>\$ 227,521</u>	<u>\$ 5,724,873</u>	<u>\$ (5,753,201)</u>	<u>\$ 199,193</u>
LIABILITIES				
Due to others	\$ 227,521	\$ 5,724,873	\$ (5,753,201)	\$ 199,193
Total liabilities	<u>\$ 227,521</u>	<u>\$ 5,724,873</u>	<u>\$ (5,753,201)</u>	<u>\$ 199,193</u>
Probate Court				
ASSETS				
Cash and cash equivalents	\$ 1,528	\$ 136,155	\$ (136,095)	\$ 1,588
Total assets	<u>\$ 1,528</u>	<u>\$ 136,155</u>	<u>\$ (136,095)</u>	<u>\$ 1,588</u>
LIABILITIES				
Due to others	\$ 1,528	\$ 136,155	\$ (136,095)	\$ 1,588
Total liabilities	<u>\$ 1,528</u>	<u>\$ 136,155</u>	<u>\$ (136,095)</u>	<u>\$ 1,588</u>

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	June 30, 2013	Increases	Decreases	June 30, 2014
Tax Collector Property Sold				
ASSETS				
Cash and cash equivalents	\$ 744,549	\$ 3,143,285	\$ (2,828,198)	\$ 1,059,636
Total assets	<u>\$ 744,549</u>	<u>\$ 3,143,285</u>	<u>\$ (2,828,198)</u>	<u>\$ 1,059,636</u>
LIABILITIES				
Due to others	\$ 744,549	\$ 3,143,285	\$ (2,828,198)	\$ 1,059,636
Total liabilities	<u>\$ 744,549</u>	<u>\$ 3,143,285</u>	<u>\$ (2,828,198)</u>	<u>\$ 1,059,636</u>
Tax Collector Trust Account				
ASSETS				
Cash and cash equivalents	\$ 81,824	\$ 89,899	\$ (32,586)	\$ 139,137
Total assets	<u>\$ 81,824</u>	<u>\$ 89,899</u>	<u>\$ (32,586)</u>	<u>\$ 139,137</u>
LIABILITIES				
Due to others	\$ 81,824	\$ 89,899	\$ (32,586)	\$ 139,137
Total liabilities	<u>\$ 81,824</u>	<u>\$ 89,899</u>	<u>\$ (32,586)</u>	<u>\$ 139,137</u>
Forfeit Land Commission				
ASSETS				
Cash and cash equivalents	\$ 436,421	\$ 27,574	\$ (11,201)	\$ 452,794
Total assets	<u>\$ 436,421</u>	<u>\$ 27,574</u>	<u>\$ (11,201)</u>	<u>\$ 452,794</u>
LIABILITIES				
Due to others	\$ 436,421	\$ 27,574	\$ (11,201)	\$ 452,794
Total liabilities	<u>\$ 436,421</u>	<u>\$ 27,574</u>	<u>\$ (11,201)</u>	<u>\$ 452,794</u>
Magistrates				
ASSETS				
Cash and cash equivalents	\$ 94,329	\$ 1,150,719	\$ (1,145,318)	\$ 99,730
Total assets	<u>\$ 94,329</u>	<u>\$ 1,150,719</u>	<u>\$ (1,145,318)</u>	<u>\$ 99,730</u>
LIABILITIES				
Due to others	\$ 94,329	\$ 1,150,719	\$ (1,145,318)	\$ 99,730
Total liabilities	<u>\$ 94,329</u>	<u>\$ 1,150,719</u>	<u>\$ (1,145,318)</u>	<u>\$ 99,730</u>

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	June 30, 2013	Increases	Decreases	June 30, 2014
City of Lancaster				
ASSETS				
Cash and cash equivalents	\$ 24,935	\$ 4,451,163	\$ (4,445,173)	\$ 30,925
Taxes receivable	-	466,030	(229,850)	236,180
Total assets	<u>\$ 24,935</u>	<u>\$ 4,917,193</u>	<u>\$ (4,675,023)</u>	<u>\$ 267,105</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 24,935	\$ 4,917,193	\$ (4,675,023)	\$ 267,105
Total liabilities	<u>\$ 24,935</u>	<u>\$ 4,917,193</u>	<u>\$ (4,675,023)</u>	<u>\$ 267,105</u>
Town of Kershaw				
ASSETS				
Cash and cash equivalents	\$ 1,590	\$ 161,763	\$ (161,141)	\$ 2,212
Taxes receivable	-	32,742	(14,647)	18,095
Total assets	<u>\$ 1,590</u>	<u>\$ 194,505</u>	<u>\$ (175,788)</u>	<u>\$ 20,307</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 1,590	\$ 194,505	(175,788)	\$ 20,307
Total liabilities	<u>\$ 1,590</u>	<u>\$ 194,505</u>	<u>\$ (175,788)</u>	<u>\$ 20,307</u>
Edgewater Improvement District				
ASSETS				
Investments	\$ 958,552	\$ 277,840	\$ (542,101)	\$ 694,291
Total assets	<u>\$ 958,552</u>	<u>\$ 277,840</u>	<u>\$ (542,101)</u>	<u>\$ 694,291</u>
LIABILITIES				
Due to others	\$ 958,552	\$ 277,840	\$ (542,101)	\$ 694,291
Total liabilities	<u>\$ 958,552</u>	<u>\$ 277,840</u>	<u>\$ (542,101)</u>	<u>\$ 694,291</u>
Edgewater II Improvement District				
ASSETS				
Investments	\$ 675,541	\$ 3,233	\$ (38,323)	\$ 640,451
Total assets	<u>\$ 675,541</u>	<u>\$ 3,233</u>	<u>\$ (38,323)</u>	<u>\$ 640,451</u>
LIABILITIES				
Due to others	\$ 675,541	\$ 3,233	\$ (38,323)	\$ 640,451
Total liabilities	<u>\$ 675,541</u>	<u>\$ 3,233</u>	<u>\$ (38,323)</u>	<u>\$ 640,451</u>

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	June 30, 2013	Increases	Decreases	June 30, 2014
Sun City Improvement District				
ASSETS				
Investments	\$ 2,136,600	\$ 1,974,771	\$ (2,043,374)	\$ 2,067,997
Total assets	<u>\$ 2,136,600</u>	<u>\$ 1,974,771</u>	<u>\$ (2,043,374)</u>	<u>\$ 2,067,997</u>
LIABILITIES				
Due to others	\$ 2,136,600	\$ 1,974,771	\$ (2,043,374)	\$ 2,067,997
Total liabilities	<u>\$ 2,136,600</u>	<u>\$ 1,974,771</u>	<u>\$ (2,043,374)</u>	<u>\$ 2,067,997</u>
Edenmoor Improvement District				
ASSETS				
Investments	\$ 1,050,935	\$ 1,098,910	\$ (1,281,409)	\$ 868,436
Total assets	<u>\$ 1,050,935</u>	<u>\$ 1,098,910</u>	<u>\$ (1,281,409)</u>	<u>\$ 868,436</u>
LIABILITIES				
Due to others	\$ 1,050,935	\$ 1,098,910	\$ (1,281,409)	\$ 868,436
Total liabilities	<u>\$ 1,050,935</u>	<u>\$ 1,098,910</u>	<u>\$ (1,281,409)</u>	<u>\$ 868,436</u>
Detention Center Inmates				
ASSETS				
Cash and cash equivalents	\$ 7,171	\$ 119,571	\$ (121,637)	\$ 5,105
Total assets	<u>\$ 7,171</u>	<u>\$ 119,571</u>	<u>\$ (121,637)</u>	<u>\$ 5,105</u>
LIABILITIES				
Due to others	\$ 7,171	\$ 119,571	\$ (121,637)	\$ 5,105
Total liabilities	<u>\$ 7,171</u>	<u>\$ 119,571</u>	<u>\$ (121,637)</u>	<u>\$ 5,105</u>
Employee Funds				
ASSETS				
Cash and cash equivalents	\$ 164	\$ 6,974	\$ (6,687)	\$ 451
Total assets	<u>\$ 164</u>	<u>\$ 6,974</u>	<u>\$ (6,687)</u>	<u>\$ 451</u>
LIABILITIES				
Due to others	\$ 164	\$ 6,974	\$ (6,687)	\$ 451
Total liabilities	<u>\$ 164</u>	<u>\$ 6,974</u>	<u>\$ (6,687)</u>	<u>\$ 451</u>

