

**LANCASTER COUNTY,
SOUTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

Prepared by:
Department of Finance

LANCASTER COUNTY, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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INTRODUCTORY SECTION



Lancaster County

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

Telephone:
803-285-1565

mylancastersc.org

November 16, 2018

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, 2018.

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, 2018, 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, 2018. 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform*

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 quality of life, low taxes, close proximity to the Mecklenburg County, the Charlotte Douglas International Airport and Interstate 485 makes it an ideal place to work and live. The County is one of the fastest growing county in South Carolina. With an estimated 2017 population of 92,550, the County was established in 1785 and includes four incorporated municipalities: Lancaster, Kershaw, Heath Springs and Van Wyck. 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. Within the County is also Indian Land, an unincorporated urbanized area in the panhandle. 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 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. Stormwater management services were recently added by state law in the Indian Land urbanized area. The County also provides a variety of administrative services for its residents which include: voter registration, tax assessment & collection, and health & welfare.

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 Budget Analyst receiving requests for appropriations from all County Departments and Agencies. On the basis of the Administrator's recommendations, the Budget Analyst prepares a draft budget. The appropriated budget is prepared by fund and department. The recommended budget is presented to the Administration Committee for review. A workshop is later held with full Council. 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 72-73 as part of the required supplementary information. Special revenue & capital funds budget-to-actual comparisons are presented on pages 88-101. For the debt service fund, the comparison is presented on page 99.

Local Economy

The County's unemployment rate was 3.9% in June 2018 and improved to 3.6% in September 2018. The County's proximity to the Charlotte region, makes it an ideal place to live, work, and shop. Robust activity continues in building permits for homes and commercial. As long as the market conditions remain positive, this activity is expected to continue. The value of residential and commercial permits totaled \$460,430,563 for calendar year 2017. Most permits were issued in the Indian Land region.

According to the South Carolina Department of Employment and Workforce, by the third quarter of fiscal year 2018, employment was highest in the professional, scientific, and technical services industry category. Manufacturing employment was the second highest during this period. The County has, over the past few years, changed its industry landscape to include more professional and technical industries.

Major employers include:

- Red Ventures, an internet marketing and sales company, which employs an estimated 2,000 employees. The campus includes a sales center, 6-story office tower, and a learning & development center. Adjacent to the campus is a 310,000 square-foot retail center called RedStone which include: a 55,400 square-foot movie theatre, 54,900 square-foot retail space, and a four-story Marriott hotel;
- Haile Gold Mine (OceanaGold Corporation), is located in the southern portion of the county and employs 363;
- Springs Memorial Hospital, a 225-bed hospital, employs 769;
- Cardinal Health, a global healthcare products and services company, which its headquarters employs about 550;
- Movement Mortgage, a mortgage financing corporation that employs about 725 employees. Its headquarters is 104,000 square-foot and the company recently announced a \$18 million dollar expansion;
- Continental Tire headquarters, one of the leading automotive tire suppliers worldwide, employs 546;
- CompuCom Systems, a leader in information technology managed services is expected to invest \$41 million and 1,500 jobs;
- Nutramax Labs, Inc., a manufacturer of animal health supplements, employs 373 and recently announced an expansion;
- Keer America, a Chinese textile manufacturer, employs 232 and has constructed a second manufacturing site.

The University of South Carolina Lancaster is an accredited two year public university located in the County. The college is a regional campus of the University of South Carolina. USCL's enrollment is estimated to be 1,800 students. The University occupies a 150-acre campus and also provides for the completion of selected Bachelor's degrees on campus.

Long-term Financial Planning

County Council has issued strategic plans in the past and will revisit its strategic plan to communicate its goals. They are considering a plan that consists of a longer term vision.

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 28-32 percent of the general fund operating budget;
- The County's cash flow shall be managed to maximize the cash available to invest;
- The County Treasurer or designee shall minimize market risk while maintaining the highest possible yield;
- Conserve and protect the County's resources from accidents and loss exposures.

Major Initiatives

The County completed its first national citizen survey conducted by the National Research Center (NRC). The survey was a standardized survey meant to ask residents' opinions based upon eight facets of community desirability. All surveys were mailed to randomly selected households in March 2018. A presentation of the results was given in August 2018. The objective was to use the survey to inform Council of the desires of the constituents in their district and address them in the County's Financial Plan.

The County has also conducted a Compensation and Classification Plan to address recruitment and retention. The study should be completed in fiscal year 2019.

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, 2017. This is the nineteenth 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 fifth Distinguished Budget Presentation Award for the annual budget for fiscal year beginning July 1, 2017. 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 beginning July 1, 2018 budget for award consideration.

The preparation of the CAFR would not have been possible without the assistance of the Finance Department staff. 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
Chief Financial Officer



Government Finance Officers Association

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

Presented to

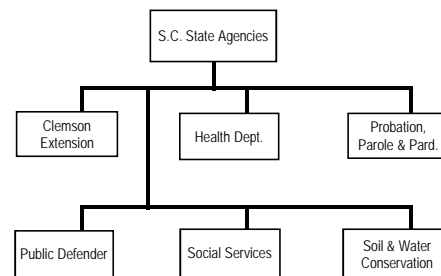
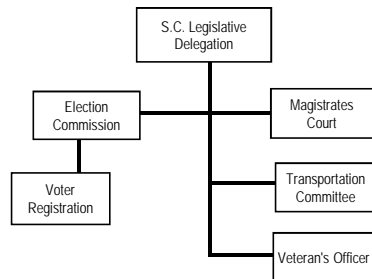
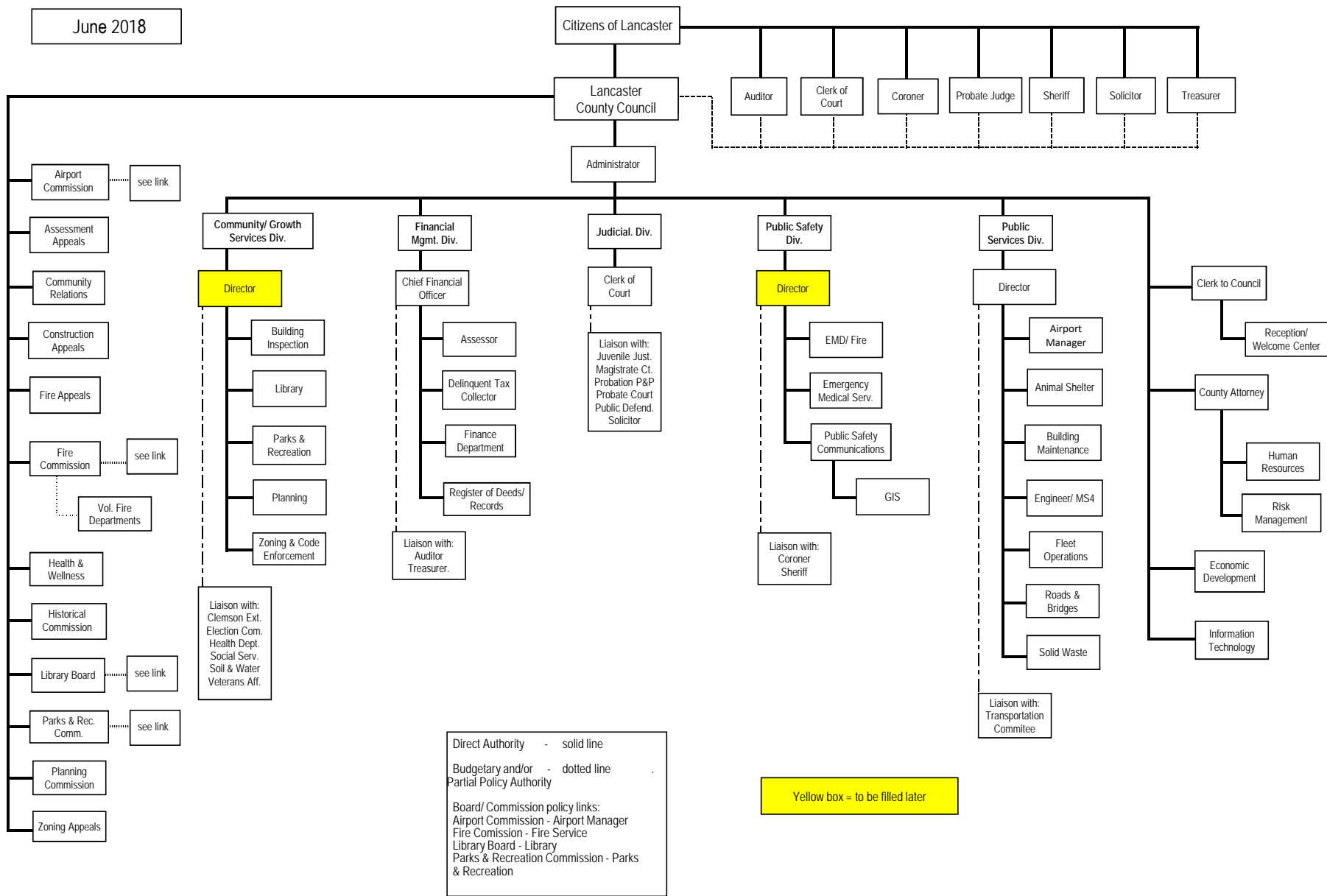
**County of Lancaster
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO



LANCASTER COUNTY, SOUTH CAROLINA

PRINCIPAL COUNTY OFFICIALS JUNE 30, 2018

MEMBERS OF COUNTY COUNCIL



Terry Graham, District 1, Member
Charlene McGriff, District 2, Vice Chair
Billy Mosteller, District 3, Member
Larry Honeycutt, District 4, Secretary
Steve Harper, District 5, Chair
Jack Estridge, District 6, Member
Brian Carnes, District 7, Member

Seated: *Honeycutt, Harper, McGriff*

Standing: Estridge, Carnes, Mosteller, Graham

ELECTED OFFICIALS

Susan Wallace, Auditor
Jeff Hammond, Clerk of Court
Karla Deese, Coroner
Sandra Estridge, Probate Judge
Barry Faile, Sheriff
Carrie Helms, Treasurer

ADMINISTRATIVE OFFICIALS

Steve Willis, County Administrator
John Weaver, County Attorney
Veronica C. Thompson, Chief Financial Officer
Sherrie Simpson, 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, 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, 2018, 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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lancaster County, South Carolina as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Notes 8 and 14, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of July 1, 2017. This standard significantly changes the accounting for the County's other postemployment benefits and related disclosures. 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 17), the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General Fund (on pages 72 and 73), the Schedule of Changes in the County's Total OPEB Liability and Related Ratios (on page 74), the Schedules of the Proportionate Share of the Net Pension Liability (on page 75), and the Schedules of Contributions (on page 76) 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 Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96) 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), 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, Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), 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, Uniform Schedule of Court Fines, Assessments and Surcharges (per ACT 96), 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 16, 2018, 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 solely 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 effectiveness of the County's 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

Columbia, South Carolina
November 16, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal on pages i-vi and the County's financial statements.

Financial Highlights

- Lancaster County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$77,597,250 for governmental and business-type activities as reflected in the Statement of Net Position;
- A positive increase in net position of \$8,012,759 was reported;
- The County's combined governmental funds reported ending fund balances of \$60,578,667, an increase of \$4,723,954 from the prior year;
- Total Unassigned Fund Balance for the Governmental Funds was \$26,847,449.

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 of financial health. Over time, increases or decreases in the County's net position are one indicator of whether financial health is improving or deteriorating.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

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 information about the County (known as the primary government), The County Airport (Enterprise Fund) is also reflected. The government-wide financial statements can be found on pages 18-19 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 used to maintain control over resources which 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, proprietary, and fiduciary funds.

Governmental funds

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

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

The County maintains twenty four individual governmental funds. The General Fund accounts for all financial resources except those required to be accounted for in another fund. Major Funds, other than the General Fund, include:

- The Capital Projects Sales Tax 2 Fund used to account for 1 cent sales tax approved by a referendum in November 2017. Activity includes road & radio communication improvements;
- The Debt Service Fund.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

The County's remaining twenty-two funds, (7) capital projects funds and (14) special revenue funds, are presented as non-major funds.

Lancaster County adopts an annually 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. The OPEB and Pension Liability schedules are also required supplementary information. Budgetary comparisons for the debt service, capital projects, and special revenue funds, are included as other supplementary information. The governmental fund financial statements can be found on pages 20-24 of this report.

Proprietary Funds

Proprietary funds account for business-like transactions of the government. The County maintains one proprietary fund used to account for the Airport operations. The enterprise fund financials can be found on pages 24-27 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 funds can be found on page 27 of this report.

Notes to the financial statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and government fund financial statements. The notes to the financial statements begin on page 28.

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 general fund, special revenue and capital projects funds. Included are also a schedule required by state law applicable to expenditures on behalf of victims of crime and financial trends information. The supplementary information begins on page 72.

Government-wide Financial Analysis

As noted earlier, the statement of net position presents the difference between the County's assets and deferred outflows of resources and its liabilities and deferred inflows of resources and over time may serve as an indicator of its financial position. In the case of Lancaster County, assets exceeded liabilities by \$77,597,250 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, 2018:

Lancaster County's Net position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Current and other assets	\$73,131,085	\$68,361,417	(18,767)	(91,773)	\$73,112,318	\$68,269,644
Capital assets	87,438,105	88,850,309	7,051,570	5,762,870	\$94,489,675	\$94,613,179
Total assets	\$160,569,190	\$157,211,726	\$7,032,803	\$5,671,097	\$167,601,993	\$162,882,823
Total Deferred Outflows of Resources	11,085,758	10,941,669	23,337	25,546	11,109,095	10,967,215
Long-term liabilities outstanding	\$93,322,814	\$94,448,040	110,000	105,635	\$93,432,814	\$94,553,675
Other liabilities	7,140,223	6,897,763	85,264	9,925	7,225,487	6,997,688
Total liabilities	\$100,463,037	\$101,345,803	\$195,264	\$115,560	\$100,658,301	\$101,461,363
Total Deferred Inflows of Resources	454,603	30,890	934	115	455,537	31,005
Net position:						
Net investment in capital assets	\$54,081,125	\$49,292,814	7,051,570	5,762,870	61,132,695	55,055,684
Restricted	16,283,439	19,325,999	-	-	16,283,439	19,325,999
Unrestricted	372,744	(1,842,111)	(191,628)	(181,902)	181,118	(2,024,013)
Total net position	\$70,737,308	\$66,776,702	\$6,859,942	\$5,580,968	\$77,597,250	\$72,357,670

The largest portion (79%) of Lancaster County's **net position** reflects **net investment in capital assets**. The **restricted** portion represents resources that are subject to external restrictions on their use such as funds for property tax reduction, gasoline tax revenue, and capital projects sales tax 2. The decrease in restricted net position is attributed to the use of capital projects sales tax 2 to fund radio communications and road improvements. **Current & Other Assets** increased due to the addition of revenue sources such as hospitality tax. Most of the County's cash is held as an investment in the state local government pool. The decrease in **Restricted Net Position** in comparison to the prior year was attributed to the use of the capital sales tax fund reserves for approved projects. At the close of fiscal year, the County's overall net position increased by \$5,239,580.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

Total program revenues increased by \$969,758 during the fiscal year. **Charges for Services** contributed to the increase due to the implementation of fees for the stormwater management program. General revenues increased by \$3.4 million mainly due to an increase in **Property Tax** levied for the General and Capital Improvement Funds. The County also experienced growth in assessed values due to residential and commercial growth. This fiscal year is also a full year of hospitality tax revenue collection which is included in the property tax category. Capital grants & contribution increased for business type activities due to receipt of federal aviation funding.

Total **expenses** increased by \$5,935,124 for all governmental activities compared to the prior year. The significant increase occurred in the administration of justice, public safety, and economic development functions of the government.

- **Administration of Justice** expenses increased due to depreciation expenses for capital which was classified as general government in the prior year.
- **Public safety and law enforcement** increased due to \$300K recurring costs for a new 800MHz radio system, an increase in depreciation expense of \$895K, and the purchase of equipment carried forward from the prior year.
- In the **Economic Development** activity, the County expensed two community development block grants for neighborhood revitalization (\$1M) in the Poovey and Erwin Farm areas. Also, two department of commerce grants, totaling \$1.2 million, were received to provide economic incentives for corporations moving into the County.

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

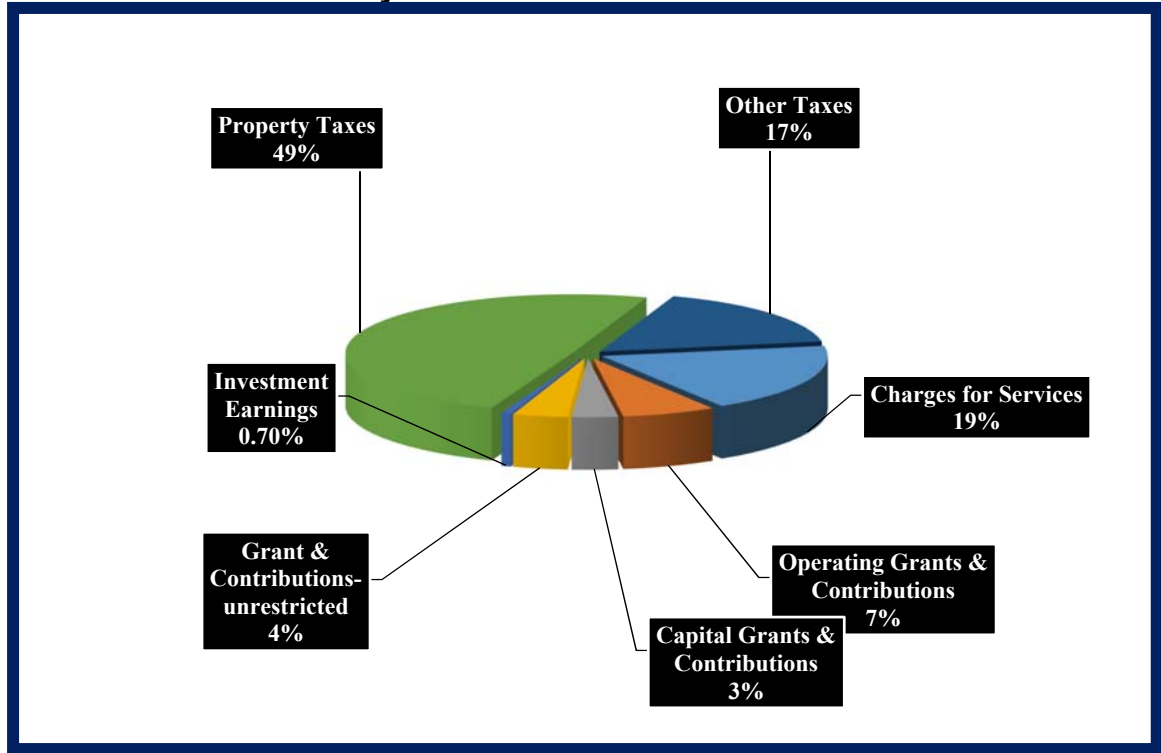
The table below summarizes the changes in net position for the County for the year ended June 30, 2018:

Lancaster County's Changes in Net Position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Revenues:						
Program Revenues:						
Charges for services	\$14,906,558	\$13,418,325	164,079	\$113,511	15,070,637	\$13,531,836
Operating grants & contributions	5,248,920	5,324,829	-	-	5,248,920	5,324,829
Capital grants & contributions	2,584,615	3,027,181	1,618,622	57,493	4,203,237	3,084,674
General Revenues:						
Property taxes	38,920,804	36,433,675	-	-	38,920,804	36,433,675
Other taxes & licenses	13,315,667	12,628,895	-	-	13,315,667	12,628,895
Unrestricted grants & contributions	3,081,986	3,117,955	-	-	3,081,986	3,117,955
Unrestricted investment earnings	553,374	271,927	-	-	553,374	271,927
Other	-	-	-	-	-	-
Total revenues	78,611,924	74,222,787	1,782,701	171,004	80,394,625	74,393,791
Expenses:						
General government	17,494,736	16,903,372	-	-	17,494,736	16,903,372
Administration of justice	3,088,081	1,613,658	-	-	3,088,081	1,613,658
Public safety and law enforcement	24,935,032	21,395,171	-	-	24,935,032	21,395,171
Public works	11,076,062	11,779,317	-	-	11,076,062	11,779,317
Public health & welfare	7,699,119	7,959,384	-	-	7,699,119	7,959,384
Economic development	2,906,275	1,161,475	-	-	2,906,275	1,161,475
Culture & recreation	3,842,198	4,115,197	-	-	3,842,198	4,115,197
Interest on long-term debt	769,636	948,441	-	-	769,636	948,441
Airport	-	-	570,727	406,115	570,727	406,115
Total expenses	71,811,139	65,876,015	570,727	406,115	72,381,866	66,282,130
Increase (Decrease) in net position before Transfers	6,800,785	8,346,772	1,211,974	(235,111)	8,012,759	8,111,661
Transfers	(67,000)	(65,286)	67,000	65,286	-	-
Increase (Decrease) in net position	6,733,785	8,281,486	1,278,974	(169,825)	8,012,759	8,111,661
Net position- beginning of year (restated)	64,003,523	58,495,216	5,580,968	5,750,793	69,584,491	64,246,009
Net position- end of year	\$70,737,308	\$66,776,702	\$6,859,942	\$5,580,968	\$77,597,250	\$72,357,670

