

# Comprehensive Annual **FINANCIAL REPORT**

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**For the Fiscal Year Ended June 30, 2016**



**Lancaster County, South Carolina**

# LANCASTER COUNTY, SOUTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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# LANCASTER COUNTY, SOUTH CAROLINA

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## **INTRODUCTORY SECTION**



## Lancaster County

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Lancaster, SC 29721

Telephone:  
803-285-1565

November 16, 2016

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 year ended June 30, 2016.

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, 2016, 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, 2016. 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 the fastest growing county in South Carolina. With an estimated 2015 population of 85,842, the County was established in 1785 and includes three

incorporated municipalities: Lancaster, Kershaw, and Heath Springs. The City of Lancaster, the county seat, is located 37 miles south of Charlotte, North Carolina and 60 miles north of Columbia, South Carolina, the state capital. The mission of Lancaster County government is to continuously strive to provide progressive quality public services in a timely fashion and in a cost effective manner.

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

The County provides a number of services such as law enforcement, fire protection, solid waste management, and roads & bridges primarily to residents of its unincorporated areas. The County also provides a variety of administrative services for its residents which 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 74 and 75 as part of the required supplementary information. Special revenue, capital funds and debt service budget-to-actual comparisons are presented on pages 89 - 99.

### ***Local Economy***

The County's unemployment rate was 6% in June 2016 and improved to 5.4% at September 2016. According to the SC Department of Revenue, gross retail sales for the County totaled \$1,340,898,364 in calendar year 2015 compared to \$1,184,178,818 in calendar year 2014. The County continues to experience an increase in permitting activity for housing and commercial. We expect this trend to continue as long as market conditions remain positive. The 2015 value of single family home permits was \$332,125,227, an increase from \$304,734,427 in 2014. Commercial permits values reflected \$37,402,376 during 2015. Most permits (73%) were issued for the "panhandle" area of the County, which is one of the fastest growing areas in the Charlotte region.

Major employers include:

- Red Ventures, an internet marketing and sales company, which employs 1,577 employees. The company announced an additional investment of \$90 million to construct a sales center, 6-story office tower, and a learning & development center. Red Ventures is creating a 310,000 square-foot retail center called RedStone. Phase I of RedStone will include a 55,400 square-foot movie theatre and 54,900 square-foot retail space. A four-story Marriott hotel is expected to be completed in 2017;
- Haile Gold Mine (OceanaGold Corporation), is located in the southern portion of the county and employs 825. A total investment of \$353 million is expected and commercial production is estimated to begin in early 2017;
- Springs Memorial Hospital, a 231-bed hospital, employs 762;
- Cardinal Health, a global healthcare products and services company, which employs about 678;
- Movement Mortgage, a mortgage financing corporation that employs about 600 employees. Located in Bailes Ridge corporate park, its headquarters is 104,000 square-foot;
- Continental Tire, one of the leading automotive tire suppliers worldwide, employs 455;
- Procter & Gamble-Duracell USA, a leading energy company and one of the world's leading manufacturers of high-performance alkaline batteries that employs 430.

Other major companies include:

- Nutramax Labs, Inc., a manufacturer of animal health supplements employs 250.
- Keer America, a Chinese textile manufacturer, with a \$218 million investment that will create 500 jobs. A 230,000-square-foot manufacturing facility was completed in 2016.

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 1,600 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 utilizes its Strategic Plan & CIP (Capital Improvement Plan) as a mechanism for long-term budgetary and operational planning. Council's strategic plan includes seven strategic priorities. The plan is expected to be updated every few years. The County's ten year CIP is expected to be updated in fiscal year 2017.

### ***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 is expected to complete the final phase of the Unified Development Ordinance (UDO) update, which is a set of land use regulations incorporated into one document and is intended to streamline and coordinate the development process. Phase I of the UDO was implemented in FY16.

A Local Hospitality Tax was approved in September 2016 and is effective January 1, 2017. The County will collect 2% on prepared food and beverage items. One of the projects proposed from the funding is recreation improvements. Council will decide a list of potential projects at a later date. The tax revenue is restricted for tourism related uses.