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	June 30, 2013	Increases	Decreases	June 30, 2014
Totals				
ASSETS				
Cash and cash equivalents	\$ 7,913,496	\$ 76,218,249	\$ (73,272,551)	\$ 10,859,194
Investments	21,954,473	3,395,621	(15,883,077)	9,467,017
Taxes receivable	510,703	4,449,112	(755,200)	4,204,615
Accounts receivable	611	6,780	(7,391)	-
Due from other governments	-	2,260	-	2,260
Total assets	<u>\$ 30,379,283</u>	<u>\$ 84,072,022</u>	<u>\$ (89,918,219)</u>	<u>\$ 24,533,086</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 23,561,804	\$ 69,916,556	\$ (75,513,873)	\$ 17,964,487
Due to others	6,817,479	14,155,466	(14,404,346)	6,568,599
Total liabilities	<u>\$ 30,379,283</u>	<u>\$ 84,072,022</u>	<u>\$ (89,918,219)</u>	<u>\$ 24,533,086</u>

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

LANCASTER COUNTY, SOUTH CAROLINA

SUMMARY SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES CLERK OF COURT AND MAGISTRATE COURT JUNE 30, 2014

	<u>Collections</u>	<u>Amount Remitted to County Treasurer</u>	<u>Amount Remitted to State Treasurer</u>	<u>Amount Allocated to Victim's Services</u>
Clerk of Court				
Fines and Fees	\$ 197,985	\$ 54,301	\$ 143,684	\$ -
Assessments	15,543	4,567	10,976	4,567
Surcharges	29,400	16,758	12,642	16,758
Totals	<u>\$ 242,928</u>	<u>\$ 75,626</u>	<u>\$ 167,302</u>	<u>\$ 21,325</u>
 Magistrate Court				
Fines and Fees	\$ 500,312	\$ 465,302	\$ 35,010	\$ -
Assessments	376,383	37,063	339,320	37,063
Surcharges	212,952	23,350	189,602	23,350
Totals	<u>\$ 1,089,647</u>	<u>\$ 525,715</u>	<u>\$ 563,932</u>	<u>\$ 60,413</u>
 Solicitor Traffic Education				
Assessments	\$ 1,540	\$ 141	\$ 1,399	\$ 141
Totals	<u>\$ 1,540</u>	<u>\$ 141</u>	<u>\$ 1,399</u>	<u>\$ 141</u>
 Family Court				
Fines and fees	\$ 372,319	\$ 168,604	\$ 203,715	\$ -
Totals	<u>\$ 372,319</u>	<u>\$ 168,604</u>	<u>\$ 203,715</u>	<u>\$ -</u>
 Probate Court				
Fines and Fees	\$ 132,908	\$ 125,313	\$ 7,595	\$ -
Totals	<u>\$ 132,908</u>	<u>\$ 125,313</u>	<u>\$ 7,595</u>	<u>\$ -</u>
 Victims' Assistance				
Balance for victims' assistance - beginning of year				\$ 10,056
Amounts allocated for victims' assistance - 7/1/13 - 6/30/14				81,878
Amounts from Town of Kershaw for victims' assistance - 7/1/13 - 6/30/14				2,661
Other amounts for victims' assistance - 7/1/13 - 6/30/14				277
Amounts spent for victims' assistance in fiscal year 2014				
from assessments and surcharges				
Salaries and benefits				(53,167)
Operating expenditures				(4,641)
Direct assistance to other agencies				(25,000)
Balance for victims' assistance - end of year				<u>\$ 12,064</u>

STATISTICAL SECTION

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the County's overall financial health.

Contents

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Financial Trends 97 - 105

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity..... 106 - 110

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity..... 111 - 114

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information..... 115 and 116

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information..... 117 - 119

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

Sources: Unless otherwise noted, the information in these schedules is derived from the County's financial reports for the relevant year.

Note: During fiscal year 2008, it was determined that the Airport, Library, & Recreation functions did not meet the definition of a legally separate entity for financial reporting purposes, therefore these entities are included with the County's governmental funds financial statements (modified accrual) beginning in fiscal year 2008 as Special Revenue Funds. During fiscal year 2014, it was determined that these functions no longer met the criteria for Special Revenue Funds and were therefore reclassified. The Library and Recreation functions were reclassified as departments within the General Fund and the Airport function was reclassified as a Proprietary fund. Prior years have not been restated in the statistical section.

LANCASTER COUNTY, SOUTH CAROLINA

NET POSITION LAST TEN FISCAL YEARS (accrual basis of accounting)

	Fiscal Year									
	2005	2006 ¹	2007	2008 ²	2009 ³	2010 ⁴	2011	2012	2013	2014 ⁵
Governmental activities										
Net investment in capital assets	\$ 8,318,341	\$ 9,648,288	\$ 16,075,000	\$ 18,128,925	\$ 27,608,973	\$ 30,319,260	\$ 37,890,060	\$ 33,996,194	\$ 36,831,933	\$ 40,435,476
Restricted	3,384,709	3,531,482	3,739,087	3,557,298	3,668,396	10,234,674	13,025,845	19,584,980	24,325,103	20,858,227
Unrestricted	6,674,834	42,178,027	25,374,209	39,197,629	21,506,800	17,985,707	15,336,956	13,884,941	16,314,803	22,458,160
Total governmental activities net position	<u>\$ 18,377,884</u>	<u>\$ 55,357,797</u>	<u>\$ 45,188,296</u>	<u>\$ 60,883,852</u>	<u>\$ 52,784,169</u>	<u>\$ 58,539,641</u>	<u>\$ 66,252,861</u>	<u>\$ 67,466,115</u>	<u>\$ 77,471,839</u>	<u>\$ 83,751,863</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,790,882
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	(124,719)
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,666,163</u>
Primary government										
Net investment in capital assets	\$ 8,318,341	\$ 9,648,288	\$ 16,075,000	\$ 18,128,925	\$ 27,608,973	\$ 30,319,260	\$ 37,890,060	\$ 33,996,194	\$ 36,831,933	\$ 44,226,358
Restricted	3,384,709	3,531,482	3,739,087	3,557,298	3,668,396	10,234,674	13,025,845	19,584,980	24,325,103	20,858,227
Unrestricted	6,674,834	42,178,027	25,374,209	39,197,629	21,506,800	17,985,707	15,336,956	13,884,941	16,314,803	22,333,441
Total primary government net position	<u>\$ 18,377,884</u>	<u>\$ 55,357,797</u>	<u>\$ 45,188,296</u>	<u>\$ 60,883,852</u>	<u>\$ 52,784,169</u>	<u>\$ 58,539,641</u>	<u>\$ 66,252,861</u>	<u>\$ 67,466,115</u>	<u>\$ 77,471,839</u>	<u>\$ 87,418,026</u>