LANCASTER COUNTY, SOUTH CAROLINA Management's Discussion and Analysis

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

Revenues by Source – Government Activities

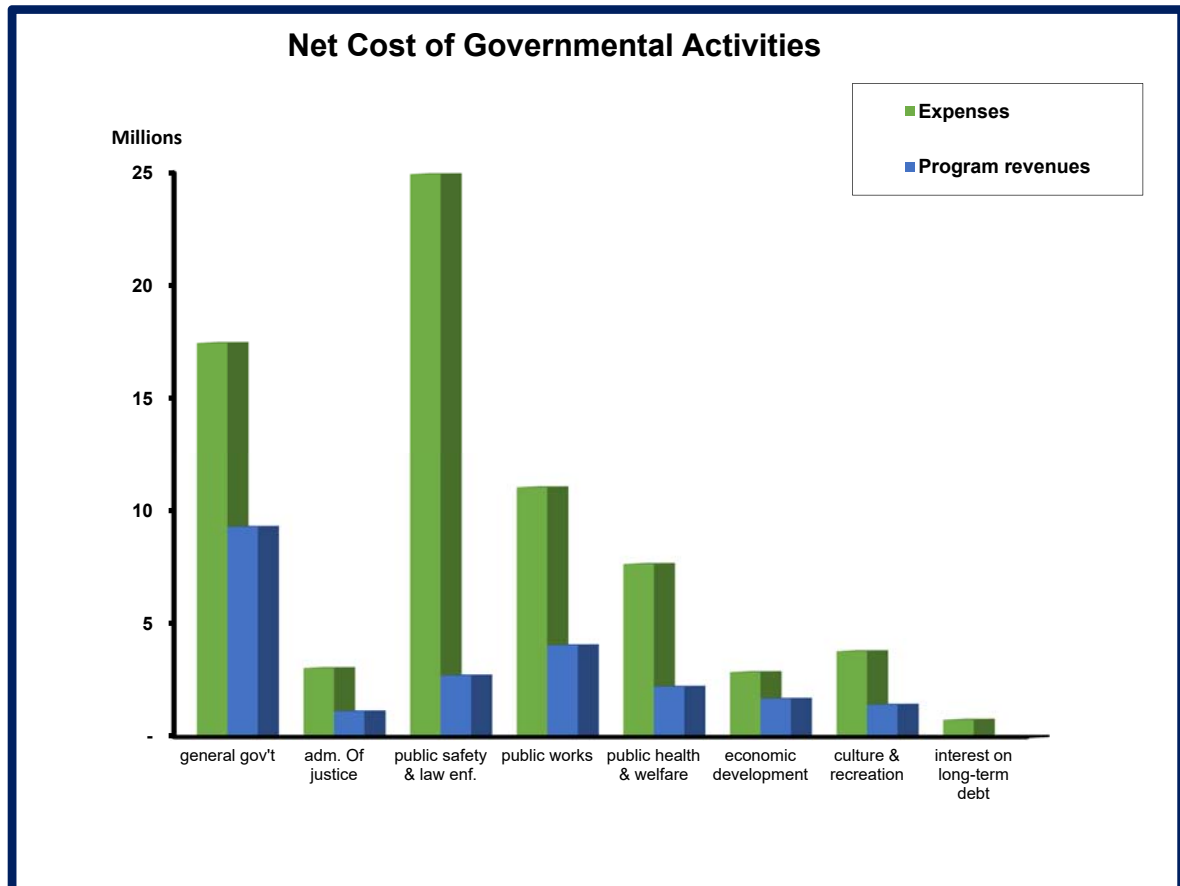


As illustrated in the pie chart above, **Property Taxes (49%)** are the government's main source of revenue. **Charges for services**, another major source (19%), includes: Stormwater management, EMS charges, Indian Land Fire District, and Pleasant Valley Fire District. **Investment earnings** represent the least source of general revenue. **Other taxes** (17%) reflect revenue from road improvement fees and capital projects sales tax 2 (CPST2).

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

The chart below represents the cost of governmental activities in comparison to the program revenues that help fund them (net cost of governmental activities):



As shown in the graph above, the net cost of **Public Safety** was the highest for the government. This category includes the Indian Land & Pleasant Valley Fire Districts which are funded by fire fees (\$1,332,630). **General Government** expense was the second largest net expense after receiving \$7,463,310 in charges for services from deed fees (\$1,178,227), building permits (\$4,294,283), and franchise fees (\$765,823). **Public Works** activity is the third largest net expense for the government. The stormwater management department is included in this category.

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.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

The sum of all the County's governmental funds fund balances reached \$60,578,667 with \$26,847,449 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 \$27,087,195 compared to \$23,275,511 in the prior year. Taxes account for 62% of the general fund revenue. In response to a combination of tax millage increase and population growth, property taxes increased by \$2,125,225 from the prior year. Building permit collections also increased due to residential and commercial growth. The permits have been a key factor in growing the County's reserves over the years. The general fund balance increased by \$1,928,613 compared to \$3,163,991 last fiscal year, but the fund balance remains healthy. The County continues to maintain a healthy fund balance due to conservatively estimating revenues and controlled spending. There were also a number of vacancies and projects carried forward as explained in the general budgetary highlights below.

The **Capital Projects Sales Tax 2 Fund**, also a major fund, reports the County's second CPST approved by the voters in November 2017. In FY18, the funds were used for road improvements and the acquisition & construction of public safety/emergency services communications system. Fund balance accumulates to fund the "pay go" projects and ensure debt payments are made. The County's **Debt Service Fund**, reports general obligation debt is also reported as a major fund this year. **Other Governmental Funds** include capital projects and special revenue funds which fund balances are restricted.

General Fund Budgetary Highlights

A budgetary comparison schedule is included for the general fund on pages 72-73. After accounting for other financing sources and uses, the net change in fund balance was an increase of \$1,928,613. Actual revenues were below budgetary estimates by \$497,026 and actual expenditures were below budgetary appropriations by \$2,020,522 due to reasons explained further in the significant positive or negative variances by department section below. A transfer of \$67,000 was also made to assist the airport operations.

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

- **Fund Balance-** The County's original and amended budget included appropriating fund balance for non-recurring items discussed in a section below;
- **Licenses & permits-** Collections were \$2,261,092 above estimates which is an indicator of the County's strong housing market and economy. Revenue estimates in this category are very conservative. Building permits collected were \$1,378,653 above estimates and register of deeds fees, county portion, were \$199,488 above estimates. Cable franchise fees were \$316,610 above estimates;
- **Intergovernmental Revenue-** Reflected a favorable variance attributed to a \$214,273 pension contribution reimbursement from the state;
- **Interest Revenue-** \$344,851 above estimates attributed to pooling cash accounts and investing in the South Carolina Local Government Pool.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

The County reported significant negative & 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:*

- County Council (\$148,850) - Contract with the hospital to pay for security to maintain mental health patients. The County also had extensive work on the old courthouse;
- Coroner (\$88,107)- Increase in autopsies and technical expertise attributed by an increase in unnatural and accidental deaths;

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

- Administrator (\$99,348)- Historical jail improvements delayed until FY18 (appropriated fund balance);
- Information Systems (\$122,256)- did not spend hardware replacement funding;
- Building (\$266,041)- Savings in wages & fringes due to vacancies;
- Planning (\$136,377)- Vacancies and carry forward contractual services for small area plan;
- Auditor (\$63,279)- Employee turnover throughout the year;
- Assessor (\$60,019)- Vacancy most of the year;
- Building Maintenance (\$351,629)- Deferred maintenance projects to FY19;
- Sheriff (\$266,791) – vacancies and gasoline savings;
- Detention Center (\$206,244)-vacancies during the year;
- Communications (\$209,119)- vacancies throughout the year and delay in radio project going live;
- Solid Waste (\$151,020)- land acquisition for convenience site deferred to subsequent year;
- EMS (\$183,838)- savings in gasoline, maintenance, & constructing a bay;
- Animal Control (\$85,676) – deferred the purchase of an incinerator until new shelter is constructed;

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

Revenues:

- Fund Balance—The budget was amended \$547,096 to appropriate fund balance for nonrecurring items listed below.

Expenditures:

- Legal Team (\$100K)- amended budget to pay for litigation;
- County Council (\$49,800)- Contractual Services for fire study;
- Administrator- (\$50,040) budget amendment to renovate Indian Land satellite office;

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- Human Resources (\$142,056); amended budget for employee Christmas bonuses;
- Roads & Bridges (\$100K)- amended budget to purchase easement and skid steer;
- EMS- (\$60K) amended budget to purchase vehicle;
- \$20K to purchase an easement;
- \$45,200 to replace three stretchers;
- \$80K to purchase a skid steer.

Capital Assets

Lancaster County's net investment in capital assets for its governmental activities as of June 30, 2018, totaled \$87,438,105, 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.

Lancaster County's Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Land	\$7,648,702	\$7,648,202	\$ 598,607	\$ 598,607	\$ 8,247,309	\$ 8,246,809
Buildings & Improvements	47,875,885	48,689,188	4,660,759	4,987,643	52,536,644	53,676,831
Vehicles	13,378,782	13,525,286	-	-	13,525,286	13,525,286
Furniture & Equipment	8,684,891	9,963,041	-	-	8,684,891	9,963,041
Infrastructure	8,101,924	7,728,505	-	-	8,101,924	7,728,505
Construction in Progress	1,747,921	1,296,088	1,792,204	176,620	3,540,125	1,472,708
Total	\$87,438,105	\$88,850,310	\$5,259,366	\$5,762,870	\$92,697,471	\$94,613,180

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

- \$549,514- Two ambulances;
- \$34,976 vehicle for EMS;
- \$42,861- Truck for Fire Services;
- \$456,342- Three mack trucks for roads and bridges;
- The Sheriff's vehicles in the amount of \$741,749;
- \$678,152 historic jail renovations;
- \$37,995- playground equipment;
- \$1,079,509- subdivision roads added to County system;
- \$368,043 county-wide radio system improvement purchased with CPST funds;
- \$232,535- two mack trucks;
- \$82,273- Three trucks for stormwater department;
- \$299,986- Buford ballfield lighting;
- EMS bay extension for \$63,114;

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

- \$138,440 freightliner grapple solid waste truck;
- \$80,000 loader for roads & bridges;
- \$250K tanker fire truck for Rich Hill department;
- \$199,468 roads & bridges motor grader.

The airport, enterprise fund, construction in progress increased due to the following paid with FAA grant revenue:

- Apron expansion \$1,615,584.

Additional information on the County's capital assets can be found in note 5 beginning on page 45.

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 \$16,593,513 without a referendum. At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$93,322,814. General obligation bonds make up 31% (\$29,372,360) 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 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
General Obligation Bonds	\$29,372,360	\$34,589,492	-	-	\$29,372,360	\$34,589,492
Special Source Revenue Bonds	6,782,076	7,154,382	-	-	6,782,076	7,154,382
Total	\$36,154,436	\$41,743,874	-	-	\$36,154,436	\$41,743,874

The County's long term obligations include three general obligation bonds and four general obligation refunding bonds. The County's general obligation debt decreased due to \$2,975,000 principal payment on GO Bond 2015A. No other GO bond debt was added during the fiscal year.

The County currently has ratings of AA- and Aa2 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 6 on pages 47 through 53 of this report.

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 3.9% in June 2018. Statewide unemployment was 3.6%, while the national rate was 4.1% during the same period;
- The County approved the following budgets in the amount of \$93,982,219 for fiscal year 2019:

APPROPRIATIONS	AMOUNT
Airport Fund	232,233
Capital Improvement Fund	1,826,832
Capital Project Sales Tax 2	12,884,471
County Debt	6,524,686
County Transportation Committee Fund	2,850,000
Court Mandated Security	1,371,695
Development Agreement Fund	302,000
E-911 Fund	598,945
General Fund	51,722,132
	<u>51,864,188</u>
Hospitality Tax Fund	950,000
Indian Land Fire Protection District Fund	704,438
Local Accommodations Tax Fund	55,000
Pleasant Valley Fire Protection District Fund	630,294
Recreation Fund	2,564,282
Victims Services Fund	93,000
State Accommodations Tax Fund	107,581
Sunday Alcohol Sales Tax Fund	7,000
<u>Stormwater Fund</u>	1,027,690

The FY19 Budget addressed the following:

- The State implemented a five year plan to adjust pension contribution funding. The County appropriated \$131,150 to meet this mandate;
- \$400K to address building maintenance needs;
- \$425K for upgrades at Buford Rec- source is Hospitality Tax;
- A \$551,000 allocation for increase in state retirement contributions;
- Funding for sheriff's vehicles in the amount of \$500K;
- Two ambulances at \$610K;

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- Tandem dump truck (\$250K) and roll-off replacement (\$170K) for roads & bridges.

The Budget also addresses personnel needs which included:

- \$852,100 for 2% cola increase and compensation study adjustments;
- Several personnel adjustments to address County operating needs due to growth: Deputy County Administrator, Fire Marshal, two Equipment Operators, Solid Waste Compliance Officer, Associate Buyer. Also two positions in the Stormwater Fund: Outreach Coordinator and Engineering Technician.

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 2019 which includes 84.2 mils. County Council also adopted 5.0 mils for capital replacement needs, 8.3 mils for debt service, and 3.7 mils for Court Security. The FY19 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>- Finance Department's webpage.

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:

Chief Financial Officer
Lancaster County
P O Box 1809
Lancaster, SC 29721

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,118,010	\$ 100	\$ 14,118,110
Investments	46,134,246	-	46,134,246
Receivables:			
Taxes	2,223,502	-	2,223,502
Accounts	4,475,867	-	4,475,867
Due from other governments	4,882,317	171,080	5,053,397
Internal balances	232,115	(232,115)	-
Inventories	109,558	42,168	151,726
Prepaid expenses	67,042	-	67,042
Assets held for resale	888,428	-	888,428
Capital assets:			
Nondepreciable	9,396,623	2,390,811	11,787,434
Depreciable, net	78,041,482	4,660,759	82,702,241
Total assets	<u>160,569,190</u>	<u>7,032,803</u>	<u>167,601,993</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	198,635	-	198,635
Pension - South Carolina Retirement System	6,283,836	23,337	6,307,173
Pension - South Carolina Police Officers Retirement System	4,410,652	-	4,410,652
Other postemployment benefits	192,635	-	192,635
Total deferred outflows of resources	<u>11,085,758</u>	<u>23,337</u>	<u>11,109,095</u>
LIABILITIES			
Accounts payable	4,523,509	68,214	4,591,723
Accrued liabilities	1,958,581	-	1,958,581
Unearned revenues	201,278	17,050	218,328
Accrued interest payable	456,855	-	456,855
Noncurrent liabilities:			
Due within one year	7,007,053	-	7,007,053
Due in more than one year	35,619,694	-	35,619,694
Total other postemployment benefits liability	3,626,458	-	3,626,458
Net pension liability:			
South Carolina Retirement System	29,619,731	110,000	29,729,731
South Carolina Police Officers Retirement System	17,449,878	-	17,449,878
Total liabilities	<u>100,463,037</u>	<u>195,264</u>	<u>100,658,301</u>
DEFERRED INFLOWS OF RESOURCES			
Pension - South Carolina Retirement System	251,486	934	252,420
Other postemployment benefits	203,117	-	203,117
Total deferred inflows of resources	<u>454,603</u>	<u>934</u>	<u>455,537</u>
NET POSITION			
Net investment in capital assets	54,081,125	7,051,570	61,132,695
Restricted for:			
Property tax reduction	992,173	-	992,173
Capital projects	8,928,392	-	8,928,392
Public safety	3,761,622	-	3,761,622
Public works	75,178	-	75,178
Public health and welfare	214,292	-	214,292
Cultural and recreation	179,680	-	179,680
Economic development	1,292,891	-	1,292,891
Debt service	839,211	-	839,211
Unrestricted	372,744	(191,628)	181,116
Total net position	<u>\$ 70,737,308</u>	<u>\$ 6,859,942</u>	<u>\$ 77,597,250</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, 2018

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 17,494,736	\$ 7,463,310	\$ 1,873,675	\$ -	\$ (8,157,751)	\$ -	\$ (8,157,751)
Administration of justice	3,088,081	1,138,355	6,299	-	(1,943,427)	-	(1,943,427)
Public safety	24,935,032	1,561,431	1,189,218	-	(22,184,383)	-	(22,184,383)
Public works	11,076,062	1,291,436	1,733,595	1,080,009	(6,971,022)	-	(6,971,022)
Public health and welfare	7,699,119	2,216,563	35,963	-	(5,446,593)	-	(5,446,593)
Culture and recreation	3,842,198	1,173,383	7,562	258,264	(2,402,989)	-	(2,402,989)
Economic development	2,906,275	62,080	402,608	1,246,342	(1,195,245)	-	(1,195,245)
Interest on long-term debt	769,636	-	-	-	(769,636)	-	(769,636)
Total governmental activities	71,811,139	14,906,558	5,248,920	2,584,615	(49,071,046)	-	(49,071,046)
Business-type activities:							
Airport	570,727	164,079	-	1,618,622	-	1,211,974	1,211,974
Total business-type activities	570,727	164,079	-	1,618,622	-	1,211,974	1,211,974
Total primary government	\$ 72,381,866	\$ 15,070,637	\$ 5,248,920	\$ 4,203,237	(49,071,046)	1,211,974	(47,859,072)
General revenues:							
Property taxes levied for:							
General purposes					32,607,967	-	32,607,967
Public safety					1,388,510	-	1,388,510
Debt service					2,752,098	-	2,752,098
Capital projects					2,172,229	-	2,172,229
Other taxes and licenses					13,315,667	-	13,315,667
Grants and contributions not restricted for a specific purpose					3,081,986	-	3,081,986
Unrestricted investment earnings					553,374	-	553,374
Transfers					(67,000)	67,000	-
Total general revenues and transfers					55,804,831	67,000	55,871,831
Change in net position					6,733,785	1,278,974	8,012,759
Net position, beginning of year, as restated					64,003,523	5,580,968	69,584,491
Net position, end of year					\$ 70,737,308	\$ 6,859,942	\$ 77,597,250

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

LANCASTER COUNTY, SOUTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2018

	General Fund	Capital Projects Sales Tax 2 Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 13,288,743	\$ -	\$ 823,569	\$ 5,698	\$ 14,118,010
Investments	46,133,437	-	-	809	46,134,246
Taxes receivable, net	1,819,215	-	188,214	216,073	2,223,502
Accounts receivable, net	4,316,442	-	-	159,425	4,475,867
Due from other governments	2,201,597	2,171,706	548	508,466	4,882,317
Due from other funds	568,447	16,802,436	-	8,292,601	25,663,484
Prepaid expenditures	67,042	-	-	-	67,042
Inventories	109,558	-	-	-	109,558
Land held for resale	888,428	-	-	-	888,428
Total assets	<u>\$ 69,392,909</u>	<u>\$ 18,974,142</u>	<u>\$ 1,012,331</u>	<u>\$ 9,183,072</u>	<u>\$ 98,562,454</u>
LIABILITIES					
Accounts payable	\$ 4,382,197	\$ 27,704	\$ -	\$ 113,608	\$ 4,523,509
Accrued liabilities	1,958,581	-	-	-	1,958,581
Due to other funds	25,095,037	-	-	336,332	25,431,369
Unearned revenues	118,467	-	-	82,811	201,278
Total liabilities	<u>31,554,282</u>	<u>27,704</u>	<u>-</u>	<u>532,751</u>	<u>32,114,737</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	1,676,541	-	173,120	198,432	2,048,093
Unavailable revenue - emergency medical services	3,641,486	-	-	-	3,641,486
Unavailable revenue - intergovernmental	-	-	-	179,471	179,471
Total deferred inflows of resources	<u>5,318,027</u>	<u>-</u>	<u>173,120</u>	<u>377,903</u>	<u>5,869,050</u>
FUND BALANCES					
Nonspendable:					
Prepaid expenditures	67,042	-	-	-	67,042
Inventories	109,558	-	-	-	109,558
Land held for resale	888,428	-	-	-	888,428
Restricted for:					
Property tax reduction	992,173	-	-	-	992,173
DSS IV-D Incentive	214,292	-	-	-	214,292
Inmate commissary	106,326	-	-	-	106,326
Victim services	-	-	-	3,370	3,370
Drug task force	130,542	-	-	-	130,542
Capital projects	-	8,032,929	-	895,463	8,928,392
Public safety	-	-	-	3,521,384	3,521,384
Public works	-	-	-	485,600	485,600
Culture and recreation	-	-	-	179,680	179,680
Economic development	-	-	-	1,292,891	1,292,891
Roads and bridges	-	-	-	75,178	75,178
Debt service	-	-	839,211	-	839,211
Assigned:					
Culture and recreation	94,768	-	-	-	94,768
Subsequent year's budget	2,830,276	10,913,509	-	2,058,598	15,802,383
Unassigned	27,087,195	-	-	(239,746)	26,847,449
Total fund balances	<u>32,520,600</u>	<u>18,946,438</u>	<u>839,211</u>	<u>8,272,418</u>	<u>60,578,667</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 69,392,909</u>	<u>\$ 18,974,142</u>	<u>\$ 1,012,331</u>	<u>\$ 9,183,072</u>	<u>\$ 98,562,454</u>

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

LANCASTER COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances for governmental funds:	\$ 60,578,667
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.	87,438,105
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	5,869,050
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	\$ (29,372,360)
Unamortized refunding deferral amount on general obligation bonds	198,635
Unamortized bond premium	(2,158,137)
Capital lease obligations	(1,826,483)
Special source revenue bonds	(6,782,076)
Post-closure care liabilities	(1,117,203)
Compensated absences payable	(1,370,488)
Total other postemployment benefits liability	(3,636,940)
Net pension liability	(36,626,607)
Total long-term liabilities	(82,691,659)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(456,855)
Net position of governmental activities	<u>\$ 70,737,308</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, 2018