### ***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, 2015. This is the seventeenth 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 fourth Distinguished Budget Presentation Award for the annual budget for fiscal year beginning July 1, 2015. 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 2017 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**

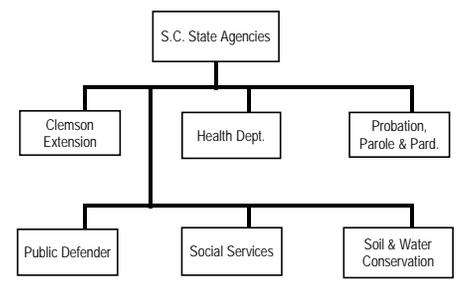
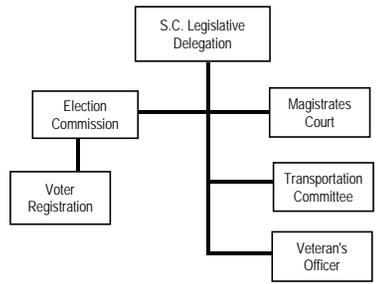
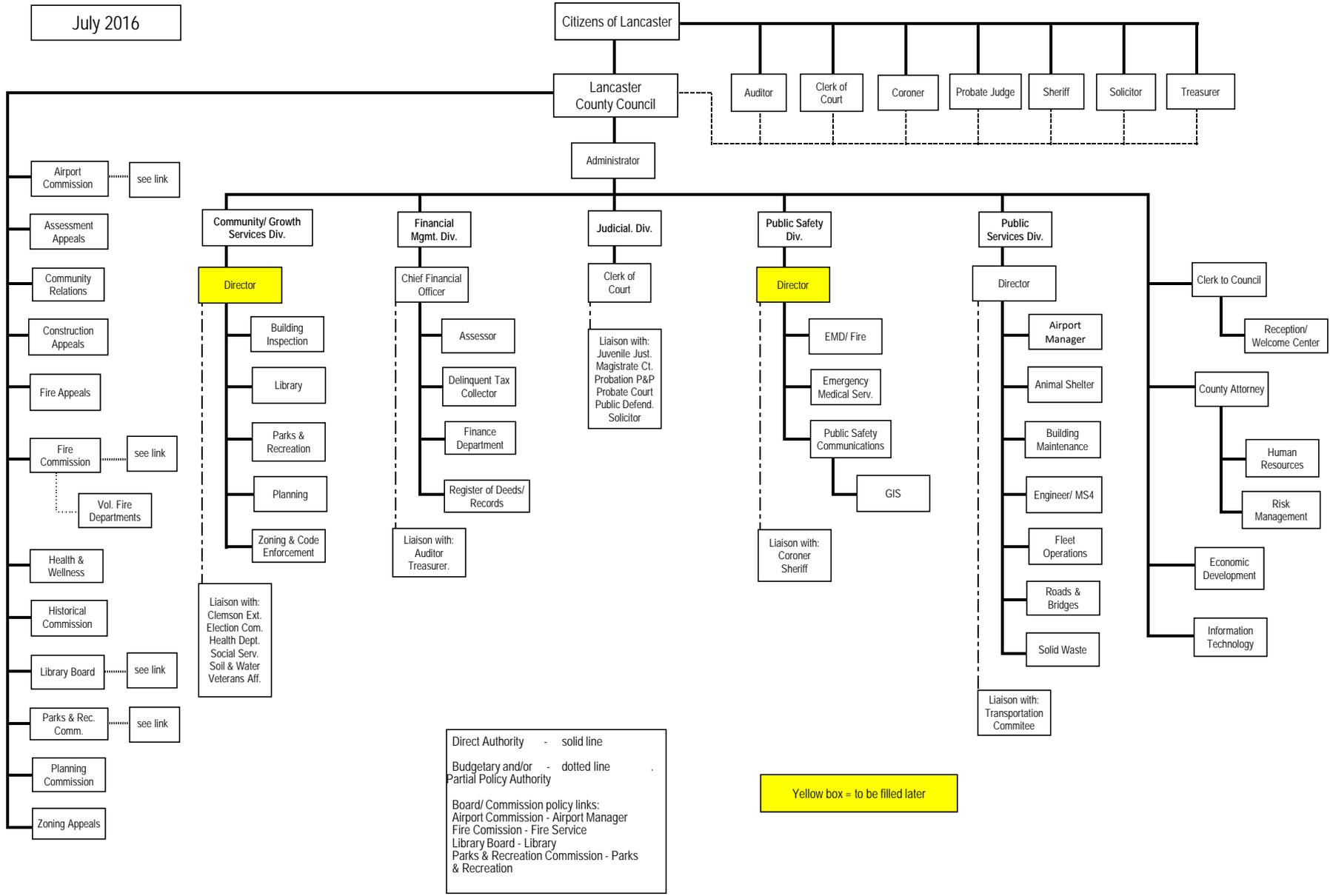
Presented to