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

² The Edgewater II Improvement District is included in net position beginning in fiscal year 2008

³ The SCAGO Public Facilities Corporation is included in net position beginning in fiscal year 2009

⁴ The Capital Project Sales Tax Fund is included in net position beginning in fiscal year 2010

⁵ The Airport Fund is included as an enterprise fund beginning in fiscal year 2014

LANCASTER COUNTY, SOUTH CAROLINA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (accrual basis of accounting)

	Fiscal Year									
	2005	2006 ¹	2007 ²	2008 ³	2009 ⁴	2010	2011	2012	2013	2014
Expenses										
Primary government:										
Governmental activities:										
General government	\$ 6,306,575	\$ 7,483,550	\$ 8,047,777	\$ 9,641,480	\$ 11,004,706	\$ 10,832,346	\$ 10,983,933	\$ 13,494,007	\$ 14,274,314	\$ 11,299,133
Public safety	7,501,336	7,561,537	8,187,570	10,108,792	10,747,904	11,374,643	11,351,803	13,113,668	13,079,241	18,204,203
Public works	4,073,435	3,952,300	4,710,191	7,463,470	6,050,232	6,065,063	5,880,894	6,741,646	6,514,659	7,088,564
Other activities	7,198,909	26,306,466	39,672,844	25,912,261	26,872,414	18,466,148	17,543,807	17,490,004	15,897,654	19,076,859
Total governmental activities expenses	25,080,255	45,303,853	60,618,382	53,126,003	54,675,256	46,738,200	45,760,437	50,839,325	49,765,868	55,668,759
Business-type activities:										
Airport	-	-	-	-	-	-	-	-	-	437,607
Total business-type activities expenses	-	-	-	-	-	-	-	-	-	437,607
Total primary government expenses	25,080,255	45,303,853	60,618,382	53,126,003	54,675,256	46,738,200	45,760,437	50,839,325	49,765,868	56,106,366
Program revenues										
Primary government:										
Governmental activities:										
Charges for services										
General government	1,895,518	4,048,551	5,322,718	4,472,351	2,521,991	2,649,811	2,715,439	2,758,959	4,003,901	5,937,198
Administration of justice	851,113	902,749	932,736	1,230,302	1,198,420	1,161,469	1,100,988	1,069,362	1,067,263	1,027,217
Public health and welfare	1,268,397	2,136,481	2,115,531	2,274,497	2,191,295	2,523,597	2,513,973	3,066,640	2,883,399	2,748,514
Other activities	374,316	431,714	1,490,708	1,628,022	1,574,402	1,835,658	1,866,566	2,273,170	2,171,849	2,310,502
Operating grants and contributions	2,877,672	49,655,511	8,133,234	31,083,768	2,775,364	6,378,143	4,556,750	4,163,480	4,346,939	9,593,044
Capital grants and contributions	305,907	564,598	2,664,827	832,855	5,555,897	946,405	2,123,502	352,064	3,273,685	807,784
Total governmental activities program revenues	7,572,923	57,739,604	20,659,754	41,521,795	15,817,369	15,495,083	14,877,218	13,683,675	17,747,036	22,424,259
Business-type activities:										
Charges for services										
Airport	-	-	-	-	-	-	-	-	-	173,727
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	50,393
Total business-type activities program revenues	-	-	-	-	-	-	-	-	-	224,120
Total primary government program revenues	7,572,923	57,739,604	20,659,754	41,521,795	15,817,369	15,495,083	14,877,218	13,683,675	17,747,036	22,648,379

(Continued)

LANCASTER COUNTY, SOUTH CAROLINA

CHANGES IN NET POSITION LAST TEN FISCAL YEARS (accrual basis of accounting)

	Fiscal Year									
	2005	2006 ¹	2007 ²	2008 ³	2009 ⁴	2010	2011	2012	2013	2014 ⁵
Net (expense) revenue										
Governmental activities	\$ (17,507,332)	\$ 12,435,751	\$ (39,958,628)	\$ (11,604,208)	\$ (38,857,887)	\$ (31,243,117)	\$ (30,883,219)	\$ (37,155,650)	\$ (32,018,832)	\$ (33,244,500)
Business-type activities	-	-	-	-	-	-	-	-	-	(213,487)
Total primary government	<u>(17,507,332)</u>	<u>12,435,751</u>	<u>(39,958,628)</u>	<u>(11,604,208)</u>	<u>(38,857,887)</u>	<u>(31,243,117)</u>	<u>(30,883,219)</u>	<u>(37,155,650)</u>	<u>(32,018,832)</u>	<u>(33,457,987)</u>
General revenues and other changes in net position										
Primary government:										
Governmental activities:										
Property taxes	14,174,358	16,682,253	18,007,222	19,646,513	23,375,134	24,531,262	26,039,328	26,759,326	27,805,777	30,138,854
Other taxes	1,132,826	1,414,470	1,197,417	1,387,257	1,482,296	6,728,510	7,798,566	8,579,956	9,220,550	10,759,834
Unrestricted grants and contributions	2,848,762	2,976,711	4,954,683	4,510,153	4,492,562	3,985,341	3,720,738	3,511,437	4,029,881	3,060,980
Unrestricted investment earnings	121,134	322,854	1,657,970	1,254,997	374,332	101,224	106,003	54,753	31,753	57,446
Other	156,735	3,147,874	(396,875)	500,844	1,033,880	1,652,252	931,804	(813)	936,595	-
Prior period adjustment	901,533	-	2,398,940	-	-	-	-	(535,755)	-	-
Transfers	-	-	-	-	-	-	-	-	-	(40,000)
Total governmental activities general revenues and other changes in net position	<u>19,335,348</u>	<u>24,544,162</u>	<u>27,819,357</u>	<u>27,299,764</u>	<u>30,758,204</u>	<u>36,998,589</u>	<u>38,596,439</u>	<u>38,368,904</u>	<u>42,024,556</u>	<u>43,977,114</u>
Business-type activities:										
Unrestricted investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	40,000
Total business type activities general revenues and other changes in net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Total primary government general revenues and other changes in net position	<u>\$ 19,335,348</u>	<u>\$ 24,544,162</u>	<u>\$ 27,819,357</u>	<u>\$ 27,299,764</u>	<u>\$ 30,758,204</u>	<u>\$ 36,998,589</u>	<u>\$ 38,596,439</u>	<u>\$ 38,368,904</u>	<u>\$ 42,024,556</u>	<u>\$ 44,017,114</u>
Change in net position										
Governmental activities	1,828,016	36,979,913	(12,139,271)	15,695,556	(8,099,683)	5,755,472	7,713,220	1,213,254	10,005,724	10,732,614
Business-type activities	-	-	-	-	-	-	-	-	-	(173,487)
Total primary government change in net position	<u>\$ 1,828,016</u>	<u>\$ 36,979,913</u>	<u>\$ (12,139,271)</u>	<u>\$ 15,695,556</u>	<u>\$ (8,099,683)</u>	<u>\$ 5,755,472</u>	<u>\$ 7,713,220</u>	<u>\$ 1,213,254</u>	<u>\$ 10,005,724</u>	<u>\$ 10,559,127</u>

¹ Fiscal Year 2006 includes Sun City & Edenmoor Improvement Districts & Bailes Ridge Business Park.