	General	Capital Projects Sales Tax 2	Debt Service	Nonmajor Governmental	Total Governmental
	Fund	Fund	Fund	Funds	Funds
REVENUES					
Property taxes	\$ 32,519,908	\$ -	\$ 2,752,098	\$ 3,563,236	\$ 38,835,242
Sales and other local taxes	2,411,954	8,596,418	-	1,526,776	12,535,148
Licenses and permits	6,802,235	-	-	-	6,802,235
Intergovernmental	4,913,937	-	-	5,499,695	10,413,632
Charges for services	4,263,883	-	-	2,536,315	6,800,198
Fines and forfeitures	1,045,120	-	-	94,063	1,139,183
Interest revenue	395,351	152,237	1,435	4,351	553,374
Contributions and donations	47,495	-	-	402,941	450,436
Other revenues	205,127	-	-	5	205,132
Total revenues	<u>52,605,010</u>	<u>8,748,655</u>	<u>2,753,533</u>	<u>13,627,382</u>	<u>77,734,580</u>
EXPENDITURES					
Current:					
General government	14,745,595	-	-	1,015,135	15,760,730
Administration of justice	2,112,988	-	-	-	2,112,988
Public safety	16,510,580	-	-	3,538,897	20,049,477
Public works	5,528,950	1,259,089	-	3,518,860	10,306,899
Public health and welfare	7,280,243	-	-	12,235	7,292,478
Culture and recreation	3,732,165	20,061	-	93,007	3,845,233
Economic development	395,014	-	-	2,421,897	2,816,911
Capital outlay	-	1,582,692	-	1,982,717	3,565,409
Debt service:					
Principal	166,406	-	5,059,493	529,492	5,755,391
Interest	55,681	-	1,460,193	73,611	1,589,485
Fees	-	-	3,500	-	3,500
Total expenditures	<u>50,527,622</u>	<u>2,861,842</u>	<u>6,523,186</u>	<u>13,185,851</u>	<u>73,098,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,077,388</u>	<u>5,886,813</u>	<u>(3,769,653)</u>	<u>441,531</u>	<u>4,636,079</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	78,715	-	2,971,259	601,548	3,651,522
Transfers out	(382,365)	(3,028,553)	-	(307,604)	(3,718,522)
Proceeds from the sale of capital assets	<u>154,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,875</u>
Total other financing sources (uses), net	<u>(148,775)</u>	<u>(3,028,553)</u>	<u>2,971,259</u>	<u>293,944</u>	<u>87,875</u>
Net change in fund balances	1,928,613	2,858,260	(798,394)	735,475	4,723,954
Fund balances, beginning of year	<u>30,591,987</u>	<u>16,088,178</u>	<u>1,637,605</u>	<u>7,536,943</u>	<u>55,854,713</u>
Fund balances, end of year	<u>\$ 32,520,600</u>	<u>\$ 18,946,438</u>	<u>\$ 839,211</u>	<u>\$ 8,272,418</u>	<u>\$ 60,578,667</u>

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

LANCASTER COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds	\$	4,723,954
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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	\$	5,734,627	
Depreciation expense		(7,053,763)	(1,319,136)

The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position.	(93,068)
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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.	(249,007)
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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	\$	5,801,733	
Amortization of premium/discount on long-term debt		771,088	
Amortization of the refunding deferral amount on the refunding general obligation bonds		(42,886)	6,529,935

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 method of accounting:

Pension liability	\$	(2,852,654)	
Landfill postclosure liability		39,520	
Compensated absences		(39,589)	
Accrued interest on long-term debt		52,261	
Other postemployment benefits liability		(58,431)	(2,858,893)
	\$		6,733,785

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

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUND JUNE 30, 2018

		Major Enterprise Fund Airport Fund
ASSETS		
CURRENT ASSETS		
Cash	\$	100
Due from other governments		171,080
Inventory		42,168
Total current assets		213,348
NONCURRENT ASSETS		
Capital assets:		
Nondepreciable		2,390,811
Depreciable, net of accumulated depreciation		4,660,759
Total noncurrent assets		7,051,570
Total assets		7,264,918
DEFERRED OUTFLOWS OF RESOURCES		
Pension		23,337
Total deferred outflows of resources		23,337
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable		68,214
Due to other funds		232,115
Unearned revenues		17,050
Total current liabilities		317,379
NONCURRENT LIABILITIES		
Net pension liability		110,000
Total noncurrent liabilities		110,000
Total liabilities		427,379
DEFERRED INFLOWS OF RESOURCES		
Pension		934
Total deferred inflows of resources		934
NET POSITION		
Investment in capital assets		7,051,570
Unrestricted		(191,628)
Total net position	\$	6,859,942

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, 2018

	Major Enterprise Fund Airport Fund
OPERATING REVENUES	
Charges for services:	
Sale of fuel	\$ 114,445
Rental income	49,634
Total operating revenues	<u>164,079</u>
OPERATING EXPENSES	
Salaries and fringe benefits	73,935
Costs of services	169,908
Depreciation	326,884
Total operating expenses	<u>570,727</u>
Operating loss	<u>(406,648)</u>
CAPITAL CONTRIBUTIONS	<u>1,618,622</u>
TRANSFERS	
Transfers in	67,000
Total transfers	<u>67,000</u>
Change in net position	1,278,974
Net position, beginning of year	<u>5,580,968</u>
Net position, end of year	<u><u>\$ 6,859,942</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, 2018

	Major Enterprise Fund Airport Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 109,117
Payments to suppliers	(112,613)
Payments to employees	(66,542)
Net cash used in operating activities	(70,038)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	67,000
Net cash provided by noncapital financing activities	67,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(1,615,584)
Intergovernmental revenues	1,618,622
Net cash used in capital and related financing activities	3,038
Net change in cash and cash equivalents	-
Cash and cash equivalents:	
Beginning of year	100
End of year	\$ 100
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (406,648)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	326,884
Changes in assets and liabilities:	
Increase in due from other governments	(13,257)
Increase in inventory	(8,319)
Decrease in deferred outflows of resources	2,209
Increase in accounts payable	65,614
Decrease in due to other funds	(51,430)
Increase in unearned revenues	9,725
Increase in net pension liability	4,365
Increase in deferred inflows of resources	819
Net cash used in operating activities	\$ (70,038)

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, 2018

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 21,862,287
Investments	75,820,771
Taxes receivable	6,326,265
Due from other governments	17,160
Total assets	<u>\$ 104,026,483</u>
LIABILITIES	
Due to other taxing districts and agencies	\$ 96,005,300
Due to others	8,021,183
Total liabilities	<u>\$ 104,026,483</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, 2018

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 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 County reports no component units.

Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position, 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

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.

The **Capital Projects Sales Tax 2 Fund** is used to account for the County's second local one-cent sales and use tax revenues that are restricted to pay for projects outlined in the County's bond resolution as well as additional capital projects not funded with bond proceeds.

The **Debt Service Fund** is 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The County reports the following major 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 ***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.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Government-wide Financial Statements (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements (Continued)

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 of 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.

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.

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 (Continued)

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, fees 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.

Property taxes for which there is an enforceable legal claim as of year end, but which were levied to finance fiscal year 2018 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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 the subsequent year's budget includes outstanding encumbrances of \$200,161, \$828,179, and \$350,959 in the General Fund, the Capital Projects Sales Tax 2 Fund, and the Nonmajor Governmental Funds, respectively. The assigned fund balance for the subsequent year's budget also includes appropriations of existing unassigned fund balance at year-end to eliminate a deficit in next year's budget of \$2,630,115, \$10,085,330, and \$1,707,639 in the General Fund, the Capital Projects Sales Tax 2 Fund, and the Nonmajor Governmental Funds, respectively.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 Local Government Investment Pool (LGIP). The LGIP is an investment mechanism authorized by the South Carolina State Legislature and is not registered with the SEC as an investment company. There is no regulatory oversight of the pool. The pool's primary objective is to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions. 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 in the pool are stated at fair value, which approximates cost. The County's investments in mutual funds are reported at fair value based on quoted market prices. The remaining investments of the County are reported at fair value.

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 acquisition value.

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 reports a separate section for *deferred outflows of resources*. This separate financial statement element 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 has seven (7) items that qualify for reporting in this category. One item is deferred charge on refunding, which is 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. The other six (6) items relate to the County's pension and other postemployment benefits (OPEB) plans and are reported in the government-wide and proprietary fund Statements of Net Position. (1) Experience gains result from periodic studies by the County's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. (2) Changes in actuarial assumptions adjust the net pension liabilities and are amortized into pension expense over the expected remaining service lives of plan members. (3) The differences between projected investment return on pension investments and actual return on those investments are deferred and amortized against pension expense over a five-year period. (4) The changes in the County's proportionate share of the collective net pension liability and differences between actual employer contributions and proportionate share of the total plan employer contributions are specific to cost-sharing multiple employer defined benefit pension plans and represent the current period amortized portions of these deferred outflows. (5) Any contributions made by the County to the pension plan before year end but subsequent to the measurement date of the County's net pension liability are reported as deferred outflows of resources. (6) Any contributions made by the County to the OPEB plan before year end but subsequent to the measurement date of the County's total OPEB liability are reported as deferred outflows of resources.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet reports a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of fund balance or net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has six (6) types of items that qualify for reporting in this category, three of which arise only under a modified accrual basis of accounting. Accordingly, the items, unavailable revenue, are reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenues from (1) property taxes, (2) emergency medical services, and (3) intergovernmental grant revenues and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

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 (Continued)

The other items relate to the County's pension and OPEB plans and are reported in the government-wide and proprietary fund Statements of Net Position. Certain experience losses (discussed in the previous paragraph) are deferred and amortized against expense over a five-year period, resulting in recognition as deferred inflows of resources. Additionally, the changes in the County's proportionate share of the collective net pension liability and differences between actual employer contributions and proportionate share of the total plan employer contributions (discussed in the previous paragraph) are specific to cost-sharing multiple employer defined benefit pension plans and represent the current period amortized portions of these deferred inflows. Finally, changes in actuarial assumptions (discussed in the previous paragraph) adjust the total OPEB liability and are amortized against pension expense over the expected remaining service lives of plan members.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity (Continued)

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.

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, and then unrestricted resources as needed, but County 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.

NOTES TO THE FINANCIAL STATEMENTS

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 Sunday Alcohol Sales Fund, Restricted Grants Fund, Hospitality Tax Fund, and Economic Development Fund), Debt Service fund, Capital Projects Sales Tax 2 Fund, and the Capital Improvement Fund. The legally adopted budgets for the General Fund are presented as required supplementary information.

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 County 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 County Council, and the County Administrator may make certain transfers between departments without approval of County Council. The legal level of budgetary control is the fund level.

Deficit Fund Equity

For the year ended June 30, 2018, the Restricted Grants Fund and the Bond Projects Fund reported deficit fund balances of \$179,847 and \$59,899, respectively. These deficits will be eliminated through the recognition of unearned revenues in future periods, through transfers from other funds, and from other future revenues.

NOTE 3. CASH AND INVESTMENTS

Total deposits and investments at June 30, 2018, are summarized below:

As reported in the Statement of Net Position:

Primary government	
Cash and cash equivalents	\$ 14,118,110
Investments	46,134,246
Agency Fund - cash and cash equivalents	21,862,287
Agency Fund - investments	75,820,771
	<u>\$ 157,935,414</u>
Cash deposited with financial institutions	\$ 40,288,168
SC State Investment Pool	116,068,107
U.S. Government Treasuries	867,227
U.S. Government Agencies	638,557
Mutual funds	52,908
Certificates of deposit	20,447
	<u>\$ 157,935,414</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Cash. 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, 2018, the carrying amount of the County's deposits was \$157,935,414 and the bank balance was \$158,445,277. 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 \$11,610 are reflected as cash.

As of June 30, 2018, 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	\$ 116,068,107	\$ 116,068,107	\$ -	\$ -
Money market accounts	4,307,771	4,307,771	-	-
Mutual funds	52,908	52,908	-	-
U.S. Government Treasuries	867,227	-	867,227	-
U.S. Government Agencies	638,557	395,414	243,143	-
Certificates of deposit	20,447	20,447	-	-
	<u>\$ 121,955,017</u>	<u>\$ 120,844,647</u>	<u>\$ 1,110,370</u>	<u>\$ -</u>

Fair Value Measurements. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The County has the following recurring fair value measurements as of June 30, 2018:

Investment	Level 1	Level 2	Level 3	Fair Value
Investments by Fair Value Level				
Debt securities:				
U.S. Treasuries	\$ 867,227	\$ -	\$ -	\$ 867,227
U.S. Agencies	492,423	146,134	-	638,557
Total debt securities	<u>1,359,650</u>	<u>146,134</u>	<u>-</u>	<u>1,505,784</u>
Mutual funds:				
Mutual fund taxable fixed income	<u>52,908</u>	<u>-</u>	<u>-</u>	<u>52,908</u>
Total mutual funds	<u>52,908</u>	<u>-</u>	<u>-</u>	<u>52,908</u>
Total investments by fair value level	<u>\$ 1,412,558</u>	<u>\$ 146,134</u>	<u>\$ -</u>	<u>\$ 1,558,692</u>

The U.S. Treasuries, U.S. Agencies, and the mutual fund taxable fixed income investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued). The investment in U.S. Agencies classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The County has no investments classified in Level 3 of the fair value hierarchy. The South Carolina Local Government Investment Pool (LGIP) is an investment pool, which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the County does not disclose investment in the LGIP within the fair value hierarchy. The County's investments in certificates of deposit are valued at amortized cost, which approximates fair value. As a result, the County's certificates of deposit are not disclosed within the fair value hierarchy.

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, 2018, the County owned \$638,557 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 LGIP 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 fair 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.

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 – Investments. 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

Receivables as of June 30, 2018, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects Sales Tax 2	Debt Service
Taxes receivable	\$ 1,914,963	\$ -	\$ 198,120
Accounts receivable	9,291,647	-	-
Due from other governments	2,201,597	2,171,706	548
Less: Allowance	(5,070,953)	-	(9,906)
Net receivables	<u>\$ 8,337,254</u>	<u>\$ 2,171,706</u>	<u>\$ 188,762</u>

	Nonmajor Governmental	Airport	Total
Taxes receivable	\$ 227,446	\$ -	\$ 2,340,529
Accounts receivable	159,425	-	9,451,072
Due from other governments	508,466	171,080	5,053,397
Less: Allowance	(11,373)	-	(5,092,232)
Net receivables	<u>\$ 883,964</u>	<u>\$ 171,080</u>	<u>\$ 11,752,766</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the County's governmental activities for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Governmental activities					
Capital assets not being depreciated					
Land	\$ 7,648,202	\$ 500	\$ -	\$ -	\$ 7,648,702
Construction in progress	1,296,088	451,833	-	-	1,747,921
Total capital assets not being depreciated	8,944,290	452,333	-	-	9,396,623
Capital assets being depreciated					
Buildings and improvements	65,335,006	1,041,252	-	-	66,376,258
Vehicles	29,899,848	2,081,812	(454,554)	-	31,527,106
Furniture and equipment	23,521,991	1,079,721	(580,333)	-	24,021,379
Infrastructure	17,592,724	1,079,509	-	-	18,672,233
Total capital assets being depreciated	136,349,569	5,282,294	(1,034,887)	-	140,596,976
Less accumulated depreciation					
Buildings and improvements	(16,645,818)	(1,854,555)	-	-	(18,500,373)
Vehicles	(16,374,563)	(2,218,395)	444,634	-	(18,148,324)
Furniture and equipment	(13,558,950)	(2,274,723)	497,185	-	(15,336,488)
Infrastructure	(9,864,219)	(706,090)	-	-	(10,570,309)
Total accumulated depreciation	(56,443,550)	(7,053,763)	941,819	-	(62,555,494)
Total capital assets being depreciated, net	79,906,019	(1,771,469)	(93,068)	-	78,041,482
Governmental activities capital assets, net	\$ 88,850,309	\$ (1,319,136)	\$ (93,068)	\$ -	\$ 87,438,105

Depreciation expense was charged to functions as follows:

General government	\$ 458,722
Administration of justice	975,526
Public safety	3,334,072
Public works, including depreciation of infrastructure assets	1,190,161
Public health and welfare	627,455
Culture and recreation	378,463
Economic development	89,364
Total governmental activities depreciation expense	\$ 7,053,763

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the County's business-type activities for the year ended June 30, 2018, was as follows:

Business-type activities	Balance June 30, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Capital assets not being depreciated					
Land	\$ 598,607	\$ -	\$ -	\$ -	\$ 598,607
Construction in progress	176,620	1,615,584	-	-	1,792,204
Total capital assets not being depreciated	<u>775,227</u>	<u>1,615,584</u>	<u>-</u>	<u>-</u>	<u>2,390,811</u>
Capital assets being depreciated					
Buildings and improvements	11,816,407	-	-	-	11,816,407
Total capital assets being depreciated	<u>11,816,407</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,816,407</u>
Less accumulated depreciation					
Buildings and improvements	(6,828,764)	(326,884)	-	-	(7,155,648)
Furniture and equipment	-	-	-	-	-
Total accumulated depreciation	<u>(6,828,764)</u>	<u>(326,884)</u>	<u>-</u>	<u>-</u>	<u>(7,155,648)</u>
Total capital assets being depreciated, net	<u>4,987,643</u>	<u>(326,884)</u>	<u>-</u>	<u>-</u>	<u>4,660,759</u>
Business-type activities capital assets, net	<u>\$ 5,762,870</u>	<u>\$ 1,288,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,051,570</u>

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

Airport	<u>\$ 326,884</u>
Total business-type activities depreciation expense	<u>\$ 326,884</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES

The following is a summary of long-term debt activity for the primary government for the fiscal year ended June 30, 2018:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Governmental activities					
General obligation bonds	\$ 34,589,492	\$ -	\$ (5,217,132)	\$ 29,372,360	\$ 5,263,753
Capital lease obligations	2,038,778	-	(212,295)	1,826,483	224,087
Special source revenue bonds	7,154,382	-	(372,306)	6,782,076	348,427
Post-closure care costs	1,156,723	-	(39,520)	1,117,203	56,398
Compensated absences	1,330,899	1,153,977	(1,114,388)	1,370,488	1,114,388
Total postemployment benefit liability	3,748,923	277,590	(400,055)	3,626,458	-
Net pension liability - SCRS	28,444,372	5,598,991	(4,423,632)	29,619,731	-
Net pension liability - PORS	15,998,839	3,990,257	(2,539,218)	17,449,878	-
Deferred amounts:					
Unamortized premium	2,929,225	-	(771,088)	2,158,137	-
	<u>\$ 97,391,633</u>	<u>\$ 11,020,815</u>	<u>\$ (15,089,634)</u>	<u>\$ 93,322,814</u>	<u>\$ 7,007,053</u>
 Business-type activities					
Net pension liability - SCRS	\$ 105,635	\$ 20,793	\$ (16,428)	\$ 110,000	\$ -
	<u>\$ 105,635</u>	<u>\$ 20,793</u>	<u>\$ (16,428)</u>	<u>\$ 110,000</u>	<u>\$ -</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 2015, the County issued 2015A, 2015B and 2015C general obligation bonds for the purposes of defraying the cost of capital projects approved in a referendum held in the County on November 4, 2014, as well as to refund the 2010B and 2010C bonds. The current refunding of the 2010B and 2010C bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$31,145 and \$101,786, respectively. The differences reported in the Statement of Net Position as a deferred outflow of resources are being charged to increase expenses through the year 2030 for the 2010B bonds and the year 2025 for the 2010C bonds using the straight-line method. The refunding transactions resulted in an economic gain of \$54,667 and \$214,875 for the 2010B and 2010C bonds, respectively. The 2010B and 2010C refunding transactions decreased the total debt service payments over the next 14 years by \$60,689 and \$229,436, respectively.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds (Continued)

During 2016, the County issued 2016A general obligation bonds for the purposes of funding the acquisition of fire trucks and such other lawful purposes, as the County Council shall determine. During 2017, the County issued 2017 general obligation bonds for the purpose of improvements to the Brookchase district.

General obligation bonds currently outstanding are as follows:

Description	Amount Issued	Interest Rate	Final Maturity	Annual Principal Payments	Amount Outstanding
General obligation refunding bonds, series 2009	\$ 4,630,000	3% to 4%	2024	\$240,000 to \$350,000	\$ 1,925,000
General obligation refunding bonds, taxable series 2010D (Build America Bonds)	3,660,000	2% to 3.5%	2020	\$115,000 to \$690,000	1,360,000
General obligation bonds, series 2015A	16,500,000	4% to 5%	2022	\$100,000 to \$3,600,000	13,425,000
General obligation refunding bonds, series 2015B	1,935,000	3% to 3.25%	2030	\$115,000 to \$165,000	1,705,000
General obligation refunding bonds, series 2015C	6,110,000	3% to 5%	2025	\$120,000 to \$1,475,000	5,735,000
General obligation bonds, series 2016A	6,750,000	2% to 5%	2023	\$800,000 to \$1,335,000	4,615,000
General obligation bonds, series 2017 (Brookchase)	650,000	2.61%	2030	\$40,000 to \$60,000	607,360
					<u>\$ 29,372,360</u>

The annual requirements to amortize all general obligation bonds as of June 30, 2018, including interest payments, are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2019	\$ 5,263,753	\$ 1,299,975	\$ 6,563,728
2020	5,489,895	1,058,902	6,548,797
2021	5,741,066	835,531	6,576,597
2022	6,027,269	556,108	6,583,377
2023	2,523,502	272,015	2,795,517
2024-2028	3,887,175	370,161	4,257,336
2028-2030	439,700	20,235	459,935
	<u>\$ 29,372,360</u>	<u>\$ 4,412,927</u>	<u>\$ 33,785,287</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds (Continued)

Debt service funds of \$823,569 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, 2018, the unamortized premium was \$7,431. 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, 2018, the unamortized premium was \$4,575.