**County of Lancaster  
South Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



# LANCASTER COUNTY, SOUTH CAROLINA

## PRINCIPAL COUNTY OFFICIALS JUNE 30, 2016

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### MEMBERS OF COUNTY COUNCIL

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

### ELECTED OFFICIALS

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

### ADMINISTRATIVE OFFICIALS

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

## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

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, 2016, 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.

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## **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, 2016, 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.

## **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 18), the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General Fund (on page 74 and 75), the Schedule of Funding Progress (on page 76), and the pension information for the Retirement Plans for the employees of Lancaster County, South Carolina (on pages 77 and 78) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2016, on our consideration of Lancaster County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lancaster County, South Carolina's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Macon, Georgia  
November 16, 2016

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

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As management of Lancaster County, South Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. 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 at the close of the most recent fiscal year by \$64,246,009 for governmental and business-type activities as reflected in the Statement of Net Position;
- A positive unrestricted net position of \$1,521,502 and an overall increase in net position of \$2,217,062 was reported;
- The County's combined governmental funds reported ending fund balances of \$52,817,397, an overall decrease of \$9,954,016 from the prior year;
- Total Unrestricted Fund Balance for the Governmental Funds was \$40,865,300 which included \$24,173,355 for the General Fund. Unassigned fund balance for the General Fund was \$19,251,333, which is 42 percent of the General Fund budget.

### *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

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

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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.

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 19 and 20 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, considered to be a major fund, accounts for all financial resources except those required to be accounted for in another fund. Other Major Funds include:

- The Capital Projects Sales Tax Fund, used to account for 1 cent sales tax approved in November 2008;
- The Capital Projects Sales Tax 2 Fund, used to account for 1 cent sales tax approved in November 2015. Current activity in the fund includes General Obligation Bonds;

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

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- The SCAGO Public Facilities Corporation Debt Service Fund, used to account for installment purchase debt;
- The Debt Service Fund.

The County's remaining nineteen funds: (8) capital projects funds and (11) 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 and the special revenue funds as required supplementary information. Budgetary comparisons for the debt service and capital projects funds, specifically the Capital Improvement Fund, are included as other supplementary information. The governmental fund financial statements can be found on pages 21 - 26 of this report.

*Proprietary Funds*

Proprietary funds account for business-like transactions of the government. The County maintains one proprietary fund that is used to account for the Airport operations. The enterprise fund financials can be found on pages 27 - 29 of this report. Enterprise funds are reflected as business-type activities in the government –wide financial statements.

*Fiduciary funds*

Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others. The resources of fiduciary funds are not available to support the County's programs and are therefore excluded from the government-wide financial statements. The statement of fiduciary fund financials can be found on page 30 of this report.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and government fund financial statements. The notes to the financial statements begin on page 31.

**Other information**

To facilitate analysis, in addition to the basic financial statements and accompanying notes, this report presents the previously mentioned budgetary comparisons for the debt service and capital projects funds, a combining schedule of changes in agency fund net position, information about the County's capital assets, and a schedule required by state law applicable to expenditures on behalf of victims of crime. This supplementary information begins on page 74.

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

*Government-wide Financial Analysis*

As noted earlier, the statement of net position presents the difference between the County's assets and liabilities and over time may serve as an indicator of its financial position. In the case of Lancaster County, assets exceeded liabilities by \$64,246,009 at the close of the most recent fiscal year.