² Fiscal Year 2007 includes \$17,312,904 in expenditures for the Edenmoor Improvement District

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

⁵ Fiscal Year 2014 includes the Airport Fund as a business-type activity

LANCASTER COUNTY, SOUTH CAROLINA

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS (ACCRUAL BASIS) LAST TEN FISCAL YEARS

Year	Real Property Tax (1)	Vehicle Tax	Local Option Sales Tax Property Tax	Local Option Sales Tax Capital Projects	Road Improvement Fee Tax	Other Taxes	Total
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
2012	20,202,783	2,032,440	4,524,103	6,924,788	1,176,367	478,801	35,339,282
2013	20,732,179	2,223,687	4,849,911	7,225,680	1,522,254	472,616	37,026,327
2014	22,249,229	2,586,810	5,302,815	7,871,762	1,940,220	408,075	40,358,911

(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)

	Fiscal Year									
	2005	2006 ¹	2007	2008 ^{2,3}	2009 ⁴	2010	2011	2012	2013	2014
General Fund										
Nonspendable	\$ 905,391	\$ 893,727	\$ 899,882	\$ 1,260,535	\$ 752,723	\$ 1,525,507	\$ 446,265	\$ 419,097	\$ 465,876	\$ 470,608
Restricted	1,357,623	1,450,634	1,546,591	1,087,506	1,029,032	814,990	1,425,506	1,925,029	1,949,398	1,757,465
Committed	-	-	-	383,204	341,269	-	-	-	-	-
Assigned	-	52,794	1,906,949	1,252,516	327,277	111,903	88,054	131,705	216,329	1,238,174
Unassigned	5,645,672	10,221,736	13,626,979	13,672,743	15,461,511	13,940,414	15,727,979	13,905,577	14,812,691	16,940,776
Total General fund	<u>7,908,686</u>	<u>12,618,891</u>	<u>17,980,401</u>	<u>17,656,504</u>	<u>17,911,812</u>	<u>16,392,814</u>	<u>17,687,804</u>	<u>16,381,408</u>	<u>17,444,294</u>	<u>20,407,023</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,293	\$ 52,900	\$ 623,943	\$ 561,127
Restricted	2,027,086	36,038,635	12,685,898	985,901	5,337,669	37,556,390	24,983,673	21,344,104	18,472,163	19,338,480
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	104,795	252,947	44,861	430,788	1,950	28,492	31,427	165,520
Unassigned	50,981	(907,184)	(238,492)	25,403,037	42,125,587	(4,644,209)	(1,523,198)	(1,037,704)	(925,102)	(723,233)
Total all other governmental funds	<u>2,078,067</u>	<u>35,131,451</u>	<u>12,552,201</u>	<u>26,641,885</u>	<u>47,508,117</u>	<u>33,342,969</u>	<u>23,517,718</u>	<u>20,387,792</u>	<u>18,202,431</u>	<u>19,341,894</u>
Total all governmental funds	<u>\$ 9,986,753</u>	<u>\$ 47,750,342</u>	<u>\$ 30,532,602</u>	<u>\$ 44,298,389</u>	<u>\$ 65,419,929</u>	<u>\$ 49,735,783</u>	<u>\$ 41,205,522</u>	<u>\$ 36,769,200</u>	<u>\$ 35,646,725</u>	<u>\$ 39,748,917</u>

¹ Fiscal Year 2006 includes Sun City & Edenmoor Improvement Districts & Bailes Ridge Business Park.

² 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 fund balance related to the Edgewater II Improvement District

⁴ Fiscal Year 2009 includes fund balance related to SCAGO Public Facilities Corporation

LANCASTER COUNTY, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes	\$ 15,297,672	\$ 17,986,185	\$ 19,210,716	\$ 20,976,717	\$ 24,289,541	\$ 30,975,180	\$ 33,496,235	\$ 35,868,567	\$ 36,910,888	\$ 40,100,667
Licenses and permits	2,048,755	4,227,204	5,418,167	4,720,683	2,727,033	2,864,552	2,872,281	2,873,627	4,160,774	5,191,197
Intergovernmental	5,561,542	5,612,714	7,143,069	7,722,481	6,780,712	6,593,742	10,056,718	6,795,508	7,283,619	13,378,905
Charges for services	1,970,615	2,278,912	2,522,904	3,541,004	3,814,421	4,007,195	4,227,841	4,796,444	4,644,851	4,882,693
Fines, fees, and forfeitures	950,152	918,949	947,023	1,038,828	964,382	1,202,761	978,975	1,063,923	1,056,203	1,028,680
Interest income	125,034	544,821	1,964,141	1,360,491	383,775	99,235	103,219	52,522	29,211	57,446
Contributions and donations	393,053	464,458	379,263	2,324,810	468,171	218,121	364,502	361,223	525,936	351,666
Contributions from property owners	-	46,541,631	(4,988,640)	26,131,035	16,254	-	-	-	-	-
Other	346,717	829,641	189,725	201,003	163,445	138,702	279,484	163,279	486,396	230,863
Total revenues	26,693,540	79,404,515	32,786,368	68,017,052	39,607,734	46,099,488	52,379,255	51,975,093	55,097,878	65,222,117
Expenditures:										
General government	6,362,781	7,225,795	7,824,858	9,508,392	10,916,594	11,087,906	9,846,699	12,670,895	11,619,717	10,004,834
Administration of justice	1,297,475	1,350,238	1,355,332	2,588,256	4,667,838	15,155,605	18,559,715	2,765,385	1,709,906	1,823,021
Public safety	7,842,458	8,959,935	8,160,736	13,910,070	12,337,057	11,273,954	12,691,671	12,202,000	16,364,710	16,500,414
Public works	4,145,391	4,452,345	5,237,436	7,008,791	5,438,901	5,478,433	5,315,801	6,235,699	5,549,083	6,279,272
Public health and welfare	3,911,090	4,274,274	4,232,343	4,507,153	5,523,364	5,882,288	5,627,899	6,865,474	6,292,003	6,587,179
Culture and recreation	-	-	-	-	-	-	-	-	-	3,226,890
Economic development	154,973	19,697,038	20,492,644	18,819,783	14,647,485	5,497,672	3,186,407	3,422,632	1,954,572	5,517,505
Other	478,482	738,890	738,022	3,564,609	4,570,651	3,025,348	2,952,393	3,129,091	3,196,847	-
Capital outlay	1,284,308	-	-	64,488	-	3,059,750	1,858,927	819,921	133,297	3,101,804
Debt service										
Principal retirement	1,198,520	1,740,020	1,886,886	2,132,673	2,004,577	2,135,256	6,623,744	6,840,461	7,203,729	7,515,489
Interest and other charges	723,953	654,713	721,550	621,290	1,370,994	2,538,338	2,582,333	2,517,241	2,274,282	2,009,580
Total expenditures	27,399,431	49,093,248	50,649,807	62,725,505	61,477,461	65,134,550	69,245,589	57,468,799	56,298,146	62,565,988
Excess (deficiency) of revenues over (under) expenditures	(705,891)	30,311,267	(17,863,439)	5,291,547	(21,869,727)	(19,035,062)	(16,866,334)	(5,493,706)	(1,200,268)	2,656,129
Other financing sources (uses):										
Transfer in	-	2,370,949	116,657	2,397,963	2,461,432	2,757,365	8,115,647	8,144,995	8,042,257	6,129,115
Transfer out	(207,310)	-	(116,657)	(2,397,963)	(2,461,432)	(2,757,365)	(8,115,647)	(8,144,995)	(8,042,257)	(6,169,115)
Issuance of debt - capital leases	1,203,504	2,152,320	645,700	-	2,338,851	605,000	-	1,020,000	-	226,000
Issuance of debt	-	2,929,053	-	7,463,709	43,040,000	2,502,721	10,660,000	-	-	950,000
Premium on bond	-	-	-	-	1,302,907	-	50,387	-	-	-
Payment to refunded debt escrow agent	-	-	-	-	(4,556,438)	-	(3,658,895)	-	-	-
Sale of capital assets	-	-	-	87,900	38,549	12,751	33,029	37,384	77,792	210,915
Special item - insurance recoveries	-	-	-	-	827,397	227,936	1,251,553	-	-	-
Total other financing sources (uses)	996,194	7,452,322	645,700	7,551,609	42,991,266	3,348,408	8,336,074	1,057,384	77,792	1,346,915
Net change in fund balances	\$ 290,303	\$ 37,763,589	\$ (17,217,739)	\$ 12,843,156	\$ 21,121,539	\$ (15,686,654)	\$ (8,530,260)	\$ (4,436,322)	\$ (1,122,476)	\$ 4,003,044
Debt Service as a Percentage of Noncapital Expenditures	5.08%	7.78%	5.21%	5.37%	5.30%	6.39%	10.64%	19.35%	18.85%	16.73%