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, 2018 are classified as a deferred outflow of resources on the Statement of Net Position. Amortization of \$42,886 has been included in interest expense for the year ended June 30, 2018. As of June 30, 2018, the County's outstanding in-substance defeased general obligation bond debt totaled \$2,885,000.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (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, 2018:

Machinery and equipment and construction in progress	\$ 2,324,278
Less: accumulated depreciation	<u>(661,846)</u>
	<u><u>\$ 1,662,432</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, 2018:

Fiscal Year Ending June 30,	Governmental Funds
2019	\$ 274,573
2020	232,567
2021	238,044
2022	243,686
2023	249,496
2024-2028	559,739
2029-2033	<u>220,000</u>
Total Minimum Lease Payments	2,018,105
Less: Amount Representing Interest	<u>(191,622)</u>
	<u><u>\$ 1,826,483</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Special Source Revenue Bonds

During 2015, the County issued special source revenue bonds in the amount of \$7,504,000 to finance the construction of the Keer America Corporation/Affiliates 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 2028 and have an annual interest rate of 4.0%.

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
2019	\$ 348,427	\$ 271,283	\$ 619,710
2020	323,592	257,346	580,938
2021	297,764	244,402	542,166
2022	955,577	232,492	1,188,069
2023	911,326	194,269	1,105,595
2024-2028	3,945,390	453,211	4,398,601
	<u>\$ 6,782,076</u>	<u>\$ 1,653,003</u>	<u>\$ 8,435,079</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% of capacity.

During fiscal year 2018, the County expended \$39,520 in landfill closure costs. Remaining post-closure costs are estimated at \$1,117,203 and included with the long-term liabilities in the Statement of Net Position. Post closure 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)

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, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2018, there no Industrial Revenue bonds outstanding.

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, 2018, the outstanding balance on this debt was \$5,277,000.

In June 2006, the County issued 2006A and 2006B special assessment debt in the amount of \$35,615,000. 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. In February 2016, the County issued Walnut Creek Improvement District 2016A-1 in the amount of \$8,510,000 and the Endemoor Assessment 2016 A Bonds in the amount of \$14,365,000. In December 2016, the County issued the Walnut Creek Improvement District 2016A-2 in the amount of \$3,380,000. 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, 2018, the outstanding balances on this debt was \$11,835,000, \$7,925,000, and \$3,165,000, respectively.

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. In December 2016, the County issued the Sun City Carolina Lakes Refunding Revenue Bonds 2016 in the amount of \$14,113,000 to refund the 2006 bonds. 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, 2018, the outstanding balance on this debt was \$13,119,000.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Special Assessment Debt Obligations (Continued)

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, 2018, the outstanding balance on this debt was \$28,602,500.

NOTE 8. EMPLOYEE BENEFITS

Retirement Plan

Overview:

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the State of South Carolina, and, therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description:

The County contributes to the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan that was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts and political subdivisions.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Plan Description (Continued):

In addition to the SCRS pension plan, the County also contributes to the South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan that was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Membership:

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is described below.

South Carolina Retirement System - Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment. This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the SCRS with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the SCRS with an effective date of membership on or after July 1, 2012, is a Class Three member.

South Carolina Police Officers Retirement System - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Benefits:

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

South Carolina Retirement System - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least 8 or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

South Carolina Police Officers Retirement System - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions:

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the Board are insufficient to maintain a thirty-year amortization schedule of the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 percent and 5 percent differentials between the SCRS and PORS employer and employee contribution rates, respectively.

If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

The Retirement System Funding and Administration Act increases employer contribution rates to 13.56 percent for SCRS and 16.24 percent for PORS, effective July 1, 2017. It also removes the 2.9 percent and 5 percent differential and increases and establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization schedule. The recent pension reform legislation also changes the long-term funded ratio requirement from ninety to eight-five. For the year ended June 30, 2018, the County contributed \$1,881,203 to the SCRS plan and \$1,472,281 to the PORS plan.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions (Continued):

Required employee contribution rates for the year ended June 30, 2018, are as follows:

South Carolina Retirement System

Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation

South Carolina Police Officers Retirement System

Employee Class Two	9.75% of earnable compensation
Employee Class Three	9.75% of earnable compensation

Required employer contribution rates for the year ended June 30, 2018, are as follows:

South Carolina Retirement System

Employee Class Two	13.41% of earnable compensation
Employee Class Three	13.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers Retirement System

Employee Class Two	15.84% of earnable compensation
Employee Class Three	15.84% of earnable compensation
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

Net Pension Liability:

The June 30, 2017 (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2016, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2017, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability (Continued):

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position. As of June 30, 2018 (measurement date of June 30, 2017), the net pension liability amounts for the County's proportionate share of the collective net pension liabilities associated with the SCRS and PORS plans are as follows:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employer's Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</u>	<u>County's Proportionate Share of the Collective Net Pension Liability</u>
SCRS	\$ 63,713,534	\$ 33,983,803	\$ 29,729,731	53.3%	0.132064%
PORS	\$ 44,674,362	\$ 27,224,484	\$ 17,449,878	60.9%	0.63696%

Actuarial Assumptions and Methods:

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2015, and the next experience study is scheduled to be conducted after the June 30, 2020, annual valuation is complete.

The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2016 valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumption, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Males multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Males multiplied by 111%

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30-year capital market assumptions. The actuarial long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year of the Systems. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation, which is summarized in the table on the following page.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component. As previously noted, the Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. The table below represents the assumed rate of return used in the original valuation.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Global Equity	45.0%		
Global public equity	31.0%	6.72%	2.08%
Private equity	9.0%	9.60%	0.86%
Equity options securities	5.0%	5.91%	0.30%
Real Assets	8.0%		
Real estate (private)	5.0%	4.32%	0.22%
Real estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
Opportunistic	17.0%		
GTAA/Risk parity	10.0%	4.16%	0.42%
Hedge funds (non-PA)	4.0%	3.82%	0.15%
Other opportunistic strategies	3.0%	4.16%	0.12%
Diversified Credit	18.0%		
Mixed credit	6.0%	3.92%	0.24%
Emerging markets	5.0%	5.01%	0.25%
Private debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core fixed income	10.0%	1.60%	0.16%
Cash and short duration (net)	2.0%	0.92%	0.01%
	100%		
Total expected real return			5.31%
Inflation for actuarial purposes			2.25%
Total expected nominal return			7.56%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Discount Rate:

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, the County's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following table presents the sensitivity of the net pension liabilities to changes in the discount rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate				
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)	
SCRS	\$ 38,317,538	\$ 29,729,731	\$ 24,518,949	
PORS	\$ 23,560,693	\$ 17,449,878	\$ 12,636,521	

Pension Expense:

For the year ended June 30, 2018, the County recognized its proportionate share of collective pension expense of \$3,013,390 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$886,896 for a total of \$3,900,286 for the SCRS plan. Additionally, for the year ended June 30, 2018, the County recognized its proportionate share of collective pension expense of \$2,154,716 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of \$195,615 for a total of \$2,350,331 for the PORS plan.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 132,535	\$ 16,478
Changes of assumptions	1,740,357	-
Net difference between projected and actual earnings on pension plan investments	829,914	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	1,723,164	235,942
Employer contributions subsequent to the measurement date	1,881,203	-
Total	<u>\$ 6,307,173</u>	<u>\$ 252,420</u>
 PORS	 Deferred Outflows of Resources	 Deferred Inflows of Resources
Differences between expected and actual experience	\$ 155,603	\$ -
Changes of assumptions	1,656,154	-
Net difference between projected and actual earnings on pension plan investments	621,811	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	504,803	-
Employer contributions subsequent to the measurement date	1,472,281	-
Total	<u>\$ 4,410,652</u>	<u>\$ -</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

County contributions subsequent to the measurement date of \$1,881,203 and \$1,472,281 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	SCRS	PORS
2019	\$ 1,699,904	\$ 909,875
2020	1,867,059	1,178,449
2021	841,884	785,119
2022	(235,297)	64,928

Pension Plan Fiduciary Net Position:

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, P.O. Box 11960, Columbia, SC 29211-1960.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Other Post-Employment Healthcare Benefits (OPEB)

Plan Description. In addition to providing pension benefits through the South Carolina Retirement System, the County, authorized by its County Council, 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.

Plan Membership. The Plan has 562 covered members for the year ended June 30, 2018; 78 members are retirees receiving benefits and 484 are active participants and dependents.

Funding Policy and Contributions. The County currently pays for other post-employment benefits on a pay-as-you-go basis. For the year ended June 30, 2018, the County paid \$170,414 toward the cost of retiree health insurance for eligible retired employees. The County's obligation to contribute to the Plan was established and may be amended by the Lancaster County Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the plan.

Total OPEB Liability. Effective July 1, 2017, the County implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly changed the County's accounting for OPEB amounts. The information disclosed below and on the following page is presented in accordance with this new standard.

The County's total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of July 1, 2017 with the actuary using standard techniques to roll forward the liability to the measurement date.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Other Post-Employment Healthcare Benefits (OPEB) (Continued)

Actuarial assumptions. The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	3.56% as of June 30, 2017
Healthcare cost trend rate:	6.75% - 4.15%, Ultimate Trend after 14 years
Inflation rate:	2.25%
Salary increase:	3.50% - 9.50% for PORS eligible employees and 3.00% - 7.00% for SCRS eligible employees per annum
Participation rate:	40.00% of all eligible employees and 25% for dental only coverage

For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. The following multipliers are applied to the base tables: 100% for male SCRS members, 111% for female SCRS members, 125% for male PORS members, and 111% for female PORS members.

Discount rate. The discount rate used to measure the total OPEB liability was 3.56% as of June 30, 2017. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 3.56% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2017.

Changes in the Total OPEB Liability. The changes in the total OPEB liability of the County for the years ended June 30, 2018 were as follows:

	Total OPEB Liability
Balances beginning of year	\$ 3,748,923
Changes for the year:	
Service cost	168,154
Interest	109,436
Difference between actual and expected experience	(22,432)
Assumption changes	(207,209)
Benefit payments and implicit subsidy	(170,414)
Net changes	(122,465)
Balances end of year	\$ 3,626,458

The required schedule of changes in the County's total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Other Post-Employment Healthcare Benefits (OPEB) (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County as of June 30, 2018 (June 30, 2017 measurement date), as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate:

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate		
1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
\$ 3,956,736	\$ 3,626,458	\$ 3,333,533

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County as of June 30, 2018 (June 30, 2017 measurement date), as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.75% decreasing to 3.15%) or 1-percentage-point higher (7.75% decreasing to 5.15%) than the current healthcare cost trend rates:

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate		
1% Decrease (5.75% decreasing to 3.15%)	Current Healthcare Cost Trend Rates (6.75% decreasing to 4.15%)	1% Increase (7.75% decreasing to 5.15%)
\$ 3,326,552	\$ 3,626,458	\$ 4,014,612

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2018, and the current sharing pattern of costs between employer and inactive employees.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Other Post-Employment Healthcare Benefits (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2018 the County recognized OPEB expense as follows:

<u>Description</u>		
Service cost (annual cost of current service)	\$	168,154
Interest on the total OPEB liability		109,436
Recognition of current year amortization - difference between expected and actual experience & assumption changes		<u>(26,524)</u>
Total aggregate OPEB expense	<u>\$</u>	<u>251,066</u>

At June 30, 2018, the County reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 19,841
Changes of assumptions	-	183,276
Employer contributions subsequent to the measurement date	<u>192,635</u>	<u>-</u>
Total	<u>\$ 192,635</u>	<u>\$ 203,117</u>

County contributions subsequent to the measurement date of \$192,635 are deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$ (26,524)
2020	(26,524)
2021	(26,524)
2022	(26,524)
2023	(26,524)
Thereafter	(70,497)

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, 2018, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	\$ 232,115
General Fund	Nonmajor Governmental Fund	336,332
Capital Project Sales Tax 2 Fund	General Fund	16,802,436
Nonmajor Governmental Funds	General Fund	8,292,601
		<u>\$ 25,663,484</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, 2018, consisted of the following individual amounts:

Transfer in Fund	Transfer Out Fund	Amount
General Fund	Capital Projects Sales	
	Tax 2 Fund	\$ 78,715
Debt Service	Capital Projects Sales	
	Tax 2 Fund	2,949,838
Airport Fund	General Fund	67,000
Nonmajor Governmental Funds	General Fund	315,365
Debt Service	Nonmajor Governmental Funds	21,421
Nonmajor Governmental Funds	Nonmajor Governmental Funds	286,183
		<u>\$ 3,718,522</u>

Transfers are used to (1) move revenues from the fund that the 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, 2018, 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, 2018, totaled approximately \$991,043.

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. TAX ABATEMENT PROGRAM

As of June 30, 2018, the County provides tax abatements through one program – the Economic Development Program.

The County, acting through its County Council, is authorized and empowered under and pursuant to the provisions of Chapter 44 of Title 12, Code of Laws of South Carolina 1976, as amended, to enter into agreements with any industry or business whereby the industry or business would pay fees in lieu of taxes with respect to certain properties which constitute “economic development properties” through which powers the industrial development of the State of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate or remain in the State and thus utilize and employ the manpower, products, and resources of the State and benefit the general public welfare of the County by providing services, employment, recreation, or other public benefits not otherwise provided locally.

Abatements are obtained through the program by application by a sponsor to County Council prior to commencing the improvements and are subject to approval by County Council by passage of an ordinance. Eligible abatement agreements are subject to a minimum investment as outlined in each individual agreement. The Code of Laws of South Carolina provides for a recapture of fees upon termination of approved agreements that did not meet the minimum investment criteria in the time frame provided for in each agreement. At the time of termination, the sponsor shall pay to the County an additional fee equal to the difference between the total amount of property taxes that would have been paid by the sponsor had the project been taxable, taking into account exemptions from property taxes that would have been available to the sponsor, and the amount of fee payments actually made by the sponsor.

Abatement agreements under the Economic Development Program equal a 100% reduction in property taxes during the exemption period as outlined in the agreement. A fee in lieu of tax (FILOT) is to be paid within the following parameters: the sponsor shall pay to the County an annual fee payment in connection with the economic development property which has been placed in service, in an amount not less than that the property taxes that would be due on the economic development property if it were taxable but using (1) an assessment ratio of not less than 4%; (2) a millage rate this is either fixed for the life of the fee or is allowed to increase or decrease every fifth year in step with the average cumulative actual millage rate applicable to the project based upon the preceding five-year period; or (3) a fair market value for the economic development property.

No other commitments were made by the County as part of the agreements.

Taxes abated as a result of the agreements under the Economic Development Program totaled \$1,081,773 for the year ended June 30, 2018.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14. CHANGE IN ACCOUNTING PRINCIPLE

The County has determined that a restatement to its July 1, 2017 beginning net position of the governmental activities was required to recognize the changes in accounting principles for implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, through which the accounting for OPEB plans and the related disclosure requirements were modified. The implementation of GASB Statement No. 75 requires retroactive implementation to the earliest period presented during the year of implementation.

The County has determined the following restatements as of July 1, 2017:

<i>Governmental Activities</i> net position, as previously reported	\$ 66,776,702
Change in accounting principle due to the implementation of GASB Statement No. 75:	
Net OPEB obligation, as previously reported	805,330
Total OPEB liability	(3,748,923)
Deferred outflows of resources for contributions subsequent to the measurement date	170,414
<i>Governmental Activities</i> net position, as restated	<u>\$ 64,003,523</u>

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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, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES:				
Property taxes	\$ 32,574,032	\$ 32,574,032	\$ 32,519,908	\$ (54,124)
Other local taxes	2,375,473	2,375,473	2,411,954	36,481
Licenses and permits	4,541,143	4,541,143	6,802,235	2,261,092
Intergovernmental	4,536,971	4,536,971	4,913,937	376,966
Charges for services	4,307,849	4,307,849	4,263,883	(43,966)
Fines and forfeitures	925,250	925,250	1,045,120	119,870
Interest revenue	50,500	50,500	395,351	344,851
Contributions and donations	53,000	53,000	47,495	(5,505)
Other revenues	128,713	128,713	205,127	76,414
Budgeted fund balance	3,062,009	3,609,105	-	(3,609,105)
Total revenues	52,554,940	53,102,036	52,605,010	(497,026)
EXPENDITURES:				
Current:				
General government:				
Non-departmental expenditures	1,547,858	1,547,858	1,397,809	150,049
Direct assistance to other agencies	1,081,124	1,081,124	1,072,799	8,325
County council	2,098,734	2,148,534	2,297,384	(148,850)
Administrator	466,491	514,531	415,183	99,348
Legal team	248,708	348,708	324,826	23,882
Finance	649,325	649,325	615,750	33,575
Human resources	349,179	491,235	471,139	20,096
Risk management	208,950	208,950	188,743	20,207
Management information services	1,210,230	1,210,230	1,087,974	122,256
GIS	250,251	250,251	252,883	(2,632)
Building	1,000,755	1,000,755	734,714	266,041
Zoning	422,647	422,647	388,400	34,247
Planning	576,873	576,873	440,496	136,377
Assessor	849,882	849,882	789,863	60,019
Auditor	353,570	353,570	290,291	63,279
Treasurer	411,293	411,293	407,493	3,800
Delinquent tax collector	327,903	327,903	318,424	9,479
Voter registration and elections	310,995	310,995	301,100	9,895
Register of deeds	341,600	341,600	340,504	1,096
Vehicle maintenance	604,921	604,921	605,714	(793)
Building maintenance	2,353,735	2,355,735	2,004,106	351,629
Total general government	15,665,024	16,006,920	14,745,595	1,261,325
Administration of justice:				
Circuit court	83,075	83,075	44,772	38,303
Clerk of court	375,800	375,800	353,707	22,093
Family court	376,297	376,297	355,189	21,108
Probate court	452,833	452,833	444,992	7,841
Magistrate court	907,505	907,505	914,328	(6,823)
Total administration of justice	2,195,510	2,195,510	2,112,988	82,522
Public safety:				
Coroner	465,775	465,775	553,882	(88,107)
Sheriff	9,013,741	9,013,741	8,746,950	266,791
Detention center	2,470,331	2,470,331	2,264,087	206,244
Communications	2,226,897	2,226,897	2,017,778	209,119
Emergency management	353,690	353,690	333,596	20,094
Fire commission	2,625,240	2,625,240	2,594,287	30,953
Total public safety	17,155,674	17,155,674	16,510,580	645,094

(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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES: (CONTINUED)				
Current: (Continued)				
Public works:				
Roads and bridges	\$ 2,889,025	\$ 2,989,025	\$ 2,961,705	\$ 27,320
Landfill	56,398	56,398	39,520	16,878
Solid waste	2,678,745	2,678,745	2,527,725	151,020
Total public works	<u>5,624,168</u>	<u>5,724,168</u>	<u>5,528,950</u>	<u>195,218</u>
Public health and welfare:				
EMS	6,692,341	6,797,541	6,613,703	183,838
Animal control	375,630	375,630	289,954	85,676
Health services	82,600	82,600	77,499	5,101
Social services and food stamps	66,210	66,210	41,712	24,498
DSS Family Independence	58,330	58,330	58,906	(576)
Veteran affairs	194,990	194,990	198,469	(3,479)
Total public health and welfare	<u>7,470,101</u>	<u>7,575,301</u>	<u>7,280,243</u>	<u>295,058</u>
Culture and recreation:				
Recreation	2,564,282	2,564,282	2,550,469	13,813
Library	1,189,980	1,189,980	1,181,696	8,284
Total culture and recreation	<u>3,754,262</u>	<u>3,754,262</u>	<u>3,732,165</u>	<u>22,097</u>
Economic development:				
Economic development	<u>411,246</u>	<u>411,246</u>	<u>395,014</u>	<u>16,232</u>
Debt service:				
Principal	166,408	166,408	166,406	2
Interest and other charges	55,681	55,681	55,681	-
Total debt service	<u>222,089</u>	<u>222,089</u>	<u>222,087</u>	<u>2</u>
Total expenditures	<u>52,498,074</u>	<u>53,045,170</u>	<u>50,527,622</u>	<u>2,517,548</u>
Excess of revenues over expenditures	<u>56,866</u>	<u>56,866</u>	<u>2,077,388</u>	<u>2,020,522</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	78,715	78,715	78,715	-
Transfers out	(135,581)	(135,581)	(382,365)	(246,784)
Proceeds from the sale of capital assets	-	-	154,875	154,875
Proceeds from capital lease	-	-	-	-
Total other financing sources (uses), net	<u>(56,866)</u>	<u>(56,866)</u>	<u>(148,775)</u>	<u>(91,909)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,928,613</u>	<u>\$ 1,928,613</u>
Fund balances, beginning of year			<u>30,591,987</u>	
Fund balances, end of year			<u>\$ 32,520,600</u>	

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

LANCASTER COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>2018</u>
Total OPEB liability	
Service cost	\$ 168,154
Interest on total OPEB liability	109,436
Assumption changes	(207,209)
Difference between actual and expected experience	(22,432)
Benefit payments and implicit subsidy	(170,414)
Net change in total OPEB liability	<u>(122,465)</u>
Total OPEB liability - beginning	<u>3,748,923</u>
Total OPEB liability - ending	<u><u>\$ 3,626,458</u></u>
 Covered-employee payroll	 \$ 19,252,683
 Total OPEB liability as a percentage of covered-employee payroll	 18.84%

The above schedule will present 10 years of information once it is accumulated.

The County is not accumulating assets in a trust funds that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

The discount rate changed from 2.92% as of June 30, 2017 to 3.56% as of June 30, 2018.

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

LANCASTER COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30

South Carolina Retirement System					
Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered employee payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.132064%	\$ 29,729,731	\$ 13,176,119	225.6%	53.3%
2016	0.133662%	28,550,007	12,068,466	236.6%	52.9%
2015	0.119621%	22,686,700	10,331,540	219.6%	57.0%
2014	0.112016%	19,285,442	8,328,188	231.6%	59.9%

South Carolina Police Officers Retirement System					
Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.63696%	\$ 17,449,878	\$ 8,363,722	208.6%	60.9%
2016	0.63075%	15,998,839	7,070,498	226.3%	60.4%
2015	0.60504%	13,186,911	6,953,011	189.7%	64.6%
2014	0.59357%	11,363,505	6,132,698	185.3%	67.5%

The above schedules will present 10 years of information once it is accumulated.