LANCASTER COUNTY, SOUTH CAROLINA
TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Year	Real Property Tax (1)	Vehicle Tax	Local Option Sales Tax Property Tax Relief	Local Option Sales Tax Capital Projects	Road Improvement Fee Tax	Other Taxes	Total
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
2012	20,732,068	2,032,440	4,524,103	6,924,788	1,176,367	478,801	35,868,567
2013	20,616,739	2,223,687	4,849,911	7,225,680	1,522,254	472,617	36,910,888
2014	21,990,985	2,586,810	5,302,815	7,871,762	1,940,220	408,075	40,100,667

(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	Property Taxes	Inter- governmental	Licenses and Permits	Charges for Services	Fines, Fees, and Forfeitures	Other	Total Revenues	Other Financing Sources	Grand Total Revenues Including Other Financing Sources
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
2012	22,224,415	2,843,967	2,873,627	3,008,911	906,290	1,470,680	33,327,890	1,079,031	34,406,921
2013	24,410,433	3,303,561	4,160,774	2,816,174	893,708	831,362	36,416,012	102,792	36,518,804
2014	24,653,264	4,226,086	5,191,197	3,999,763	937,975	2,359,029	41,367,314	235,915	41,603,229

LANCASTER COUNTY, SOUTH CAROLINA
GENERAL FUND EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Year	General Government	Administration of Justice	Public Safety & Law Enforcement	Public Works	Public Health & Welfare	Other	Debt Service (2)	Total Expenditures	Other Financing Uses	Grand Total Expenditures Including Other Financing Uses
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
2012	11,380,053	1,527,651	9,465,049	4,231,933	6,418,803	245,509	429,059	33,698,057	2,015,259	35,713,316
2013	9,817,196	1,693,101	10,676,053	4,137,879	5,901,039	828,894	488,409	33,542,571	1,913,347	35,455,918
2014	9,943,242	1,823,021	12,229,972	4,328,763	6,168,796	3,734,954	492,823	38,721,571	40,000	38,761,571

(1) Includes only general funds. The E-911 fund was included in general funds for fiscal years 2004-2007.

(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

Year	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 Assessed Value	Assessed Value	Estimated Actual Value		
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	836,636,602	272,913,726	4,871,712,922	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
2012	2011 (2)	221,005,620	4,420,112,400	70,046,034	822,060,950	291,051,654	5,242,173,350	5.55	83.00
2013	2012	223,980,320	4,479,606,400	74,846,481	883,965,916	298,826,801	5,363,572,316	5.57	85.10
2014	2013	231,213,120	4,624,262,400	79,072,239	946,454,939	310,285,359	5,570,717,339	5.57	90.41

(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 (unless an extension is granted by Council) 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 2003 thru 2007.

LANCASTER COUNTY, SOUTH CAROLINA
PROPERTY TAX MILLAGE RATES OF DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Levy Year Ended December 31	Fiscal Year Ended June 30	Lancaster County				Overlapping Rates (1)							Total Direct and Overlapping Rates
		County Operating	County Debt	County Capital Improvement and Court Security	Total County	Lancaster County School District			University of S.C. Lancaster	Town of Heath Springs	Town of Kershaw	City of Lancaster	
2004	2005	70.80	5.70	-	76.50	143.50	38.50	182.00	3.50	-	78.80	147.00	487.80
2005	2006	76.50	5.00	5.00	86.50	143.50	38.50	182.00	3.50	-	78.80	150.00	500.80
2006	2007 (2)	64.00	3.50	4.00	71.50	119.00	38.50	157.50	3.00	-	64.80	137.00	433.80
2007	2008	66.50	5.40	4.00	75.90	123.50	43.50	167.00	3.10	-	64.80	140.00	450.80
2008	2009	66.70	8.00	7.50	82.20	128.50	43.50	172.00	3.30	-	64.80	143.50	465.80
2009	2010	66.70	6.70	7.50	80.90	133.50	38.50	172.00	3.30	-	69.30	143.50	469.00
2010	2011	68.40	7.60	7.60	83.60	136.75	38.50	175.25	3.40	-	70.90	143.50	476.65
2011	2012 (3)	68.40	7.20	7.40	83.00	140.00	43.50	183.50	3.60	-	69.90	143.50	483.50
2012	2013	71.40	6.10	7.60	85.10	140.00	47.00	187.00	3.80	-	72.10	149.70	497.70
2013	2014	75.65	7.16	7.60	90.41	145.00	43.00	188.00	3.95	-	75.00	154.70	512.06

Source: Lancaster County Auditor

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

(2) Real property was reassessed in fiscal years 2007 and 2012.

LANCASTER COUNTY, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

2014					2005				
Taxpayer	Taxable Assessed		Percentage of Total County Taxable		Taxes Paid (1)	Taxable Assessed		Percentage of Total County Taxable	
	Value	Rank	Assessed Value			Value	Rank	Assessed Value	Taxes Paid (1)
Duke Energy	\$ 8,194,510	1	2.64%		\$ 2,374,421	\$ 6,851,530	2	3.95%	\$ 1,789,811
Lancaster Hospital Corp.	4,482,700	2	1.44%		1,753,948	3,535,800	4	2.04%	1,293,820
The Gillette Company	3,758,547	3	1.21%		1,649,676	5,827,595	3	3.36%	1,891,448
Haile Gold Mine Inc	1,923,685	4	0.62%		632,778				
Springland Associates	1,321,020	5	0.43%		512,301	1,883,250	5	1.09%	684,320
Lancaster Telephone Co.	1,443,470	6	0.47%		485,222	1,685,030	6	0.97%	521,791
Springs Global	1,496,780	7	0.48%		408,273	8,665,158	1	5.00%	2,225,060
IX WR 3023 HSBC WAP LP	1,316,732	8	0.42%		371,845			0.00%	
Lynches River Electric	1,300,150	9	0.42%		358,420	793,580	10	0.46%	201,343
Pulte Home Corp.	1,261,720	10	0.41%		330,958			0.00%	
Haile Gold Mine Inc									
Wells Real Estate									
Springmaid Federal Credit Union									
Belden Wire & Cable						1,183,039	7	0.68%	309,956
Cardinal Health						924,311	8	0.53%	242,168
Boral Bricks						829,160	9	0.48%	200,032
Total assessed value of ten largest taxpayers	<u>\$ 26,499,314</u>		8.54%		<u>\$ 8,877,842</u>	<u>\$ 32,178,453</u>		18.56%	<u>\$ 9,359,749</u>
Total assessed value of all taxpayers	310,285,359		100.00%			173,382,926		100.00%	

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 of Levy		Amount	Percentage of Levy
2004	\$ 7,317,411	\$ 1,141,782	\$ 8,459,193	\$ 8,140,090	96.23%	\$ 305,582	\$ 8,445,672	99.84%
2005	9,279,454	1,086,594	10,366,048	10,036,563	96.82%	308,003	10,344,566	99.79%
2006	11,116,412	179,300	11,295,712	10,837,919	95.95%	434,285	11,272,204	99.79%
2007	12,413,953	665,685	13,079,638	12,596,199	96.30%	451,664	13,047,863	99.76%
2008	16,324,750	(59,777)	16,264,973	15,243,682	93.72%	946,502	16,190,184	99.54%
2009	16,692,282	293,920	16,986,202	15,998,456	94.19%	813,777	16,812,233	98.98%
2010	18,177,916	(52,417)	18,125,499	16,954,909	93.54%	968,533	17,923,442	98.89%
2011	17,717,289	441,247	18,158,536	17,372,203	95.67%	628,347	18,000,550	99.13%
2012	18,086,112	(104,567)	17,981,545	17,297,322	96.19%	473,593	17,770,915	98.83%
2013	19,312,592	391,735	19,704,327	18,975,609	96.30%	-	18,975,609	96.30%

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 Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 1,482,117	\$ 323,609	\$ 1,805,726	\$ 1,716,302	95.05%	\$ 86,160	\$ 1,802,462	99.82%
2005	1,486,566	297,910	1,784,476	1,703,928	95.49%	76,498	1,780,426	99.77%
2006	1,569,338	464,843	2,034,181	1,942,620	95.50%	87,118	2,029,738	99.78%
2007	1,270,405	407,527	1,677,932	1,607,309	95.79%	67,221	1,674,530	99.80%
2008	1,492,012	285,509	1,777,521	1,694,729	95.34%	78,759	1,773,488	99.77%
2009	1,763,319	233,583	1,996,902	1,916,851	95.99%	76,685	1,993,536	99.83%
2010	1,609,746	91,336	1,701,082	1,630,457	95.85%	67,814	1,698,271	99.83%
2011	1,718,915	256,613	1,975,528	1,903,400	96.35%	66,519	1,969,919	99.72%
2012	1,982,449	178,041	2,160,490	2,018,240	93.42%	74,898	2,093,138	96.88%
2013	2,212,716	219,232	2,431,948	2,275,933	93.58%	-	2,275,933	93.58%

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	General Obligation Bonds	SCAGO Public Facilities Installment Purchase Revenue Bonds	Capital Leases	Special Source Revenue Bonds	Mortgages Payable	Bond Anticipation Note Payable	Total Outstanding Debt	Percentage of Personal Income	Per Capita
2005	\$ 9,975,000	\$ -	\$ 2,618,397	\$ -	\$ 224,907	\$ -	12,818,304	0.91%	203
2006	9,550,000	-	3,532,241	2,973,658	153,956	-	16,209,855	1.09%	257
2007	9,115,000	-	2,800,930	2,973,658	78,722	-	14,968,310	0.97%	209
2008	15,737,402	-	1,579,739	2,973,658	-	-	20,290,799	1.25%	276
2009	14,764,408	38,410,000	3,202,000	2,973,658	-	-	59,350,066	3.39%	782
2010	15,778,340	38,410,000	3,397,813	2,733,658	-	-	60,319,811	3.31%	776
2011	21,278,707	34,225,000	2,793,399	2,524,245	-	875,000	61,696,351	4.25%	805
2012	19,840,000	29,560,000	3,341,646	2,795,000	-	875,000	56,411,646	3.75%	724
2013	18,325,000	24,710,000	2,797,416	2,510,000	-	865,500	49,207,916	3.10%	622
2014	17,506,450	19,675,000	2,611,477	2,210,000	-	818,000	42,820,927	2.55%	532

Notes:

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

LANCASTER COUNTY, SOUTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net G.O. Bonds Outstanding</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Debt Per Capita (2)</u>
2005	\$ 9,975,000	\$ 547,066	\$ 9,427,934	0.34%	149
2006	9,550,000	532,516	9,017,484	0.30%	143
2007	9,115,000	445,571	8,669,429	0.22%	121
2008	15,737,402	410,030	15,327,372	0.36%	209
2009	14,764,408	542,831	14,221,577	0.29%	187
2010	15,778,340	435,498	15,342,842	0.30%	197
2011	21,278,707	488,649	20,790,058	0.41%	271
2012	19,840,000	696,917	19,143,083	0.37%	246
2013	18,325,000	571,773	17,753,227	0.33%	224
2014	17,506,450	572,689	16,933,761	0.30%	210

Notes:

(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, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to County</u>	<u>Amount Applicable to County</u>
Direct debt:			
Lancaster County	\$ 42,820,927	100%	\$ 42,820,927
Overlapping debt:			
City of Lancaster	115,158	100%	115,158
Lancaster School District	90,193,667	100%	90,193,667
Total overlapping debt	<u>90,308,825</u>		<u>90,308,825</u>
Total direct and overlapping debt	<u>\$ 133,129,752</u>		<u>\$ 133,129,752</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 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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 13,926,453	\$ 14,586,682	\$ 18,405,935	\$ 18,474,600	\$ 20,861,043	\$ 21,535,417	\$ 21,508,152	\$ 23,409,098	\$ 22,713,718	\$ 23,580,100
Total Net GO Debt Applicable to Limit	9,427,934	9,017,484	8,669,429	15,327,372	14,221,577	12,842,843	18,380,058	16,828,083	15,538,227	14,818,761
Legal debt margin	<u>\$ 4,498,519</u>	<u>\$ 5,569,198</u>	<u>\$ 9,736,506</u>	<u>\$ 3,147,228</u>	<u>\$ 6,639,466</u>	<u>\$ 8,692,574</u>	<u>\$ 3,128,094</u>	<u>\$ 6,581,015</u>	<u>\$ 7,175,491</u>	<u>\$ 8,761,339</u>
Total Net GO Debt Applicable to the to the Limit as a Percentage of Debt Limit	67.70%	61.82%	47.10%	82.96%	68.17%	59.64%	85.46%	71.89%	68.41%	62.84%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value (1)	\$ 293,189,180
Add back: exempt Merchant Inventory (2)	1,562,070
Total assessed value	<u>294,751,250</u>
Debt limit (8% of assessed value) (3)	23,580,100
Debt applicable to limit:	
Total general obligation bonds	17,506,450
Less amount set aside for repayment of GO debt	(572,689)
Less G.O. bonds not applicable to 8% debt limit (4)	<u>(2,115,000)</u>
Net G.O. bonds applicable to limit	<u>14,818,761</u>
Legal debt margin without a referendum (5)	<u>\$ 8,761,339</u>

Notes:

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

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

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

(4) GO bonds for the Pleasant Valley Fire District (2010A & 2010B) are not subject to the 8% debt limit. Special fire fees are assessed to pay this bond as approved by the voters.