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

LANCASTER COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30

South Carolina Retirement System					
Fiscal Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2018	\$ 1,881,203	\$ 1,881,203	-	\$ 13,873,171	13.56%
2017	1,519,493	1,519,493	-	13,176,119	11.53%
2016	1,411,809	1,411,809	-	12,068,466	11.70%
2015	1,211,053	1,211,053	-	10,331,540	11.72%

South Carolina Police Officers Retirement System					
Fiscal Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2018	\$ 1,472,281	\$ 1,472,281	-	\$ 9,065,769	16.24%
2017	1,205,246	1,205,246	-	8,363,722	14.41%
2016	1,069,368	1,069,368	-	7,070,498	15.12%
2015	1,005,716	1,005,716	-	6,953,011	14.46%

The above schedules will present 10 years of information once it is accumulated.

Actuarial assumptions used in determining the statutorily required contribution are as follows:

System	SCRS	PORS
Calculation date	July 1, 2015	July 1, 2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	20% difference recognition	20% difference recognition
Amortization method	Level % of pay	Level % of pay
Amortization period	30 years variable, but not to exceed 30 years	27 years variable, but not to exceed 30 years
Investment return	7.50%	7.50%
Inflation	2.75%	2.75%
Salary increases	3.50% plus step-rate increases for members with less than 25 years of service	4.00% plus step-rate increases for members with less than 12 years of service
Mortality	RP-2000 Mortality Table (White Collar Adjustment for Educators), projected at Scale AA from year 2000. Male rates multiplied by 100% for non-educators and 110% for educators. Female rates multiplied by 90% for non-educators and 95% for educators	RP-2000 Mortality Table with Blue Collar Adjustment, projected at Scale AA from year 2000. Male and female rates are multiplied by 115%

COMBINING STATEMENTS AND SCHEDULES

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 purposes as outlined by state law.

The **Restricted Grants Fund** accounts for the intergovernmental funds received from the 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 **Economic Development Fund** accounts for fee-in-lieu of tax revenues that are collected to pay for the promotion of economic development activities in the County.

The **Development Agreements Fund** accounts for the revenues collected through development agreements that are restricted for specific purposes as outlined in the individual development agreements.

The **Hospitality Tax Fund** accounts for the revenues collected as a percentage of sales for restaurants in the County used for improvement of tourism related services and facilities.

LANCASTER COUNTY, SOUTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

The **State Accommodations Tax Fund** accounts for the revenues collected through South Carolina Accommodation Tax Act and be used for advertising and promotion of tourism and related expenditures.

The **Stormwater Fund** accounts for the revenues collected through a stormwater fee billed and be used for as a percentage of sales for restaurants in the County used for all stormwater activities in the panhandle SMS4 service area.

CAPITAL PROJECTS FUNDS

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 **Keer Special Sources Fund** accounts for the capital projects funded with special assessment debt that is restricted for improvements to the area's infrastructure.

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 **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

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2018

	Special Revenue Funds	Capital Projects Funds	Totals
ASSETS			
Cash and cash equivalents	\$ 5,698	\$ -	\$ 5,698
Investments	-	809	809
Taxes receivable	94,347	121,726	216,073
Accounts receivable, net	159,425	-	159,425
Due from other governments	508,466	-	508,466
Due from other funds	7,404,781	887,820	8,292,601
Total assets	<u>\$ 8,172,717</u>	<u>\$ 1,010,355</u>	<u>\$ 9,183,072</u>
LIABILITIES			
Accounts payable	\$ 110,411	\$ 3,197	\$ 113,608
Due to other funds	276,433	59,899	336,332
Unearned revenues	82,811	-	82,811
Total liabilities	<u>469,655</u>	<u>63,096</u>	<u>532,751</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	86,737	111,695	198,432
Unavailable revenue - intergovernmental	179,471	-	179,471
Total deferred inflows of resources	<u>266,208</u>	<u>111,695</u>	<u>377,903</u>
FUND BALANCES			
Restricted for:			
Victim services	3,370	-	3,370
Public safety	3,521,384	-	3,521,384
Public works	485,600	-	485,600
Culture and recreation	179,680	-	179,680
Economic development	1,292,891	-	1,292,891
Roads and bridges	75,178	-	75,178
Capital projects	-	895,463	895,463
Assigned:			
Subsequent year's budget	2,058,598	-	2,058,598
Unassigned	(179,847)	(59,899)	(239,746)
Total fund balances	<u>7,436,854</u>	<u>835,564</u>	<u>8,272,418</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,172,717</u>	<u>\$ 1,010,355</u>	<u>\$ 9,183,072</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, 2018

	Special Revenue Funds	Capital Projects Funds	Totals
Revenues:			
Property taxes	\$ 1,391,007	\$ 2,172,229	\$ 3,563,236
Other taxes	1,526,776	-	1,526,776
Intergovernmental	5,499,695	-	5,499,695
Charges for services	2,474,235	62,080	2,536,315
Fines and forfeitures	94,063	-	94,063
Interest revenue	4,244	107	4,351
Contributions and donations	402,941	-	402,941
Other revenues	5	-	5
Total revenues	<u>11,392,966</u>	<u>2,234,416</u>	<u>13,627,382</u>
Expenditures:			
Current:			
General government	1,015,135	-	1,015,135
Public safety	3,538,897	-	3,538,897
Public works	3,518,860	-	3,518,860
Public health and welfare	12,235	-	12,235
Culture and recreation	93,007	-	93,007
Economic development	2,421,897	-	2,421,897
Capital outlay	-	1,982,717	1,982,717
Debt service:			
Principal	160,890	368,602	529,492
Interest	56,646	16,965	73,611
Total expenditures	<u>10,817,567</u>	<u>2,368,284</u>	<u>13,185,851</u>
Excess (deficiency) of revenues over (under) expenditures	<u>575,399</u>	<u>(133,868)</u>	<u>441,531</u>
Other financing sources (uses):			
Transfers in	601,548	-	601,548
Transfers out	(286,183)	(21,421)	(307,604)
Total other financing uses, net	<u>315,365</u>	<u>(21,421)</u>	<u>293,944</u>
Net change in fund balances	890,764	(155,289)	735,475
Fund balances, beginning of year	<u>6,546,090</u>	<u>990,853</u>	<u>7,536,943</u>
Fund balances, end of year	<u><u>\$ 7,436,854</u></u>	<u><u>\$ 835,564</u></u>	<u><u>\$ 8,272,418</u></u>

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2018

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,165
Taxes receivable	-	-	-	-	94,347	-
Accounts receivable, net	7,594	-	28,306	-	-	4,190
Due from other governments	-	-	38,547	-	-	-
Due from other funds	172,086	516,166	1,283,154	702,176	870,950	-
Total assets	<u>\$ 179,680</u>	<u>\$ 516,166</u>	<u>\$ 1,350,007</u>	<u>\$ 702,176</u>	<u>\$ 965,297</u>	<u>\$ 7,355</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	3,985
Unearned revenues	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,985</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	86,737	-
Unavailable revenue - intergovernmental	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,737</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Restricted for:						
Victim services	-	-	-	-	-	3,370
Public safety	-	516,166	1,350,007	702,176	878,560	-
Public works	-	-	-	-	-	-
Culture and recreation	179,680	-	-	-	-	-
Economic development	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-
Assigned:						
Subsequent year's budget	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>179,680</u>	<u>516,166</u>	<u>1,350,007</u>	<u>702,176</u>	<u>878,560</u>	<u>3,370</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 179,680</u>	<u>\$ 516,166</u>	<u>\$ 1,350,007</u>	<u>\$ 702,176</u>	<u>\$ 965,297</u>	<u>\$ 7,355</u>

(Continued)

Transportation Fund	Sunday Alcohol Sales Fund	Restricted Grants Fund	Economic Development Fund	Development Agreements Fund	Hospitality Tax Fund
\$ -	\$ -	\$ 2,533	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,870	-	-	-	-	116,465
102,569	15,000	352,350	-	-	-
262,003	59,475	-	20,692	1,707,639	1,008,821
<u>\$ 367,442</u>	<u>\$ 74,475</u>	<u>\$ 354,883</u>	<u>\$ 20,692</u>	<u>\$ 1,707,639</u>	<u>\$ 1,125,286</u>
\$ 110,411	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	272,448	-	-	-
-	-	82,811	-	-	-
<u>110,411</u>	<u>-</u>	<u>355,259</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	179,471	-	-	-
<u>-</u>	<u>-</u>	<u>179,471</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	74,475	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	20,692	-	1,072,884
75,178	-	-	-	-	-
181,853	-	-	-	1,707,639	52,402
-	-	(179,847)	-	-	-
<u>257,031</u>	<u>74,475</u>	<u>(179,847)</u>	<u>20,692</u>	<u>1,707,639</u>	<u>1,125,286</u>
<u>\$ 367,442</u>	<u>\$ 74,475</u>	<u>\$ 354,883</u>	<u>\$ 20,692</u>	<u>\$ 1,707,639</u>	<u>\$ 1,125,286</u>

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2018

	State Accommodations Tax Fund	Stormwater Fund	Totals
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 5,698
Taxes receivable	-	-	94,347
Accounts receivable, net	-	-	159,425
Due from other governments	-	-	508,466
Due from other funds	273,019	528,600	7,404,781
Total assets	<u>\$ 273,019</u>	<u>\$ 528,600</u>	<u>\$ 8,172,717</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 110,411
Due to other funds	-	-	276,433
Unearned revenues	-	-	82,811
Total liabilities	<u>-</u>	<u>-</u>	<u>469,655</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	-	-	86,737
Unavailable revenue - intergovernmental	-	-	179,471
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>266,208</u>
FUND BALANCES (DEFICITS)			
Restricted for:			
Victim services	-	-	3,370
Public safety	-	-	3,521,384
Pulic works	-	485,600	485,600
Culture and recreation	-	-	179,680
Economic development	199,315	-	1,292,891
Roads and bridges	-	-	75,178
Assigned:			
Subsequent year's budget	73,704	43,000	2,058,598
Unassigned	-	-	(179,847)
Total fund balances (deficits)	<u>273,019</u>	<u>528,600</u>	<u>7,436,854</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 273,019</u>	<u>\$ 528,600</u>	<u>\$ 8,172,717</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, 2018

	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	\$ -	\$ -	\$ -	\$ -	\$ 1,388,510	\$ -
Other taxes	70,521	-	327,526	-	-	-
Intergovernmental	-	-	206,267	-	-	-
Charges for services	-	736,770	-	595,860	-	-
Fines and forfeitures	-	3,381	-	4,314	-	79,550
Interest revenue	153	365	1,165	574	-	-
Contributions and donations	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues	<u>70,674</u>	<u>740,516</u>	<u>534,958</u>	<u>600,748</u>	<u>1,388,510</u>	<u>79,550</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	537,366	383,550	300,400	1,232,717	90,205
Public works	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Culture and recreation	41,168	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service:						
Principal	-	45,890	-	115,000	-	-
Interest	-	1,434	-	55,212	-	-
Total expenditures	<u>41,168</u>	<u>584,690</u>	<u>383,550</u>	<u>470,612</u>	<u>1,232,717</u>	<u>90,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,506</u>	<u>155,826</u>	<u>151,408</u>	<u>130,136</u>	<u>155,793</u>	<u>(10,655)</u>
Other financing sources (uses):						
Transfers in	-	86,768	-	99,415	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>86,768</u>	<u>-</u>	<u>99,415</u>	<u>-</u>	<u>-</u>
Net change in fund balances	29,506	242,594	151,408	229,551	155,793	(10,655)
Fund balances (deficit), beginning of year	<u>150,174</u>	<u>273,572</u>	<u>1,198,599</u>	<u>472,625</u>	<u>722,767</u>	<u>14,025</u>
Fund balances (deficit), end of year	<u>\$ 179,680</u>	<u>\$ 516,166</u>	<u>\$ 1,350,007</u>	<u>\$ 702,176</u>	<u>\$ 878,560</u>	<u>\$ 3,370</u>

(Continued)

Transportation Fund	Sunday Alcohol Sales Fund	Restricted Grants Fund	Economic Development Fund	Development Agreements Fund	Hospitality Tax Fund
\$ -	\$ -	\$ -	\$ 2,497	\$ -	\$ -
-	-	-	-	-	1,128,729
1,625,496	16,950	3,650,982	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
799	-	-	-	-	776
-	-	402,941	-	-	-
-	5	-	-	-	-
<u>1,626,295</u>	<u>16,955</u>	<u>4,053,923</u>	<u>2,497</u>	<u>-</u>	<u>1,129,505</u>
-	-	516,216	-	-	498,919
-	2,690	903,518	-	88,451	-
2,864,557	-	34,068	-	-	-
-	-	12,235	-	-	-
-	-	9,493	-	-	-
-	-	2,421,897	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,864,557</u>	<u>2,690</u>	<u>3,897,427</u>	<u>-</u>	<u>88,451</u>	<u>498,919</u>
<u>(1,238,262)</u>	<u>14,265</u>	<u>156,496</u>	<u>2,497</u>	<u>(88,451)</u>	<u>630,586</u>
-	-	100,000	-	-	-
<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(186,183)</u>	<u>-</u>
<u>(100,000)</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(186,183)</u>	<u>-</u>
<u>(1,338,262)</u>	<u>14,265</u>	<u>256,496</u>	<u>2,497</u>	<u>(274,634)</u>	<u>630,586</u>
<u>1,595,293</u>	<u>60,210</u>	<u>(436,343)</u>	<u>18,195</u>	<u>1,982,273</u>	<u>494,700</u>
<u>\$ 257,031</u>	<u>\$ 74,475</u>	<u>\$ (179,847)</u>	<u>\$ 20,692</u>	<u>\$ 1,707,639</u>	<u>\$ 1,125,286</u>

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, 2018

	State Accommodations Tax Fund	Stormwater Fund	Totals
Revenues:			
Property taxes	\$ -	\$ -	\$ 1,391,007
Other taxes	-	-	1,526,776
Intergovernmental	-	-	5,499,695
Charges for services	-	1,141,605	2,474,235
Fines and forfeitures	-	6,818	94,063
Interest revenue	-	412	4,244
Contributions and donations	-	-	402,941
Other revenues	-	-	5
Total revenues	<u>-</u>	<u>1,148,835</u>	<u>11,392,966</u>
Expenditures:			
Current:			
General government	-	-	1,015,135
Public safety	-	-	3,538,897
Public works	-	620,235	3,518,860
Public health and welfare	-	-	12,235
Culture and recreation	42,346	-	93,007
Economic development	-	-	2,421,897
Debt service:			
Principal	-	-	160,890
Interest	-	-	56,646
Total expenditures	<u>42,346</u>	<u>620,235</u>	<u>10,817,567</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,346)</u>	<u>528,600</u>	<u>575,399</u>
Other financing sources (uses):			
Transfers in	315,365	-	601,548
Transfers out	<u>-</u>	<u>-</u>	<u>(286,183)</u>
Total other financing sources, net	<u>315,365</u>	<u>-</u>	<u>315,365</u>
Net change in fund balances	273,019	528,600	890,764
Fund balances (deficit), beginning of year	<u>-</u>	<u>-</u>	<u>6,546,090</u>
Fund balances (deficit), end of year	<u>\$ 273,019</u>	<u>\$ 528,600</u>	<u>\$ 7,436,854</u>

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LANCASTER COUNTY, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2018**

	KEER Special Sources Fund	Bond Projects Fund	Brookchase Special Tax District Fund	Capital Improvement Fund	Edgewater Improvement District Fund
ASSETS					
Investments	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes receivable	-	-	-	121,726	-
Due from other funds	-	-	85,898	798,725	2,486
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,898</u>	<u>\$ 920,451</u>	<u>\$ 2,486</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,486
Due to other funds	-	59,899	-	-	-
Total liabilities	<u>-</u>	<u>59,899</u>	<u>-</u>	<u>-</u>	<u>2,486</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	111,695	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,695</u>	<u>-</u>
FUND BALANCES (DEFICIT)					
Restricted for:					
Capital projects	-	-	85,898	808,756	-
Assigned:					
Subsequent year's budget	-	-	-	-	-
Unassigned	-	(59,899)	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>(59,899)</u>	<u>85,898</u>	<u>808,756</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,898</u>	<u>\$ 920,451</u>	<u>\$ 2,486</u>

Edgewater II Improvement District Fund	Sun City Special Assessments Fund	Totals
\$ 809	\$ -	\$ 809
-	-	121,726
-	711	887,820
<u>\$ 809</u>	<u>\$ 711</u>	<u>\$ 1,010,355</u>
\$ -	\$ 711	\$ 3,197
-	-	59,899
<u>-</u>	<u>711</u>	<u>63,096</u>
-	-	111,695
<u>-</u>	<u>-</u>	<u>111,695</u>
809	-	895,463
-	-	-
-	-	(59,899)
<u>809</u>	<u>-</u>	<u>835,564</u>
<u>\$ 809</u>	<u>\$ 711</u>	<u>\$ 1,010,355</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, 2018

	KEER Special Sources Fund	Bond Projects Fund	Brookchase Special Tax District Fund	Capital Improvement Fund	Edgewater Improvement District Fund
Revenues:					
Property taxes	\$ 325,962	\$ -	\$ -	\$ 1,846,267	\$ -
Charges for services	-	-	62,080	-	-
Interest revenue	-	17	83	-	-
Total revenues	<u>325,962</u>	<u>17</u>	<u>62,163</u>	<u>1,846,267</u>	<u>-</u>
Expenditures:					
Capital outlay:					
General government	-	6,813	-	153,868	-
Public safety	-	-	-	806,148	-
Public works	-	-	-	413,287	-
Public health and welfare	-	53,087	-	549,514	-
Debt service:					
Principal	325,962	-	42,640	-	-
Interest	-	-	16,965	-	-
Total expenditures	<u>325,962</u>	<u>59,900</u>	<u>59,605</u>	<u>1,922,817</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(59,883)</u>	<u>2,558</u>	<u>(76,550)</u>	<u>-</u>
Other financing uses:					
Transfers out	-	(21,421)	-	-	-
Total other financing uses	<u>-</u>	<u>(21,421)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(81,304)	2,558	(76,550)	-
Fund balances (deficits), beginning of year	<u>-</u>	<u>21,405</u>	<u>83,340</u>	<u>885,306</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ (59,899)</u>	<u>\$ 85,898</u>	<u>\$ 808,756</u>	<u>\$ -</u>

Edgewater II Improvement District Fund	Sun City Special Assessments Fund	Totals
\$ -	\$ -	\$ 2,172,229
-	-	62,080
7	-	107
<u>7</u>	<u>-</u>	<u>2,234,416</u>
-	-	160,681
-	-	806,148
-	-	413,287
-	-	602,601
-	-	368,602
-	-	16,965
<u>-</u>	<u>-</u>	<u>2,368,284</u>
<u>7</u>	<u>-</u>	<u>(133,868)</u>
<u>-</u>	<u>-</u>	<u>(21,421)</u>
<u>-</u>	<u>-</u>	<u>(21,421)</u>
7	-	(155,289)
<u>802</u>	<u>-</u>	<u>990,853</u>
<u>\$ 809</u>	<u>\$ -</u>	<u>\$ 835,564</u>