(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 FISCAL YEARS

<u>Fiscal Year</u>	<u>County Population (1)</u>	<u>Total Personal Income (in thousands) (1)</u>	<u>Per Capita Personal Income *</u>	<u>School Enrollment (2)</u>	<u>County Unemployment Rate (3)</u>
2005	63,135	\$ 1,401,000	\$ 22,191	10,888	8.2%
2006	63,113	1,486,000	23,545	10,876	9.6%
2007	71,723	1,542,045	21,500	11,023	8.8%
2008	73,393	1,620,517	22,080	11,171	10.1%
2009	75,913	1,752,832	23,090	11,274	19.1%
2010	77,767	1,822,945	23,441	11,508	16.4%
2011	76,652	1,450,946	18,929	11,401	15.3%
2012	77,908	1,504,248	19,308	11,378	13.0%
2013	79,089	1,588,503	20,085	11,554	10.8%
2014	80,458	1,681,492	20,899	11,581	6.6%

Sources:

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

(2) Lancaster County School District annual financial reports from previous fiscal year.

(3) S.C. Department of Employment and Workforce

*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 NINE YEARS AGO

Employer	2014			2005 (1)		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Red Ventures	1,600	1	4.72%			0.00%
Lancaster County Schools	1,569	2	4.63%	1,414	2	5.09%
Lancaster County	840	3	2.48%	700	4	2.52%
Springs Memorial Hospital	700	4	2.07%	800	3	2.88%
Cardinal Health	695	5	2.05%	700	5	2.52%
Wal-Mart	671	6	1.98%	300	8	1.08%
Continental Tire	430	7	1.27%			
Duracell	425	8	1.25%	601	6	2.16%
Inspiration Ministries	310	9	0.91%			
USC-L	305	10	0.90%			
Springs Global				1,500	1	5.40%
Humana				400	7	1.44%
US Textile Corporation				300	9	1.08%
Founders Federal Credit Union				268	10	0.96%
Total	7,545		22.26%	6,983		25.14%
Total Labor Force	33,890			27,774		

Source: Lancaster County Economic Development Corporation and SC Department of Employment and Workforce

(1) Some items were estimated due to unavailability of data

LANCASTER COUNTY, SOUTH CAROLINA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government Administration	70.50	72.50	79.00	84.00	87.00	88.50	91.00	89.00	90.00	90.00
Administration of Justice	27.50	27.00	27.00	27.50	27.50	29.00	29.00	29.00	31.00	34.00
Culture & Recreation	40.50	43.00	43.00	46.00	54.00	57.50	55.00	55.00	56.00	58.00
Public Safety & Law Enforcement	131.50	127.50	135.50	140.00	152.00	165.50	166.00	172.00	187.00	210.00
Public Works	36.00	36.50	38.50	41.50	42.50	39.00	41.00	41.00	41.00	43.00
Public Health & Welfare	64.00	59.00	66.50	74.00	83.00	83.50	73.00	75.00	80.00	81.00
	<u>370.00</u>	<u>365.50</u>	<u>389.50</u>	<u>413.00</u>	<u>446.00</u>	<u>463.00</u>	<u>455.00</u>	<u>461.00</u>	<u>485.00</u>	<u>516.00</u>

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

LANCASTER COUNTY, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Administration of Justice										
Clerk of Court general sessions cases disposed	1,824	1,792	1,257	1,591	1,550	2,224	1,654	1,541	1,910	1,929
Clerk of Court common pleas cases disposed	n/a	n/a	n/a	3,306	1,660	1,910	1,811	1,870	2,210	2,172
Family Court cases disposed	980	1,003	1,047	827	975	997	765	907	820	735
Magistrate Court										
Criminal Docket total cases filed	1,933	2,677	2,881	2,442	2,258	2,623	2,379	2,570	2,562	2,493
Traffic Docket total cases filed	8,082	8,158	10,388	10,162	11,163	9,025	8,402	9,562	9,933	11,209
Civil Docket total cases filed	2,260	2,294	2,371	2,237	2,535	2,314	2,181	2,335	2,149	2,348
Probate Court										
Estates opened	489	477	511	518	572	593	589	615	648	671
Estates disposed	415	430	385	474	487	560	492	596	545	633
Marriage license issued	541	589	482	509	509	481	472	476	469	509
Guardianship and/or conservatorships opened	27	35	28	30	25	27	35	19	25	14
Guardianship and/or conservatorships disposed	36	36	29	40	33	20	23	43	16	23
Mental and chemical commitment files opened	376	279	296	295	295	362	326	329	331	422
Mental and chemical hearings held	137	135	118	83	99	145	117	132	118	99
Public Safety & Law Enforcement										
Detention Center - Total number incarcerated (1)	3,318	3,605	3,594	4,160	3,851	3,519	3,427	2,938	3,477	3,366
Coroner - Total number of calls (1)	270	315	300	307	285	270	364	315	294	392
Fire Service - Total number of calls (1)	2,705	2,914	3,196	3,311	3,250	3,306	3,600	3,612	3,644	3,533
Sheriff Department (1)										
Criminal arrests	588	1,160	799	2,802	1,905	2,374	2,284	2,047	3,034	3,493
Traffic cases	570	1,821	1,145	4,177	4,115	4,405	3,388	1,977	2,810	3,081
Arrest warrants served	2,931	2,749	2,699	2,778	2,920	2,094	1,855	1,648	2,449	2,492
Fraudulent check warrants served	616	460	600	430	351	277	64	106	116	139
Public Works										
Roads - # of roads on which potholes were repaired	222	213	173	143	150	154	159	111	128	132
Solid Waste										
Tons of household/inert garbage disposed of	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11,755
Tons of recyclables collected	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	735
Public Health & Welfare										
Animal Control										
Number of complaints responded to	2,616	2,543	2,575	2,538	2,495	4,503	4,292	4,812	5,618	3,634
Number of animals through shelter	5,332	5,154	5,146	5,042	4,771	4,611	4,462	4,896	4,338	3,611
EMS - Total number of calls (1)	9,946	10,263	11,046	10,637	11,452	12,289	13,334	12,313	12,497	12,530

Sources: Various county departments.