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, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Other taxes	\$ 55,000	\$ 55,000	\$ 70,521	\$ 15,521
Interest revenue	-	-	153	153
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>70,674</u>	<u>15,674</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>55,000</u>	<u>55,000</u>	<u>41,168</u>	<u>13,832</u>
Total expenditures	<u>55,000</u>	<u>55,000</u>	<u>41,168</u>	<u>13,832</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	29,506	<u>\$ 29,506</u>
FUND BALANCES, beginning of year			<u>150,174</u>	
FUND BALANCES, end of year			<u>\$ 179,680</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, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	\$ 579,438	\$ 579,438	\$ 736,770	\$ 157,332
Fines and forfeitures	-	-	3,381	3,381
Investment income	-	-	365	365
Total revenues	<u>579,438</u>	<u>579,438</u>	<u>740,516</u>	<u>161,078</u>
EXPENDITURES				
Current:				
Public safety	557,113	557,113	537,366	19,747
Debt service:				
Principal	45,891	45,891	45,890	1
Interest	1,434	1,434	1,434	-
Total expenditures	<u>604,438</u>	<u>604,438</u>	<u>584,690</u>	<u>19,748</u>
Excess (deficiency) of revenues over (under) expenditures	(25,000)	(25,000)	155,826	180,826
Other financing sources				
Transfers in	25,000	25,000	86,768	-
Total other financing sources	<u>25,000</u>	<u>25,000</u>	<u>86,768</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	242,594	<u>\$ 180,826</u>
FUND BALANCES, beginning of year			<u>273,572</u>	
FUND BALANCES, end of year			<u>\$ 516,166</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, 2018**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Other taxes	\$ 295,000	\$ 295,000	\$ 327,526	\$ 32,526
Intergovernmental	303,945	303,945	206,267	(97,678)
Interest revenue	-	-	1,165	1,165
Total revenues	<u>598,945</u>	<u>598,945</u>	<u>534,958</u>	<u>(63,987)</u>
EXPENDITURES				
Current:				
Public safety	<u>598,945</u>	<u>598,945</u>	<u>383,550</u>	<u>215,395</u>
Total expenditures	<u>598,945</u>	<u>598,945</u>	<u>383,550</u>	<u>215,395</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	151,408	<u>\$ 151,408</u>
FUND BALANCES, beginning of year			<u>1,198,599</u>	
FUND BALANCES, end of year			<u>\$ 1,350,007</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, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	\$ 527,794	\$ 527,794	\$ 595,860	\$ 68,066
Fines and forfeitures	2,500	2,500	4,314	1,814
Interest revenue	-	-	574	574
Total revenues	<u>530,294</u>	<u>530,294</u>	<u>600,748</u>	<u>70,454</u>
EXPENDITURES				
Current:				
Public safety	360,081	360,081	300,400	59,681
Debt service:				
Principal	115,000	115,000	115,000	-
Interest	55,213	55,213	55,212	1
Total expenditures	<u>530,294</u>	<u>530,294</u>	<u>470,612</u>	<u>59,682</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>130,136</u>	<u>130,136</u>
Other financing sources				
Transfers in	-	-	99,415	99,415
Total other financing sources	<u>-</u>	<u>-</u>	<u>99,415</u>	<u>99,415</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>229,551</u>	<u>\$ 229,551</u>
FUND BALANCES, beginning of year			<u>472,625</u>	
FUND BALANCES, end of year			<u>\$ 702,176</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, 2018**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Property taxes	\$ 1,371,695	\$ 1,371,695	\$ 1,388,510	\$ 16,815
Total revenues	<u>1,371,695</u>	<u>1,371,695</u>	<u>1,388,510</u>	<u>16,815</u>
EXPENDITURES				
Current:				
Public safety	<u>1,371,695</u>	<u>1,371,695</u>	<u>1,232,717</u>	<u>138,978</u>
Total expenditures	<u>1,371,695</u>	<u>1,371,695</u>	<u>1,232,717</u>	<u>138,978</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	155,793	<u>\$ 155,793</u>
FUND BALANCES, beginning of year			<u>722,767</u>	
FUND BALANCES, end of year			<u>\$ 878,560</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, 2018**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Fines and forfeitures	\$ 78,000	\$ 78,000	\$ 79,550	\$ 1,550
Total revenues	<u>78,000</u>	<u>78,000</u>	<u>79,550</u>	<u>1,550</u>
EXPENDITURES				
Current:				
Public safety	93,000	93,000	90,205	2,795
Total expenditures	<u>93,000</u>	<u>93,000</u>	<u>90,205</u>	<u>2,795</u>
Deficiency of expenditures under revenues	(15,000)	(15,000)	(10,655)	(1,245)
Other financing sources				
Transfers in	15,000	15,000	-	(15,000)
Total other financing sources	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(10,655)	<u>\$ (16,245)</u>
FUND BALANCES, beginning of year			14,025	
FUND BALANCES, end of year			<u>\$ 3,370</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, 2018**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	\$ 2,225,000	\$ 2,225,000	\$ 1,625,496	\$ (599,504)
Interest revenue	-	-	799	799
Budgeted fund balance	2,024,524	2,024,524	-	(2,024,524)
Total revenues	<u>4,249,524</u>	<u>4,249,524</u>	<u>1,626,295</u>	<u>(2,623,229)</u>
EXPENDITURES				
Current:				
Public works	4,249,524	4,249,524	2,864,557	1,384,967
Total expenditures	<u>4,249,524</u>	<u>4,249,524</u>	<u>2,864,557</u>	<u>1,384,967</u>
Deficiency of expenditures under revenues	-	-	(1,238,262)	(1,238,262)
Other financing uses				
Transfers out	-	-	(100,000)	(100,000)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,338,262)</u>	<u>\$ (1,338,262)</u>
FUND BALANCES, beginning of year			<u>1,595,293</u>	
FUND BALANCES, end of year			<u>\$ 257,031</u>	

LANCASTER COUNTY, SOUTH CAROLINA
DEVELOPMENT AGREEMENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Budgeted fund balance	302,000	302,000	-	(302,000)
Total revenues	302,000	302,000	-	(302,000)
EXPENDITURES				
Current:				
Public safety	102,000	102,000	88,451	13,549
Total expenditures	102,000	102,000	88,451	13,549
Excess (deficiency) of revenues over (under) expenditures	200,000	200,000	(88,451)	(288,451)
Other financing uses				
Transfers out	(200,000)	(200,000)	(186,183)	13,817
Total other financing uses	(200,000)	(200,000)	(186,183)	13,817
Net change in fund balance	\$ -	\$ -	(274,634)	\$ (274,634)
FUND BALANCES, beginning of year			1,982,273	
FUND BALANCES, end of year			\$ 1,707,639	

LANCASTER COUNTY, SOUTH CAROLINA
STATE ACCOMMODATIONS TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Other taxes	\$ 54,000	\$ 54,000	\$ -	\$ (54,000)
Total revenues	<u>54,000</u>	<u>54,000</u>	<u>-</u>	<u>(54,000)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>81,131</u>	<u>81,131</u>	<u>42,346</u>	<u>38,785</u>
Total expenditures	<u>81,131</u>	<u>81,131</u>	<u>42,346</u>	<u>38,785</u>
Deficiency of revenues under expenditures	(27,131)	(27,131)	(42,346)	(15,215)
Other financing sources (uses)				
Transfers in	53,581	53,581	315,365	261,784
Transfers out	<u>(26,450)</u>	<u>(26,450)</u>	<u>-</u>	<u>26,450</u>
Total other financing sources, net	<u>27,131</u>	<u>27,131</u>	<u>315,365</u>	<u>288,234</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	273,019	<u>\$ 273,019</u>
FUND BALANCES, beginning of year			<u>-</u>	
FUND BALANCES, end of year			<u>\$ 273,019</u>	

**LANCASTER COUNTY, SOUTH CAROLINA
STORMWATER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	\$ -	\$ 1,027,690	\$ 1,141,605	\$ 113,915
Fines and forfeitures	-	-	6,818	6,818
Interest revenue	-	-	412	412
Total revenues	<u>-</u>	<u>1,027,690</u>	<u>1,148,835</u>	<u>121,145</u>
EXPENDITURES				
Current:				
Public works	-	1,027,690	620,235	407,455
Total expenditures	<u>-</u>	<u>1,027,690</u>	<u>620,235</u>	<u>407,455</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	528,600	<u>\$ 528,600</u>
FUND BALANCES, beginning of year			<u>-</u>	
FUND BALANCES, end of year			<u>\$ 528,600</u>	

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, 2018**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Property taxes	\$ 2,692,451	\$ 2,692,451	\$ 2,752,098	\$ 59,647
Interest revenue	700	700	1,435	735
Budgeted fund balance	812,059	812,059	-	(812,059)
Total revenues	<u>3,505,210</u>	<u>3,505,210</u>	<u>2,753,533</u>	<u>(751,677)</u>
EXPENDITURES				
Debt service:				
Principal	5,059,493	5,059,493	5,059,493	-
Interest	1,460,193	1,460,193	1,460,193	-
Fees	5,000	5,000	3,500	1,500
Total expenditures	<u>6,524,686</u>	<u>6,524,686</u>	<u>6,523,186</u>	<u>1,500</u>
Deficiency of revenues under expenditures	<u>(3,019,476)</u>	<u>(3,019,476)</u>	<u>(3,769,653)</u>	<u>(750,177)</u>
Other financing sources				
Transfers in	3,019,476	3,019,476	2,971,259	(48,217)
Total other financing sources	<u>3,019,476</u>	<u>3,019,476</u>	<u>2,971,259</u>	<u>(48,217)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(798,394)</u>	<u>\$ (798,394)</u>
FUND BALANCES, beginning of year			<u>1,637,605</u>	
FUND BALANCES, end of year			<u>\$ 839,211</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, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Property taxes	\$ 1,826,832	\$ 1,826,832	\$ 1,846,267	\$ 19,435
Budgeted fund balance	239,213	239,213	-	(239,213)
Total revenues	<u>2,066,045</u>	<u>2,066,045</u>	<u>1,846,267</u>	<u>(219,778)</u>
EXPENDITURES				
Capital outlay:				
General government	271,832	271,832	153,868	117,964
Public safety	804,213	804,213	806,148	(1,935)
Public works	440,000	440,000	413,287	26,713
Public health and welfare	550,000	550,000	549,514	486
Total expenditures	<u>2,066,045</u>	<u>2,066,045</u>	<u>1,922,817</u>	<u>143,228</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(76,550)	<u>\$ (76,550)</u>
FUND BALANCES, beginning of year			<u>885,306</u>	
FUND BALANCES, end of year			<u>\$ 808,756</u>	

LANCASTER COUNTY, SOUTH CAROLINA
CAPITAL PROJECT SALES TAX FUND 2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Sales and other local taxes	\$ 8,500,000	\$ 8,500,000	\$ 8,596,418	\$ 96,418
Other revenues	-	-	152,237	152,237
Budgeted fund balance	4,669,829	4,669,829	-	(4,669,829)
Total revenues	<u>13,169,829</u>	<u>13,169,829</u>	<u>8,748,655</u>	<u>(4,421,174)</u>
EXPENDITURES				
Current:				
Public works	-	-	1,259,089	(1,259,089)
Culture and recreation	7,921,285	7,921,285	20,061	7,901,224
Capital outlay:				
Public safety	2,150,353	2,150,353	1,582,692	567,661
Total expenditures	<u>10,071,638</u>	<u>10,071,638</u>	<u>2,861,842</u>	<u>7,209,796</u>
Excess of revenues over expenditures	<u>3,098,191</u>	<u>3,098,191</u>	<u>5,886,813</u>	<u>2,788,622</u>
Other financing uses				
Transfers out	<u>(3,098,191)</u>	<u>(3,098,191)</u>	<u>(3,028,553)</u>	<u>(69,638)</u>
Total other financing uses	<u>(3,098,191)</u>	<u>(3,098,191)</u>	<u>(3,028,553)</u>	<u>(69,638)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,858,260</u>	<u>\$ 2,718,984</u>
FUND BALANCES, beginning of year			<u>16,088,178</u>	
FUND BALANCES, end of year			<u>\$ 18,946,438</u>	

AGENCY FUNDS

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	June 30, 2017	Increases	Decreases	June 30, 2018
Education Fund				
ASSETS				
Cash and cash equivalents	\$ 25,086,765	\$ 80,973,005	\$ (87,918,641)	\$ 18,141,129
Investments	112,934,330	1,393,874	(42,834,842)	71,493,362
Taxes receivable	5,078,822	5,578,807	(5,078,822)	5,578,807
Due from other governments	1,702	17,160	(1,702)	17,160
Total assets	<u>\$ 143,101,619</u>	<u>\$ 87,962,846</u>	<u>\$ (135,834,007)</u>	<u>\$ 95,230,458</u>
LIABILITIES				
Due to school district	\$ 143,065,217	\$ 86,082,288	\$ (134,054,694)	\$ 95,092,811
Due to USC-L	36,402	1,880,558	(1,779,313)	137,647
Total liabilities	<u>\$ 143,101,619</u>	<u>\$ 87,962,846</u>	<u>\$ (135,834,007)</u>	<u>\$ 95,230,458</u>
Clerk of Court				
ASSETS				
Cash and cash equivalents	\$ 1,226,196	\$ 591,054	\$ (652,472)	\$ 1,164,778
Investments	20,421	26	-	20,447
Total assets	<u>\$ 1,246,617</u>	<u>\$ 591,080</u>	<u>\$ (652,472)</u>	<u>\$ 1,185,225</u>
LIABILITIES				
Due to others	\$ 1,246,617	\$ 591,080	\$ (652,472)	\$ 1,185,225
Total liabilities	<u>\$ 1,246,617</u>	<u>\$ 591,080</u>	<u>\$ (652,472)</u>	<u>\$ 1,185,225</u>
Family Court				
ASSETS				
Cash and cash equivalents	\$ 153,932	\$ 6,381,229	\$ (6,397,694)	\$ 137,467
Total assets	<u>\$ 153,932</u>	<u>\$ 6,381,229</u>	<u>\$ (6,397,694)</u>	<u>\$ 137,467</u>
LIABILITIES				
Due to others	\$ 153,932	\$ 6,381,229	\$ (6,397,694)	\$ 137,467
Total liabilities	<u>\$ 153,932</u>	<u>\$ 6,381,229</u>	<u>\$ (6,397,694)</u>	<u>\$ 137,467</u>
Probate Court				
ASSETS				
Cash and cash equivalents	\$ 381	\$ 166,126	\$ (166,105)	\$ 402
Total assets	<u>\$ 381</u>	<u>\$ 166,126</u>	<u>\$ (166,105)</u>	<u>\$ 402</u>
LIABILITIES				
Due to others	\$ 381	\$ 166,126	\$ (166,105)	\$ 402
Total liabilities	<u>\$ 381</u>	<u>\$ 166,126</u>	<u>\$ (166,105)</u>	<u>\$ 402</u>

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	June 30, 2017	Increases	Decreases	June 30, 2018
Tax Collector Property Sold				
ASSETS				
Cash and cash equivalents	\$ 2,446,705	\$ 3,563,709	\$ (4,595,150)	\$ 1,415,264
Total assets	<u>\$ 2,446,705</u>	<u>\$ 3,563,709</u>	<u>\$ (4,595,150)</u>	<u>\$ 1,415,264</u>
LIABILITIES				
Due to others	\$ 2,446,705	\$ 3,563,709	\$ (4,595,150)	\$ 1,415,264
Total liabilities	<u>\$ 2,446,705</u>	<u>\$ 3,563,709</u>	<u>\$ (4,595,150)</u>	<u>\$ 1,415,264</u>
Tax Collector Trust Account				
ASSETS				
Cash and cash equivalents	\$ 328,042	\$ 390,620	\$ (345,688)	\$ 372,974
Total assets	<u>\$ 328,042</u>	<u>\$ 390,620</u>	<u>\$ (345,688)</u>	<u>\$ 372,974</u>
LIABILITIES				
Due to others	\$ 328,042	\$ 390,620	\$ (345,688)	\$ 372,974
Total liabilities	<u>\$ 328,042</u>	<u>\$ 390,620</u>	<u>\$ (345,688)</u>	<u>\$ 372,974</u>
Forfeit Land Commission				
ASSETS				
Cash and cash equivalents	\$ 446,275	\$ 6,198	\$ (28,362)	\$ 424,111
Total assets	<u>\$ 446,275</u>	<u>\$ 6,198</u>	<u>\$ (28,362)</u>	<u>\$ 424,111</u>
LIABILITIES				
Due to others	\$ 446,275	\$ 6,198	\$ (28,362)	\$ 424,111
Total liabilities	<u>\$ 446,275</u>	<u>\$ 6,198</u>	<u>\$ (28,362)</u>	<u>\$ 424,111</u>
Magistrates				
ASSETS				
Cash and cash equivalents	\$ 149,182	\$ 957,812	\$ (944,511)	\$ 162,483
Total assets	<u>\$ 149,182</u>	<u>\$ 957,812</u>	<u>\$ (944,511)</u>	<u>\$ 162,483</u>
LIABILITIES				
Due to others	\$ 149,182	\$ 957,812	\$ (944,511)	\$ 162,483
Total liabilities	<u>\$ 149,182</u>	<u>\$ 957,812</u>	<u>\$ (944,511)</u>	<u>\$ 162,483</u>

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	June 30, 2017	Increases	Decreases	June 30, 2018
City of Lancaster				
ASSETS				
Cash and cash equivalents	\$ 116,779	\$ 4,374,551	\$ (4,465,869)	\$ 25,461
Taxes receivable	307,754	722,537	(307,754)	722,537
Total assets	<u>\$ 424,533</u>	<u>\$ 5,097,088</u>	<u>\$ (4,773,623)</u>	<u>\$ 747,998</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 424,533	\$ 5,097,088	\$ (4,773,623)	\$ 747,998
Total liabilities	<u>\$ 424,533</u>	<u>\$ 5,097,088</u>	<u>\$ (4,773,623)</u>	<u>\$ 747,998</u>
 Town of Kershaw				
ASSETS				
Cash and cash equivalents	\$ 664	\$ 154,682	\$ (153,913)	\$ 1,433
Taxes receivable	20,998	24,776	(20,998)	24,776
Total assets	<u>\$ 21,662</u>	<u>\$ 179,458</u>	<u>\$ (174,911)</u>	<u>\$ 26,209</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 21,662	\$ 179,458	\$ (174,911)	\$ 26,209
Total liabilities	<u>\$ 21,662</u>	<u>\$ 179,458</u>	<u>\$ (174,911)</u>	<u>\$ 26,209</u>
 Edgewater Improvement District				
ASSETS				
Investments	\$ 916,527	\$ 682,368	\$ (667,345)	\$ 931,550
Total assets	<u>\$ 916,527</u>	<u>\$ 682,368</u>	<u>\$ (667,345)</u>	<u>\$ 931,550</u>
LIABILITIES				
Due to others	\$ 916,527	\$ 682,368	\$ (667,345)	\$ 931,550
Total liabilities	<u>\$ 916,527</u>	<u>\$ 682,368</u>	<u>\$ (667,345)</u>	<u>\$ 931,550</u>
 Edgewater II Improvement District				
ASSETS				
Investments	\$ 522,062	\$ 7,580	\$ (8,773)	\$ 520,869
Total assets	<u>\$ 522,062</u>	<u>\$ 7,580</u>	<u>\$ (8,773)</u>	<u>\$ 520,869</u>
LIABILITIES				
Due to others	\$ 522,062	\$ 7,580	\$ (8,773)	\$ 520,869
Total liabilities	<u>\$ 522,062</u>	<u>\$ 7,580</u>	<u>\$ (8,773)</u>	<u>\$ 520,869</u>

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	June 30, 2017	Increases	Decreases	June 30, 2018
Sun City Improvement District				
ASSETS				
Investments	\$ 876,524	\$ 995,408	\$ (993,976)	\$ 877,956
Total assets	<u>\$ 876,524</u>	<u>\$ 995,408</u>	<u>\$ (993,976)</u>	<u>\$ 877,956</u>
LIABILITIES				
Due to others	\$ 876,524	\$ 995,408	\$ (993,976)	\$ 877,956
Total liabilities	<u>\$ 876,524</u>	<u>\$ 995,408</u>	<u>\$ (993,976)</u>	<u>\$ 877,956</u>
Edenmoor/Walnut Creek Improvement District				
ASSETS				
Investments	\$ 1,993,910	\$ 7,026,284	\$ (7,043,607)	\$ 1,976,587
Total assets	<u>\$ 1,993,910</u>	<u>\$ 7,026,284</u>	<u>\$ (7,043,607)</u>	<u>\$ 1,976,587</u>
LIABILITIES				
Due to others	\$ 1,993,910	\$ 7,026,284	\$ (7,043,607)	\$ 1,976,587
Total liabilities	<u>\$ 1,993,910</u>	<u>\$ 7,026,284</u>	<u>\$ (7,043,607)</u>	<u>\$ 1,976,587</u>
Walnut Creek Improvement District 2				
ASSETS				
Cash and cash equivalents	\$ 25	\$ 410,647	\$ (408,857)	\$ 1,815
Total assets	<u>\$ 25</u>	<u>\$ 410,647</u>	<u>\$ (408,857)</u>	<u>\$ 1,815</u>
LIABILITIES				
Due to others	\$ 25	\$ 410,647	\$ (408,857)	\$ 1,815
Total liabilities	<u>\$ 25</u>	<u>\$ 410,647</u>	<u>\$ (408,857)</u>	<u>\$ 1,815</u>
Detention Center Inmates				
ASSETS				
Cash and cash equivalents	\$ 3,287	\$ 220,014	\$ (211,653)	\$ 11,648
Total assets	<u>\$ 3,287</u>	<u>\$ 220,014</u>	<u>\$ (211,653)</u>	<u>\$ 11,648</u>
LIABILITIES				
Due to others	\$ 3,287	\$ 220,014	\$ (211,653)	\$ 11,648
Total liabilities	<u>\$ 3,287</u>	<u>\$ 220,014</u>	<u>\$ (211,653)</u>	<u>\$ 11,648</u>
Employee Funds				
ASSETS				
Cash and cash equivalents	\$ 359	\$ 3,359	\$ (886)	\$ 2,832
Total assets	<u>\$ 359</u>	<u>\$ 3,359</u>	<u>\$ (886)</u>	<u>\$ 2,832</u>
LIABILITIES				
Due to others	\$ 359	\$ 3,359	\$ (886)	\$ 2,832
Total liabilities	<u>\$ 359</u>	<u>\$ 3,359</u>	<u>\$ (886)</u>	<u>\$ 2,832</u>

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	June 30, 2017	Increases	Decreases	June 30, 2018
Town of Chester				
ASSETS				
Cash and cash equivalents	\$ -	\$ 96,775	\$ (96,348)	\$ 427
Total assets	<u>\$ -</u>	<u>\$ 96,775</u>	<u>\$ (96,348)</u>	<u>\$ 427</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ -	\$ 96,775	\$ (96,348)	\$ 427
Total liabilities	<u>\$ -</u>	<u>\$ 96,775</u>	<u>\$ (96,348)</u>	<u>\$ 427</u>
Chesterfield				
ASSETS				
Cash and cash equivalents	\$ -	\$ 17,772	\$ (17,709)	\$ 63
Taxes receivable	-	145	-	145
Total assets	<u>\$ -</u>	<u>\$ 17,917</u>	<u>\$ (17,709)</u>	<u>\$ 208</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ -	\$ 17,917	\$ (17,709)	\$ 208
Total liabilities	<u>\$ -</u>	<u>\$ 17,917</u>	<u>\$ (17,709)</u>	<u>\$ 208</u>
Totals				
ASSETS				
Cash and cash equivalents	\$ 29,958,592	\$ 98,307,553	\$ (106,403,858)	\$ 21,862,287
Investments	117,263,774	10,105,540	(51,548,543)	75,820,771
Taxes receivable	5,407,574	6,326,265	(5,407,574)	6,326,265
Due from other governments	1,702	17,160	(1,702)	17,160
Total assets	<u>\$ 152,631,642</u>	<u>\$ 114,756,518</u>	<u>\$ (163,361,677)</u>	<u>\$ 104,026,483</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 143,547,814	\$ 93,354,084	\$ (140,896,598)	\$ 96,005,300
Due to others	9,083,828	21,402,434	(22,465,079)	8,021,183
Total liabilities	<u>\$ 152,631,642</u>	<u>\$ 114,756,518</u>	<u>\$ (163,361,677)</u>	<u>\$ 104,026,483</u>

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

LANCASTER COUNTY, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2018

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	<u>General Sessions</u>	<u>Magistrate Court</u>	<u>Municipal Court</u>	<u>Total</u>
Court Fines and Assessments:				
Court fines and assessments collected	\$ 302,930	\$ 899,934	N/A	\$ 1,202,864
Court fines and assessments remitted to State Treasurer	175,479	459,363	N/A	\$ 634,842
Total Court Fines and Assessments retained	\$ 127,451	\$ 440,571	N/A	\$ 568,022
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	\$ 22,655	\$ 17,561	N/A	40,216
Assessments retained	2,174	27,577	N/A	29,751
Total Surcharges and Assessments retained for victim services	\$ 24,829	\$ 45,138	N/A	69,967

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

<u>VICTIM SERVICE FUNDS COLLECTED</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Carryforward from Previous Year – Beginning Balance	N/A	\$ 14,025	\$ 14,025
<u>Victim Service Revenue:</u>			
Victim Service Fines Retained by City/County Treasurer	N/A	-	-
Victim Service Assessments Retained by City/County Treasurer	N/A	29,751	29,751
Victim Service Surcharges Retained by City/County Treasurer	N/A	40,216	40,216
Interest Earned	N/A	-	-
Grant Funds Received			
Grant from:	N/A	-	-
General Funds Transferred to Victim Service Fund	N/A	-	-
Contribution Received from Victim Service Contracts:			
(1) Town of Kershaw	N/A	9,583	9,583
(2) Town of	N/A	-	-
(3) City of	N/A	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	N/A	\$ 93,575	\$ 93,575

LANCASTER COUNTY, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2018

<u>Expenditures for Victim Service Program:</u>	<u>Municipal</u>	<u>County</u>	<u>Total</u>
Salaries and Benefits	N/A	66,457	\$ 66,457
Operating Expenditures	N/A	3,748	3,748
Victim Service Contract(s):			
(1) Entity's Name: Palmetto Citizens Against Sexual Assault	N/A	20,000	20,000
(2) Entity's Name	N/A	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	N/A	-	-
(2) Rape Crisis Center:	N/A	-	-
(3) Other local direct crime victims service agency:	N/A	-	-
Transferred to General Fund	N/A	-	-
Total Expenditures from Victim Service Fund/Program (B)	N/A	90,205	90,205
Total Victim Service Funds Retained by Municipal/County Treasurer (A-B)	N/A	3,370	3,370
Less: Prior Year Fund Deficit Repayment	N/A	-	-
Carryforward Funds – End of Year	N/A	\$ 3,370	\$ 3,370

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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

Page

Financial Trends 109 - 117

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..... 118 - 122

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

Debt Capacity..... 123 - 126

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 127 and 128

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..... 129 - 131

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 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									
	2009 ¹	2010 ²	2011	2012	2013	2014 ³	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 27,608,973	\$ 30,319,260	\$ 37,890,060	\$ 33,996,194	\$ 36,831,933	\$ 40,435,476	\$ 28,252,587	\$ 41,708,030	\$ 49,292,814	\$ 54,081,125
Restricted	3,668,396	10,234,674	13,025,845	19,584,980	24,325,103	20,858,227	42,783,910	10,692,095	19,325,999	16,283,439
Unrestricted	21,506,800	17,985,707	15,336,956	13,884,941	16,314,803	22,458,160	(14,302,454)	6,095,091	(1,842,111)	372,744
Total governmental activities net position	<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>	<u>\$ 56,734,043</u>	<u>\$ 58,495,216</u>	<u>\$ 66,776,702</u>	<u>\$ 70,737,308</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,790,882	\$ 5,460,419	\$ 5,898,351	\$ 5,762,870	\$ 7,051,570
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	(124,719)	(165,515)	(147,558)	(181,902)	(191,628)
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,666,163</u>	<u>\$ 5,294,904</u>	<u>\$ 5,750,793</u>	<u>\$ 5,580,968</u>	<u>\$ 6,859,942</u>
Primary government										
Net investment in capital assets	\$ 30,319,260	\$ 37,890,060	\$ 33,996,194	\$ 36,831,933	\$ 40,435,476	\$ 44,226,358	\$ 33,713,006	\$ 47,606,381	\$ 55,055,684	\$ 61,132,695
Restricted	10,234,674	13,025,845	19,584,980	24,325,103	20,858,227	20,858,227	42,783,910	10,692,095	19,325,999	16,283,439
Unrestricted	17,985,707	15,336,956	13,884,941	16,314,803	22,458,160	22,333,441	(14,467,969)	5,947,533	(2,024,013)	181,116
Total primary government net position	<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>	<u>\$ 87,418,026</u>	<u>\$ 62,028,947</u>	<u>\$ 64,246,009</u>	<u>\$ 72,357,670</u>	<u>\$ 77,597,250</u>

(1) The SCAGO Public Facilities Corporation is included in net position beginning in fiscal year 2009

(2) The Capital Project Sales Tax Fund is included in net position beginning in fiscal year 2010

(3) The Airport function was reclassified as a proprietary fund in fiscal year 2014 and, accordingly, the activity is now listed as business-type activity instead of governmental activities. Prior years have not been restated.

LANCASTER COUNTY, SOUTH CAROLINA

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

	Fiscal Year									
	2009 ¹	2010	2011	2012	2013	2014 ²	2015	2016	2017	2018
Expenses										
Primary government:										
Governmental activities:										
General government	\$ 11,004,706	\$ 10,832,346	\$ 10,983,933	\$ 13,494,007	\$ 14,274,314	\$ 11,299,133	\$ 13,556,703	\$ 15,201,832	\$ 16,903,372	\$ 17,494,736
Public safety	10,747,904	11,374,643	11,351,803	13,113,668	13,079,241	18,204,203	18,601,569	18,876,586	21,395,171	24,935,032
Public works	6,050,232	6,065,063	5,880,894	6,741,646	6,514,659	7,088,564	7,212,342	21,072,721	11,779,317	11,076,062
Other activities	26,872,414	18,466,148	17,543,807	17,490,004	15,897,654	19,076,859	22,736,802	17,617,220	15,798,155	18,305,309
Total governmental activities expenses	54,675,256	46,738,200	45,760,437	50,839,325	49,765,868	55,668,759	62,107,416	72,768,359	65,876,015	71,811,139
Business-type activities:										
Airport	-	-	-	-	-	437,607	404,801	433,400	406,115	570,727
Total business-type activities expenses	-	-	-	-	-	437,607	404,801	433,400	406,115	570,727
Total primary government expenses	54,675,256	46,738,200	45,760,437	50,839,325	49,765,868	56,106,366	62,512,217	73,201,759	66,282,130	72,381,866
Program revenues										
Primary government:										
Governmental activities:										
Charges for services										
General government	2,521,991	2,649,811	2,715,439	2,758,959	4,003,901	5,937,198	6,066,247	6,833,003	6,664,079	7,463,310
Administration of justice	1,198,420	1,161,469	1,100,988	1,069,362	1,067,263	1,027,217	1,017,176	972,856	1,004,613	1,138,355
Public health and welfare	2,191,295	2,523,597	2,513,973	3,066,640	2,883,399	2,748,514	2,589,560	1,675,770	3,135,621	2,216,563
Other activities	1,574,402	1,835,658	1,866,566	2,273,170	2,171,849	2,310,502	2,487,280	2,650,051	2,614,012	4,088,330
Operating grants and contributions	2,775,364	6,378,143	4,556,750	4,163,480	4,346,939	9,593,044	3,844,636	7,981,217	5,324,829	5,248,920
Capital grants and contributions	5,555,897	946,405	2,123,502	352,064	3,273,685	807,784	1,943,650	3,834,853	3,027,181	2,584,615
Total governmental activities program revenues	15,817,369	15,495,083	14,877,218	13,683,675	17,747,036	22,424,259	17,948,549	23,947,750	21,770,335	22,740,093
Business-type activities:										
Charges for services										
Airport	-	-	-	-	-	173,727	179,970	150,127	113,511	164,079
Capital grants and contributions	-	-	-	-	-	50,393	1,873,922	674,876	57,493	1,618,622
Total business-type activities program revenues	-	-	-	-	-	224,120	2,053,892	825,003	171,004	1,782,701
Total primary government program revenues	15,817,369	15,495,083	14,877,218	13,683,675	17,747,036	22,648,379	20,002,441	24,772,753	21,941,339	24,522,794

(Continued)

LANCASTER COUNTY, SOUTH CAROLINA

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

	Fiscal Year									
	2009 ¹	2010	2011	2012	2013	2014 ²	2015	2016	2017	2018
Net (expense) revenue										
Governmental activities	\$ (38,857,887)	\$ (31,243,117)	\$ (30,883,219)	\$ (37,155,650)	\$ (32,018,832)	\$ (33,244,500)	\$ (44,158,867)	\$ (48,820,609)	\$ (44,105,680)	\$ (49,071,046)
Business-type activities	-	-	-	-	-	(213,487)	1,649,091	391,603	(235,111)	1,211,974
Total primary government	<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>	<u>(42,509,776)</u>	<u>(48,429,006)</u>	<u>(44,340,791)</u>	<u>(47,859,072)</u>
General revenues and other changes in net position										
Primary government:										
Governmental activities:										
Property taxes	23,375,134	24,531,262	26,039,328	26,759,326	27,805,777	30,138,854	32,542,322	34,917,971	36,433,675	38,920,804
Other taxes	1,482,296	6,728,510	7,798,566	8,579,956	9,220,550	10,759,834	11,837,073	12,582,362	12,628,895	13,315,667
Unrestricted grants and contributions	4,492,562	3,985,341	3,720,738	3,511,437	4,029,881	3,060,980	3,080,863	2,981,903	3,117,955	3,081,986
Unrestricted investment earnings	374,332	101,224	106,003	54,753	31,753	57,446	62,046	163,832	271,927	553,374
Other	1,033,880	1,652,252	931,804	(813)	936,595	-	-	-	-	-
Prior period adjustment	-	-	-	(535,755)	-	-	-	-	-	(2,773,179)
Transfers	-	-	-	-	-	(40,000)	(50,000)	(64,286)	(65,286)	(67,000)
Total governmental activities general revenues and other changes in net position	<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>	<u>47,472,304</u>	<u>50,581,782</u>	<u>52,387,166</u>	<u>53,031,652</u>
Business-type activities:										
Unrestricted investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	40,000	50,000	64,286	65,286	67,000
Total business type activities general revenues and other changes in net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>50,000</u>	<u>64,286</u>	<u>65,286</u>	<u>67,000</u>
Total primary government general revenues and other changes in net position	<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>	<u>\$ 47,522,304</u>	<u>\$ 50,646,068</u>	<u>\$ 52,452,452</u>	<u>\$ 53,098,652</u>
Change in net position										
Governmental activities	(8,099,683)	5,755,472	7,713,220	1,213,254	10,005,724	10,732,614	3,313,437	1,761,173	8,281,486	3,960,606
Business-type activities	-	-	-	-	-	(173,487)	1,699,091	455,889	(169,825)	1,278,974
Total primary government change in net position	<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>	<u>\$ 5,012,528</u>	<u>\$ 2,217,062</u>	<u>\$ 8,111,661</u>	<u>\$ 5,239,580</u>

(1) Fiscal Year 2009 includes revenues and expenditures related to SCAGO Public Facilities Corporation

(2) The Airport function was reclassified as a proprietary fund in fiscal year 2014 and, accordingly, the activity is now listed as business-type activity instead of governmental activities. Prior years have not been restated.

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
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	947,852	40,898,688
2015	23,817,711	2,951,321	5,773,290	8,655,243	2,183,931	997,899	44,379,395
2016	25,395,538	3,356,927	6,165,506	9,264,782	2,286,114	1,031,466	47,500,333
2017	26,277,300	3,520,652	6,635,723	8,591,056	2,382,448	1,655,391	49,062,570
2018	28,840,615	3,446,079	6,634,110	8,596,418	2,411,954	2,307,295	52,236,471

(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									
	2009 ¹	2010	2011	2012	2013	2014 ²	2015	2016	2017	2018
General Fund										
Nonspendable	\$ 752,723	\$ 1,525,507	\$ 446,265	\$ 419,097	\$ 465,876	\$ 470,608	\$ 1,036,548	\$ 1,260,002	\$ 1,044,264	\$ 1,065,028
Restricted	1,029,032	814,990	1,425,506	1,925,029	1,949,398	1,757,465	1,664,659	1,994,639	1,936,721	1,443,333
Committed	341,269	-	-	-	-	-	-	-	-	-
Assigned	327,277	111,903	88,054	131,705	216,329	1,238,174	1,662,673	4,922,022	4,335,491	2,925,044
Unassigned	15,461,511	13,940,414	15,727,979	13,905,577	14,812,691	16,940,776	17,842,835	19,251,333	23,275,511	27,087,195
Total General Fund	<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>	<u>\$ 22,206,715</u>	<u>\$ 27,427,996</u>	<u>\$ 30,591,987</u>	<u>\$ 32,520,600</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ 55,293	\$ 52,900	\$ 623,943	\$ 561,127	\$ -	\$ -	\$ -	\$ -
Restricted	5,337,669	37,556,390	24,983,673	21,344,104	18,472,163	19,338,480	41,372,751	8,697,456	17,389,278	15,325,706
Assigned	44,861	430,788	1,950	28,492	31,427	165,520	48,260	17,440,567	8,309,791	12,972,107
Unassigned, reported in:										
Special revenue funds	3,184,088	(3,408,975)	(648,198)	(224,815)	(150,303)	-	(187,507)	(130,854)	(436,343)	(179,847)
Capital projects funds	38,941,499	(1,235,234)	(875,000)	(812,889)	(774,799)	(723,233)	(668,806)	(617,768)	-	(59,899)
Total all other governmental funds	<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>	<u>\$ 40,564,698</u>	<u>\$ 25,389,401</u>	<u>\$ 25,262,726</u>	<u>\$ 28,058,067</u>
Total all governmental funds	<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>	<u>\$ 62,771,413</u>	<u>\$ 52,817,397</u>	<u>\$ 55,854,713</u>	<u>\$ 60,578,667</u>

(1) Fiscal Year 2008 includes fund balance related to the Edgewater II Improvement District

(2) 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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$ 24,289,541	\$ 30,975,180	\$ 33,496,235	\$ 35,868,567	\$ 36,910,888	\$ 40,100,667	\$ 43,591,415	\$ 46,703,440	\$ 48,219,079	\$ 51,370,390
Licenses and permits	2,727,033	2,864,552	2,872,281	2,873,627	4,160,774	5,191,197	5,412,448	6,248,935	10,346,792	6,802,235
Intergovernmental	6,780,712	6,593,742	10,056,718	6,795,508	7,283,619	13,378,905	7,679,451	12,871,513	6,009,615	10,413,632
Charges for services	3,814,421	4,007,195	4,227,841	4,796,444	4,644,851	4,882,693	5,189,021	5,017,909	5,723,388	6,800,198
Fines, fees, and forfeitures	964,382	1,202,761	978,975	1,063,923	1,056,203	1,028,680	1,020,330	1,024,620	1,137,351	1,139,183
Interest income	383,775	99,235	103,219	52,522	29,211	57,446	62,046	163,832	1,177,037	553,374
Contributions and donations	468,171	218,121	364,502	361,223	525,936	351,666	344,344	2,831,040	271,928	450,436
Contributions from property owners	16,254	-	-	-	-	-	-	-	-	-
Other	163,445	138,702	279,484	163,279	486,396	230,863	247,254	247,577	202,836	205,132
Total revenues	39,607,734	46,099,488	52,379,255	51,975,093	55,097,878	65,222,117	63,546,309	75,108,866	73,088,026	77,734,580
Expenditures:										
General government	10,916,594	11,087,906	9,846,699	12,670,895	11,619,717	10,004,834	11,646,926	11,900,170	13,170,074	15,760,730
Administration of justice	4,667,838	15,155,605	18,559,715	2,765,385	1,709,906	1,823,021	1,982,265	2,123,474	2,067,748	2,112,988
Public safety and law enforcement	12,337,057	11,273,954	12,691,671	12,202,000	16,364,710	16,500,414	17,169,386	16,921,863	18,942,981	20,049,477
Public works	5,438,901	5,478,433	5,315,801	6,235,699	5,549,083	6,279,272	6,656,489	20,100,712	11,738,926	10,306,899
Public health and welfare	5,523,364	5,882,288	5,627,899	6,865,474	6,292,003	6,587,179	6,353,634	6,940,375	7,373,665	7,292,478
Culture and recreation	-	-	-	-	-	3,226,890	3,696,364	3,605,227	1,074,098	3,845,233
Economic development	14,647,485	5,497,672	3,186,407	3,422,632	1,954,572	5,517,505	659,185	2,244,723	3,844,142	2,816,911
Other	4,570,651	3,025,348	2,952,393	3,129,091	3,196,847	-	-	-	-	-
Capital outlay	-	3,059,750	1,858,927	819,921	133,297	3,101,804	9,575,828	8,919,489	7,452,924	3,565,409
Debt service										
Principal retirement	2,004,577	2,135,256	6,623,744	6,840,461	7,203,729	7,515,489	16,482,104	9,097,775	3,548,365	5,755,391
Interest	1,370,994	2,538,338	2,534,252	2,517,241	2,274,282	2,002,080	1,895,703	1,789,488	1,647,576	1,589,485
Fees	-	-	48,081	-	-	7,500	274,560	92,071	7,500	3,500
Total expenditures	61,477,461	65,134,550	69,245,589	57,468,799	56,298,146	62,565,988	76,392,444	83,735,367	70,867,999	73,098,501
Excess (deficiency) of revenues over (under) expenditures	(21,869,727)	(19,035,062)	(16,866,334)	(5,493,706)	(1,200,268)	2,656,129	(12,846,135)	(8,626,501)	2,220,027	4,636,079
Other financing sources (uses):										
Transfer in	2,461,432	2,757,365	8,115,647	8,144,995	8,042,257	6,129,115	9,295,417	26,469,059	2,326,475	3,651,522
Transfer out	(2,461,432)	(2,757,365)	(8,115,647)	(8,144,995)	(8,042,257)	(6,169,115)	(9,345,417)	(26,533,345)	(2,391,761)	(3,718,522)
Issuance of debt - capital leases	2,338,851	605,000	-	1,020,000	-	226,000	445,000	-	-	-
Issuance of debt	43,040,000	2,502,721	10,660,000	-	-	950,000	35,384,119	6,750,000	650,000	-
Premium on bond	1,302,907	-	50,387	-	-	-	-	686,146	-	-
Payment to refunded debt escrow agent	(4,556,438)	-	(3,658,895)	-	-	-	-	(9,199,375)	-	-
Sale of capital assets	38,549	12,751	33,029	37,384	77,792	210,915	89,512	500,000	232,575	154,875
Special item - insurance recoveries	827,397	227,936	1,251,553	-	-	-	-	-	-	-
Total other financing sources (uses)	42,991,266	3,348,408	8,336,074	1,057,384	77,792	1,346,915	35,868,631	(1,327,515)	817,289	87,875
Net change in fund balances	\$ 21,121,539	\$ (15,686,654)	\$ (8,530,260)	\$ (4,436,322)	\$ (1,122,476)	\$ 4,003,044	\$ 23,022,496	\$ (9,954,016)	\$ 3,037,316	\$ 4,723,954
Debt Service as a Percentage of Noncapital Expenditures	6.39%	10.64%	19.25%	18.23%	18.85%	16.72%	25.93%	14.63%	8.58%	10.90%

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
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
2015	23,648,295	2,951,321	5,773,290	8,655,243	2,183,931	379,335	43,591,415
2016	25,289,628	3,356,927	6,165,506	9,264,782	2,286,114	340,483	46,703,440
2017	26,173,979	3,520,652	6,635,723	8,591,056	2,382,448	915,221	48,219,079
2018	28,755,053	3,446,079	6,634,110	8,596,418	2,411,954	1,526,776	51,370,390

(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
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
2015	26,871,707	4,383,847	5,412,448	4,243,269	930,840	2,609,881	44,451,992	1,115,639	45,567,631
2016	32,394,019	4,541,474	6,248,935	3,977,933	935,942	1,442,395	49,540,698	7,190,762	56,731,460
2017	30,394,683	4,670,820	6,009,615	4,619,066	1,051,759	2,928,604	49,674,547	262,590	49,937,137
2018	32,519,908	4,913,937	6,802,235	4,263,883	1,045,120	3,059,927	52,605,010	233,590	52,838,600

(1) During fiscal year 2014, it was determined that the Library and Recreation functions no longer met the criteria for Special Revenue Funds and, therefore, they were reclassified as General Funds. Prior years have not been restated.

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
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
2015	11,543,862	1,982,265	14,155,303	5,277,991	6,326,950	3,857,890	207,429	43,351,690	416,249	43,767,939
2016	11,827,178	2,108,384	14,145,424	4,805,405	6,919,809	3,787,090	450,489	44,043,779	7,466,400	51,510,179
2017	12,529,121	2,063,616	15,206,095	5,612,657	6,803,861	4,062,665	429,845	46,707,860	65,286	46,773,146
2018	14,745,595	2,112,988	16,510,580	5,528,950	7,280,243	4,127,179	222,087	50,527,622	382,365	50,909,987

(1) During fiscal year 2014, it was determined that the Library and Recreation functions no longer met the criteria for Special Revenue Funds and, therefore, they were reclassified as General Funds. Prior years have not been restated.