Note: Indicators are not available for the general government function. Also, statistics were not available for FY05 thru FY07 for Clerk of Court common

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

LANCASTER COUNTY, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety and law enforcement										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of police sub-stations	2	2	2	2	2	2	3	4	4	3
Number of police vehicles	87	96	85	90	112	112	116	111	116	123
Number of fire stations	19	19	19	19	18	18	18	18	18	18
Public works										
Miles of unpaved roads maintained	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	214.84
Miles of paved roads maintained	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	164.81
Public health and welfare										
Number of EMS stations	6	7	7	7	7	7	7	8	8	8
Number of emergency vehicles	20	21	21	21	22	22	23	23	25	25
Culture and recreation										
Number of parks	9	10	11	13	13	13	13	13	15	15
Number of recreation centers	3	3	3	4	4	4	4	4	4	4
Number of libraries	2	2	2	2	3	3	3	3	3	3

Source: Various county departments

Note: Capital asset indicators are not available for the general government function or the administration of justice function. Public works statistics were not available for FY2005 thru FY2013.

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S 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
of Lancaster County
Lancaster, South Carolina**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Lancaster County, South Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Lancaster County, South Carolina's basic financial statements and have issued our report thereon dated November 26, 2014. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our report also includes a reference to other auditors who audited the financial statements of the Lancaster County Economic Development Corporation, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lancaster County, South Carolina'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*.

Lancaster County, South Carolina's Responses to Findings

Lancaster County, South Carolina's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Lancaster County, South Carolina's responses were not subjected to the auditing procedures applied in our audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
November 26, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**Lancaster County Council
of Lancaster County
Lancaster, South Carolina**

Report on Compliance for Each Major Federal Program

We have audited Lancaster County, South Carolina's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2014. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. 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 the 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Expenditures
<u>U.S. Department of Justice</u>			
(Passed through the SC Department of Public Safety)			
Edward Byrne Memorial Assistance Grant Program	16.738	2013-DJ-BX-0130	\$ 12,849
Edward Byrne Memorial Assistance Grant Program	16.738	1G11038	94
Edward Byrne Memorial Assistance Grant Program	16.738	2011-DJ-BX-2400	182
Edward Byrne Memorial Assistance Grant Program	16.738	2012-DJ-BX-0814	5,911
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.804	1G13009	148,624
Total Justice Assistance Grant Program Cluster			<u>167,660</u>
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2011-WE-AX-0047	44,549
			<u>44,549</u>
Total U.S. Department of Justice			<u>212,209</u>
<u>U.S. Department of Homeland Security</u>			
(Passed through the SC Emergency Management Division)			
Homeland Security Grant Program	97.067	11SHSP91	1,290
Homeland Security Grant Program	97.067	13SHSP53	51,933
			<u>53,223</u>
Emergency Management Performance Grants	97.042	13EMPG01	53,896
Emergency Management Performance Grants	97.042	12EMPG01	12,628
			<u>66,524</u>
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2012-FH-00751	509,230
Assistance to Firefighters Grant Program	97.044	EMW-201-FO-01609	325,133
Total U.S. Department of Homeland Security			<u>954,110</u>
<u>U.S. Department of Health and Human Services</u>			
(Passed through the SC Department of Social Services)			
Child Support Enforcement	93.563	N/A	183,849
			<u>183,849</u>
Temporary Assistance for Needy Families - TANF Block Grant	93.558	N/A	16,446
Total Temporary Assistance for Needy Families Cluster			<u>16,446</u>
Child Care Development Fund	93.575	N/A	219
Total Child Care and Development Cluster			<u>219</u>
Medicaid Assistance Program	93.778	N/A	16,848
Total Medicaid Cluster			<u>16,848</u>
Social Services Block Grant Administration	93.667	N/A	6,952
Family Preservation (CWS Part II)	93.556	N/A	190
Child Welfare Services	93.645	N/A	424
ARRA - Foster Care	93.658	N/A	10,502
Other	N/A	N/A	3,739
			<u>21,807</u>
Total U.S. Department of Health and Human Services			<u>239,169</u>

LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Expenditures
<u>U.S. Department of Agriculture</u>			
(Passed through the SC Department of Social Services)			
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	N/A	17,658
Total Supplemental Nutrition Assistance Cluster			17,658
Total U.S. Department of Agriculture			17,658
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106	3-45-0034-0XX2014	24,858
Airport Improvement Program	20.106	3-45-0034-016-2012	20,496
			45,354
(Passed through the SC Department of Public Safety)			
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	2H13035/K8-2014-HS-35-14	155,147
Total Highway Safety Cluster			155,147
(Passed through the SC Emergency Management Division)			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0334-13-01-00	33,872
			33,872
Total U.S. Department of Transportation			234,373
<u>U.S. Department of Housing and Urban Development</u>			
(Passed through the SC Department of Commerce)			
Community Development Block Grant	14.228	4-C1-12-016	210,786
Community Development Block Grant	14.228	4-RP-11-003	52,500
Total Community Development Block Grant Cluster			263,286
Total U.S. Department of Housing and Urban Development			263,286
Total Expenditures of Federal Awards			\$ 1,920,805

LANCASTER COUNTY, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE I. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lancaster County, South Carolina (the "County"), and is presented on the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for the proprietary fund types. The County reporting entity is defined in Note 1. to the County's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE II. SUBRECIPIENTS

During the fiscal year ended June 30, 2014, the County did not pass any funds through to subrecipients.

NOTE III. NONCASH ASSISTANCE AND LOANS

There were no federal awards expended in the form of noncash assistance during the fiscal year. There were also no loans or loan guarantees outstanding at year end.

LANCASTER COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? ☒ yes ☐ no

Significant deficiencies identified not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal Control over major programs:
Material weaknesses identified? ☐ yes ☒ no

Significant deficiencies identified not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in
accordance with OMB Circular A-133, Section 510(a)? ☐ yes ☒ no

Identification of major programs:

CFDA Number

97.083

97.044

Name of Federal Program or Cluster

U.S. Department of Homeland Security – Staffing for
Adequate Fire and Emergency Response (SAFER)

U.S. Department of Homeland Security – Assistance to
Firefighters Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2014-001. Classification of Special Revenue Funds

Criteria: Governmental Accounting Standards Board (GASB) Statement No. 54 defines special revenue funds as funds that are used to account for the proceeds of resources that are restricted or committed for purposes other than debt service or capital projects. Additionally, the restricted or committed resources need to comprise a **substantial** portion of the inflows reported in the special revenue fund.

Condition: The County improperly included the Airport Fund, the Recreation Fund, and the Library Fund as special revenue funds as of June 30, 2013.

Context: We addressed this matter with County officials and they were able to determine that the Recreation Fund and the Library Fund should be reclassified as departments of the General Fund. Additionally, the County was able to determine that the Airport Fund should be reclassified as an enterprise fund.

Effect: A prior period adjustment to increase capital assets and increase net position in the amount of \$3,938,798 was required to be reported within the Airport Fund as of June 30, 2014. A prior period adjustment to decrease governmental activities net position and increase business-type activities net position in the amount of \$3,839,650 was required to be reported as of June 30, 2014. A prior period adjustment to decrease fund balance of the Other Governmental Funds in the amount of \$21,923, decrease net position of the Airport Fund in the amount of \$99,148, and increase fund balance of the General Fund in the amount of \$121,071, was required to be reported as of June 30, 2014.

Cause: Funds that did not meet the definition of Special Revenue Funds as defined under GASB 54 were being included as such.

Recommendation: We recommend the County implement procedures to ensure that funds are properly classified.

Views of Responsible Officials and Planned Corrective Action: We concur. We will establish procedures to ensure that all special revenue funds meet the established criteria.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
SCHEDULE OF PRIOR YEAR FINDINGS

None reported.