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		
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
2015	2014	241,517,630	4,830,352,600	82,400,776	995,933,689	323,918,406	5,826,286,289	5.56	92.80
2016	2015	255,663,400	5,113,268,000	87,570,084	1,066,887,072	343,233,484	6,180,155,072	5.55	94.30
2017	2016 ⁽²⁾	272,287,050	5,445,741,000	96,647,049	1,166,052,922	368,934,099	6,611,793,922	5.58	91.20
2018	2017	288,360,810	5,767,216,200	101,725,024	1,211,912,052	390,085,834	6,979,128,252	5.59	95.60

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

(2) Real property was reassessed.

Note: Real property in Lancaster County is reassessed once every four years (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 non-business motor vehicles (6%).

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
		Lancaster County				Lancaster County School District			University of S.C. Lancaster	Town of Heath Springs	Town of Kershaw	City of Lancaster	
		County Operating	County Debt	County Capital Improvement and Court Security	Total County	School Operating	School Debt	Total School District					
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 ²	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
2014	2015	78.00	7.00	7.80	92.80	149.50	43.00	192.50	4.10	-	75.00	156.90	521.30
2015	2016	80.80	5.30	8.20	94.30	149.50	53.00	202.50	4.30	-	75.00	164.40	540.50
2016	2017 ²	76.00	7.00	8.20	91.20	149.50	68.00	217.50	4.30	-	77.00	176.40	566.40
2017	2018	80.10	7.10	8.40	95.60	149.50	68.00	217.50	4.50	-	82.00	178.50	578.10

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.

LANCASTER COUNTY, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2018				2009			
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxes Paid (1)	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxes Paid (1)
Duke Energy	\$ 10,524,070	1	3.65%	\$ 2,540,972	\$ 6,916,540	1	3.43%	\$ 1,831,125
Lancaster Hospital Corp.	4,250,960	2	1.47%	1,764,130	4,217,070	4	2.09%	1,497,376
Duracell Manufactures Inc	4,268,406	3	1.48%	1,598,137	4,165,378	3	2.06%	1,580,675
Red Ventures	2,218,632	4	0.77%	704,638				
Keer America Corp.	1,746,247	5	0.61%	563,045				
Lennar Carolina LLC	1,732,030	6	0.60%	497,688				
Springland Associates	1,203,490	7	0.42%	491,177	2,258,020	6	1.12%	783,961
Haile Gold Mine Inc	1,259,795	8	0.44%	400,111				
Lynches River Electric	1,240,440	9	0.43%	385,316				
S&B Charlotte Apartments LLC	1,249,970	10	0.43%	381,741				
Springs Global					6,690,873	2	3.32%	1,632,280
Pulte Home Corp.					5,101,788	5	2.53%	1,202,543
Lancaster Telephone Co.					1,726,810	7	0.86%	503,768
Craft Development					1,939,360	8	0.96%	478,676
Lawson Bend LLC					1,692,820	9	0.84%	417,816
LGI Land SC LLC					1,273,300	10	0.63%	294,706
Total assessed value of ten largest taxpayers	\$ 29,694,040		10.30%	\$ 9,326,955	\$ 35,981,959		17.83%	\$ 10,222,926
Total assessed value of all taxpayers	\$ 288,360,810		100%		\$ 201,753,816		100%	

Source: Lancaster County Treasurer

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

LANCASTER COUNTY, SOUTH CAROLINA
REAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Levy Year	Original Levy	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 16,324,750	\$ (113,343)	\$ 16,211,407	\$ 15,243,682	94.03%	\$ 910,352	\$ 16,154,034	99.65%
2009	16,692,282	256,339	16,948,621	15,998,456	94.39%	786,266	16,784,722	99.03%
2010	18,177,916	(34,816)	18,143,100	16,954,909	93.45%	999,974	17,954,883	98.96%
2011	17,717,289	476,285	18,193,574	17,372,203	95.49%	691,215	18,063,418	99.28%
2012	18,086,112	(13,046)	18,073,066	17,297,322	95.71%	604,620	17,901,942	99.05%
2013	19,312,592	576,394	19,888,986	18,975,609	95.41%	721,261	19,696,870	99.03%
2014	20,736,283	489,475	21,225,758	20,418,390	96.20%	594,230	21,012,620	99.00%
2015	22,506,743	373,179	22,879,922	22,135,439	96.75%	525,390	22,660,829	99.04%
2016	23,702,386	101,526	23,803,912	23,149,210	97.25%	391,876	23,541,086	98.90%
2017	24,415,252	1,095,462	25,510,714	24,808,606	97.25%	-	24,808,606	97.25%

Source: Lancaster County Treasurer
Includes County Ordinary, County Debt, County Capital Improvement, and 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
2008	\$ 1,492,012	\$ 285,443	\$ 1,777,455	\$ 1,694,729	95.35%	\$ 79,010	\$ 1,773,739	99.79%
2009	1,763,319	233,339	1,996,658	1,916,851	96.00%	76,988	1,993,839	99.86%
2010	1,609,746	91,335	1,701,081	1,630,457	95.85%	68,100	1,698,557	99.85%
2011	1,718,915	256,720	1,975,635	1,903,400	96.34%	67,181	1,970,581	99.74%
2012	1,982,449	116,351	2,098,800	2,018,240	96.16%	77,674	2,095,914	99.86%
2013	2,212,716	175,855	2,388,571	2,275,933	95.28%	109,217	2,385,150	99.86%
2014	2,559,126	256,844	2,815,970	2,709,070	96.20%	101,832	2,810,902	99.82%
2015	2,846,803	421,119	3,267,922	3,030,026	92.72%	135,747	3,165,773	96.87%
2016	3,144,338	518,715	3,663,053	3,381,874	92.32%	153,100	3,534,974	96.50%
2017	3,061,408	436,541	3,497,949	3,221,298	92.09%	-	3,221,298	92.09%

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

LANCASTER COUNTY, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities						Total Outstanding Debt	Percentage of Personal Income	Per Capita
	General Obligation Bonds	SCAGO Public Facilities Installment Purchase Revenue Bonds	Capital Leases	Special Source Revenue Bonds	Mortgages Payable	Unamortized discount/premium on debt			
2009	\$ 14,764,408	\$ 38,410,000	\$ 3,202,000	\$ 2,973,658	\$ -	\$ 953,998	\$ 60,304,064	3.44%	794
2010	15,778,340	38,410,000	3,397,813	2,733,658	-	818,311	61,138,122	3.35%	786
2011	21,278,707	34,225,000	2,793,399	2,524,245	-	135,590	60,956,941	4.20%	795
2012	19,840,000	29,560,000	3,341,646	2,795,000	-	475,205	56,011,851	3.72%	719
2013	18,325,000	24,710,000	2,797,416	2,510,000	-	341,199	48,683,615	3.06%	616
2014	17,506,450	19,675,000	2,611,477	2,210,000	-	374,768	42,377,695	2.52%	527
2015	31,300,178	14,445,000	2,875,644	9,394,000	-	3,530,280	61,545,102	3.52%	740
2016	36,736,205	-	2,451,843	7,504,000	-	3,627,628	50,319,676	2.67%	586
2017	34,589,492	-	2,038,778	7,154,382	-	2,929,225	46,711,877	2.31%	521
2018	29,372,360	-	1,826,483	6,782,076	-	2,158,137	40,139,056	1.77%	434

Notes:

Population data and 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>
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
2015	31,300,178	2,857,126	28,443,052	0.49%	342
2016	36,736,205	3,264,525	33,471,680	0.54%	390
2017	34,589,492	1,631,995	32,957,497	0.50%	368
2018	29,372,360	839,211	28,533,149	0.41%	308

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, 2018

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to County</u>	<u>Amount Applicable to County</u>
Direct debt:			
Lancaster County	\$ 40,139,056	100%	\$ 40,139,056
Overlapping debt:			
City of Lancaster	447,537	100%	447,537
Lancaster School District	193,556,232	100%	193,556,232
Total overlapping debt	194,003,769		194,003,769
Total direct and overlapping debt	\$ 234,142,825		\$ 234,142,825

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 20,861,043	\$ 21,535,417	\$ 21,508,152	\$ 23,409,098	\$ 22,713,718	\$ 23,580,100	\$ 24,665,722	\$ 26,153,377	\$ 27,880,673	\$ 29,389,302
Total Net G.O. Debt Applicable to Limit	14,221,577	12,842,843	18,380,058	16,828,083	15,538,227	14,818,761	12,147,161	16,740,199	14,737,497	12,795,789
Legal debt margin	\$ 6,639,466	\$ 8,692,574	\$ 3,128,094	\$ 6,581,015	\$ 7,175,491	\$ 8,761,339	\$ 12,518,561	\$ 9,413,178	\$ 13,143,176	\$ 16,593,513
Total Net G.O. Debt Applicable to the to the Limit as a Percentage of Debt Limit	68.17%	59.64%	85.46%	71.89%	68.41%	62.84%	49.25%	64.01%	52.86%	43.54%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value (1)	\$ 366,441,625
Add back: exempt Merchant Inventory (2)	924,651
Total assessed value	367,366,276
Debt limit (8% of assessed value) (3)	29,389,302
Debt applicable to limit:	
Total general obligation bonds	29,372,360
Less amount set aside for repayment of GO debt (4)	(839,211)
Less G.O. bonds not applicable to 8% debt limit (5)	(15,737,360)
Net G.O. bonds applicable to limit	12,795,789
Legal debt margin without a referendum (6)	\$ 16,593,513

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, and 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) This is the amount available for 8% debt only. The account also has funds from a premium on the \$16.5M referendum bond issue and that amount is not included here
- (5) GO bonds for the Pleasant Valley Fire District are not subject to the 8% debt limit. Special fire fees are assessed to pay this bond as approved by the voters. Also, a \$16,500,000 referendum bond was issued in FY2015 and is not subject to the 8% debt limit.
- (6) 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

Fiscal Year	County Population (1)	Total Personal Income (in thousands) (1)	Per Capita Personal Income *	School Enrollment (2)	County Unemployment Rate (3)
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%
2015	83,160	1,746,609	21,003	11,760	6.6%
2016	85,842	1,883,631	21,943	12,420	6.0%
2017	89,594	2,020,076	22,547	12,758	4.6%
2018	92,550	2,270,066	24,528	13,017	3.9%

Sources:

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

(2) Lancaster County School District.

(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	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Red Ventures	1,981	1	5.00%			
Lancaster County Schools	1,800	2	4.55%	1621	1	5.37%
Movement Mortgage	800	3	2.02%			
Springs Memorial Hospital	642	4	1.62%	712	3	2.36%
Cardinal Health	550	5	1.39%	700	4	2.32%
Continental Tire	546	6	1.38%	375	8	1.24%
Lancaster County	500	7	1.26%	740	2	2.45%
Founders Federal Credit Union	408	8	1.03%			
Nutramax Laboratories	373	9	0.94%			
Oceana Gold	363	10	0.92%			
KMG America				450	5	1.49%
Duracell (Gillette)				389	6	1.29%
Wal-Mart (1)				382	7	1.27%
Springs Industries				310	9	1.03%
Kershaw Correctional Institution				278	10	0.92%
Total	<u>7,963</u>		<u>20.11%</u>	<u>5,957</u>		<u>19.75%</u>
Total Labor Force	39,593			30,161		

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

(1) Industry was not included in the 2018 survey

LANCASTER COUNTY, SOUTH CAROLINA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government Administration	87.00	88.50	91.00	89.00	90.00	90.00	96.00	102.00	103.00	105.00
Administration of Justice	27.50	29.00	29.00	29.00	31.00	34.00	36.00	38.00	37.00	38.00
Culture & Recreation	54.00	57.50	55.00	55.00	56.00	58.00	62.00	71.00	69.00	69.00
Public Safety & Law Enforcement	152.00	165.50	166.00	172.00	187.00	210.00	226.00	240.00	243.00	250.00
Public Works	42.50	39.00	41.00	41.00	41.00	43.00	45.00	49.00	47.00	51.00
Public Health & Welfare	83.00	83.50	73.00	75.00	80.00	81.00	79.00	85.00	84.00	87.00
	<u>446.00</u>	<u>463.00</u>	<u>455.00</u>	<u>461.00</u>	<u>485.00</u>	<u>516.00</u>	<u>544.00</u>	<u>585.00</u>	<u>583.00</u>	<u>600.00</u>

Source: Lancaster County Human Resources Department

LANCASTER COUNTY, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Administration of Justice										
Clerk of Court general sessions cases disposed	1,550	2,224	1,654	1,541	1,910	1,929	1,977	2,869	2,059	2,624
Clerk of Court common pleas cases disposed	1,660	1,910	1,811	1,870	2,210	2,172	2,533	1,715	1,654	1,565
Family Court cases disposed	975	997	765	907	820	735	1,034	818	994	988
Magistrate Court										
Criminal Docket total cases filed	2,258	2,623	2,379	2,570	2,562	2,493	2,300	2,551	2,671	3,224
Traffic Docket total cases filed	11,163	9,025	8,402	9,562	9,933	11,209	8,604	10,645	11,537	9,342
Civil Docket total cases filed	2,535	2,314	2,181	2,335	2,149	2,348	2,418	2,437	2,536	3,076
Culture and Recreation										
Library - Circulation	n/a	n/a	n/a	n/a	n/a	n/a	n/a	276,906	278,736	282,774
Recreation - total number of participants	n/a	n/a	n/a	n/a	n/a	n/a	n/a	217,415	223,476	224,157
General Government										
Assessor - number of parcels revised	n/a	n/a	n/a	n/a	n/a	n/a	n/a	14,102	46,875 (1)	17,626
Building - number of permits issued	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,738	2,847	2,847
Delinquent Tax - number of properties redeemed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	224	270	273
Human Resources - number of applications taken	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,034	663	518
Planning - number of rezoning cases	n/a	n/a	n/a	n/a	n/a	n/a	n/a	19	27	38
Risk Management - number of inspections performed	n/a	n/a	n/a	n/a	n/a	n/a	n/a	68	60	60
Fleet Operations - number of work orders	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2,919	2,228	2,846
Public Safety & Law Enforcement										
Coroner - total number of deaths	n/a	n/a	n/a	n/a	n/a	n/a	n/a	463	500	560
Communication E911 - total number of calls	n/a	n/a	n/a	n/a	n/a	n/a	n/a	122,164	152,695	104,218
Detention Center - Total number incarcerated	3,851	3,519	3,427	2,938	3,477	3,366	3,261	2,997	3,351	3,486
Fire Service - Total number of calls	3,250	3,306	3,600	3,612	3,644	3,533	4,543	5,948	6,368	6,496
Sheriff Department										
Calls for services	n/a	n/a	n/a	n/a	n/a	n/a	n/a	61,707	67,515	65,906
Total arrests	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,275	3,677	3,549
Litter complaints	n/a	n/a	n/a	n/a	n/a	n/a	n/a	95	117	160
Public Works										
Road maintenance - total work orders	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,946	3,645	2,089
Solid Waste										
Tons of refuse collected	n/a	n/a	n/a	n/a	n/a	n/a	n/a	6,156	6,811	6,090
Tons of comingled recyclables collected	n/a	n/a	n/a	n/a	n/a	n/a	n/a	771	709	536
Public Health & Welfare										
Animal Control										
Number of animals through shelter	4,771	4,611	4,462	4,896	4,338	3,611	3,992	3,433	3,387	3,069
EMS - Total number of calls (1)	11,452	12,289	13,334	12,313	12,497	12,530	14,891	14,880	15,144	17,380

Sources: Various county departments

Note: tatistics were not available for for several departments until fiscal year 2016.

(1) Reassessment year - all parcels were revised

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

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	3	4	4	3	3	3	3	2
Number of police vehicles	112	112	116	111	116	123	135	143	135	148
Number of fire stations	18	18	18	18	18	18	18	18	18	18
Number of fire sub-stations	2	2	2	3	3	3	3	3	3	3
Public works										
Miles of unpaved roads maintained	n/a	n/a	n/a	n/a	n/a	214.84	215.84	215.84	215.84	215.84
Miles of paved roads maintained	n/a	n/a	n/a	n/a	n/a	164.81	168.76	168.76	200.81	223.76
Public health and welfare										
Number of EMS stations	7	7	7	8	8	8	8	8	8	8
Number of emergency vehicles*	22	22	23	23	25	25	33	37	31	31
Culture and recreation										
Number of parks	13	13	13	13	15	15	16	16	16	16
Number of recreation centers	4	4	4	4	4	4	4	4	4	4
Number of libraries	3	3	3	3	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 FY2009 thru FY2013.

*Beginning in FY2015, QRV vehicles are included.

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, each major fund, and the aggregate remaining fund information of Lancaster County, South Carolina, as of and for the year ended June 30, 2018, 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 16, 2018. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as of July 1, 2017.

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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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

Columbia, South Carolina
November 16, 2018



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2018. The County's major federal program is identified in the summary of audit 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2018.

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 the Uniform Guidance, 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 the Uniform Guidance. 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, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Total Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Justice</u>				
(Passed through the SC Department of Public Safety)				
SCDPS Domestic Violence	16.738	1G16027	\$ 60,589	\$ -
Edward Byrne Memorial Assistance Grant Program	16.738	2016-DJ-BX-0815	5,039	-
			<u>65,628</u>	<u>-</u>
Bulletproof Vest Partnership Program	16.607	N/A	5,902	-
Violence Against Women	16.590	2016-WE-AX-0024	129,943	-
Victims Advocate	16.575	1V17024	77,861	-
Total U.S. Department of Justice			<u>279,334</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
(Passed through the SC Emergency Management Division)				
Homeland Security Grant Program	97.067	PDMC-PL-04-SC-2015-007	1,888	-
			<u>1,888</u>	<u>-</u>
Emergency Management Performance Grants	97.042	16EMPG01-Supplemental	5,472	-
Emergency Management Performance Grants	97.042	17EMPG01	54,892	-
			<u>60,364</u>	<u>-</u>
Assistance to Firefighters Grant	97.044	EMW-2014-FF-00085	223,151	-
			<u>223,151</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>285,403</u>	<u>-</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	322,519	-
TANF Cluster				
Temporary Assistance for Needy Families - TANF Block Grant	93.558	N/A	8,749	-
477 Cluster				
Child Care Development Fund	93.575/93.596	N/A	97	-
Medicaid Cluster				
Medicaid Assistance Program	93.778	N/A	3,422	-
Social Services Block Grant Administration	93.667	N/A	1,681	-
Family Preservation (CWS Part II)	93.556	N/A	60	-
Foster Care	93.658	N/A	2,702	-
			<u>4,443</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>339,230</u>	<u>-</u>
<u>Centers for Disease Control and Prevention</u>				
The Affordable Care Act	93.521	EQ-8-163	17,610	-
Total Centers for Disease Control and Prevention			<u>17,610</u>	<u>-</u>

LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Total Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Agriculture</u>				
(Passed through the SC Department of Social Services)				
SNAP Cluster				
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	N/A	\$ 3,809	\$ -
Total U.S. Department of Agriculture			<u>3,809</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Airport Improvement Program	20.106	3-45-0034-017-2014	2,340	-
Airport Improvement Program	20.106	3-45-0034-018-2015	1,801	-
Airport Improvement Program	20.106	3-45-0034-019-2017	1,449,975	-
Airport Improvement Program	20.106	3-45-0034-020-2018	2,250	-
			<u>1,456,366</u>	<u>-</u>
(Passed through the SC Department of Public Safety)				
Highway Safety Cluster				
State and Community Highway Safety Program	20.600	2JC16006	1,113	-
State and Community Highway Safety Program	20.600	PT-2017-HS-33-17	167,773	-
National Priority Safety Programs	20.616	M4HVE-2018-HS-49-18	58,448	-
			<u>227,334</u>	<u>-</u>
Total Highway Safety Cluster			<u>227,334</u>	<u>-</u>
(Passed through the SC Emergency Management Division)				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0566-1601-00	1,799	-
			<u>1,799</u>	<u>-</u>
Total U.S. Department of Transportation			<u>1,685,499</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
(Passed through the SC Department of Commerce)				
Community Development Block Grant	14.228	4-CI-15-021	646,343	618,000
Community Development Block Grant	14.228	4-RP-15-003	62,500	-
Community Development Block Grant	14.228	4-CI-16-011	141,866	129,376
			<u>850,709</u>	<u>747,376</u>
Total U.S. Department of Housing and Urban Development			<u>850,709</u>	<u>747,376</u>
<u>U.S. Department of Commerce</u>				
Economic Development Cluster				
Investments for Public Works and Economic Development Facilities	11.300	#04-01-06876	257,000	-
Total U.S. Department of Commerce			<u>257,000</u>	<u>-</u>
<u>U.S. Institute of Museum and Library Services</u>				
Library Services and Technology Program	45.310	IIIA-17-108	1,195	-
Library Services and Technology Program	45.310	IID-16-129	536	-
Library Services and Technology Program	45.310	IID-17-129	1,000	-
			<u>2,731</u>	<u>-</u>
Total U.S. Institute of Museum and Library Services			<u>2,731</u>	<u>-</u>
<u>U.S. Department of the Interior</u>				
Civil War Battlefield Land Acquisition	15.928	P16AP00213	42,903	-
			<u>42,903</u>	<u>-</u>
Partners for Fish and Wildlife	15.631	F17AC01174	2,328	-
			<u>2,328</u>	<u>-</u>
Total U.S. Department of Interior			<u>45,231</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 3,766,556</u>	<u>\$ 747,376.00</u>

LANCASTER COUNTY, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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. DE MINIMIS INDIRECT COST RATE

The County chose not to use the ten percent de minimis cost rate for the year ended June 30, 2018.

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.

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LANCASTER COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 the Uniform Guidance? ☐ Yes ☒ No

Identification of major programs:

CFDA Number
14.228

Name of Federal Program or Cluster
U.S. Department of Housing and Urban Development –
Community Development Block Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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, 2018

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
SCHEDULE OF PRIOR YEAR FINDINGS

None reported.

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