The following table presents a summary of the statement of net position as of June 30, 2016:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2015</u>
Current and other assets	\$65,962,039	\$76,845,084	18,070	43,850	\$65,980,109	\$76,888,934
Capital assets	84,523,706	82,293,689	5,898,351	5,460,419	\$90,422,057	\$87,754,108
<b>Total assets</b>	<b>\$150,485,745</b>	<b>\$159,138,773</b>	<b>\$5,916,421</b>	<b>\$5,504,269</b>	<b>\$156,402,166</b>	<b>\$164,643,042</b>
Total Deferred Outflows of Resources	<b>4,952,914</b>	<b>3,387,268</b>	<b>11,162</b>	<b>6,503</b>	<b>4,964,076</b>	<b>3,393,771</b>
Long-term liabilities outstanding	\$89,207,878	\$95,195,730	83,941	71,356	\$89,291,819	\$95,267,086
Other liabilities	7,695,144	7,661,540	92,699	138,496	7,787,843	7,800,036
<b>Total liabilities</b>	<b>\$96,903,022</b>	<b>\$102,857,270</b>	<b>\$176,640</b>	<b>\$209,852</b>	<b>\$97,079,662</b>	<b>\$103,067,122</b>
Total Deferred Inflows of Resources	<b>40,421</b>	<b>2,934,728</b>	<b>150</b>	<b>6,016</b>	<b>40,571</b>	<b>2,940,744</b>
Net position:						
Net investment in capital assets	\$46,134,061	\$28,252,587	5,898,351	5,460,419	52,032,412	33,713,006
Restricted	10,692,095	42,783,910	-	-	10,692,095	42,783,910
Unrestricted	1,669,060	(14,302,454)	(147,558)	(165,515)	1,521,502	(14,467,969)
<b>Total net position</b>	<b>\$58,495,216</b>	<b>\$56,734,043</b>	<b>\$5,750,793</b>	<b>\$5,294,904</b>	<b>\$64,246,009</b>	<b>\$62,028,947</b>

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

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The largest portion (81%) 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, capital projects sales tax. The large reduction in restricted is attributed to the use capital projects sale tax to pay off debt on the justice center. **Unrestricted net position** decreased in FY15 due to the implementation of GASB 68. **Net investment in capital assets** increased compared to last year due to the defeasance of debt which in turn affect **current and other assets**. **Long-term liabilities outstanding** due to the defeasance of the installment purchase revenue bond which constructed the Justice Center. The County did add debt in the amount of \$6,750,000 to purchase fire trucks. At the close of fiscal year, the County's net position increased by \$2,217,062.

Total program revenues increased by \$9,122,965 during the fiscal year. **Charges for Services** remained static while **operating grants and contributions** increased \$4,136,581 mainly due to the receipt of one-time state funding for roads in the amount of \$3,980,455. **Capital grants & contributions** increased significantly for grant awarded from the state to help with industry recruitment for real property & road improvements for companies such as Red Ventures, Nutramax, and Silgan. **Property tax** collections increased compared to the prior year due to a combination of the following: a small millage increase, a 15% increase in vehicle tax revenue related to growth, an increase in homestead exemptions for a growing aging population, an 8% increase in local option rollback revenue and a 5% increase in local option revenue. Capital projects sales tax 1 (\$2,381,860) & CPST2 (\$6,882,922), levied for capital projects, are included in **Other Taxes & licenses**.

Total **expenses** increased by \$10,660,943 for all governmental activities compared to the prior year. The **general government** activity increased by \$1.6 million due to the following additions: direct assistance to the public defender and solicitor for attorneys, IT technician for the management information systems department, increase in the voter registration's part time account for poll workers due to the presidential primary & county-wide elections, full year budget analyst, zoning code enforcement officer, and funding for 2<sup>nd</sup> phase of the unified development ordinance. **Public works** activities increased by \$13,860,379. This category includes road projects funded by additional state funding and the imposition of Capital Projects Sales Tax 2. There was a large reduction in **economic development** expenses due to issuance of \$7.5 million special source revenue bond which was received last fiscal year.

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

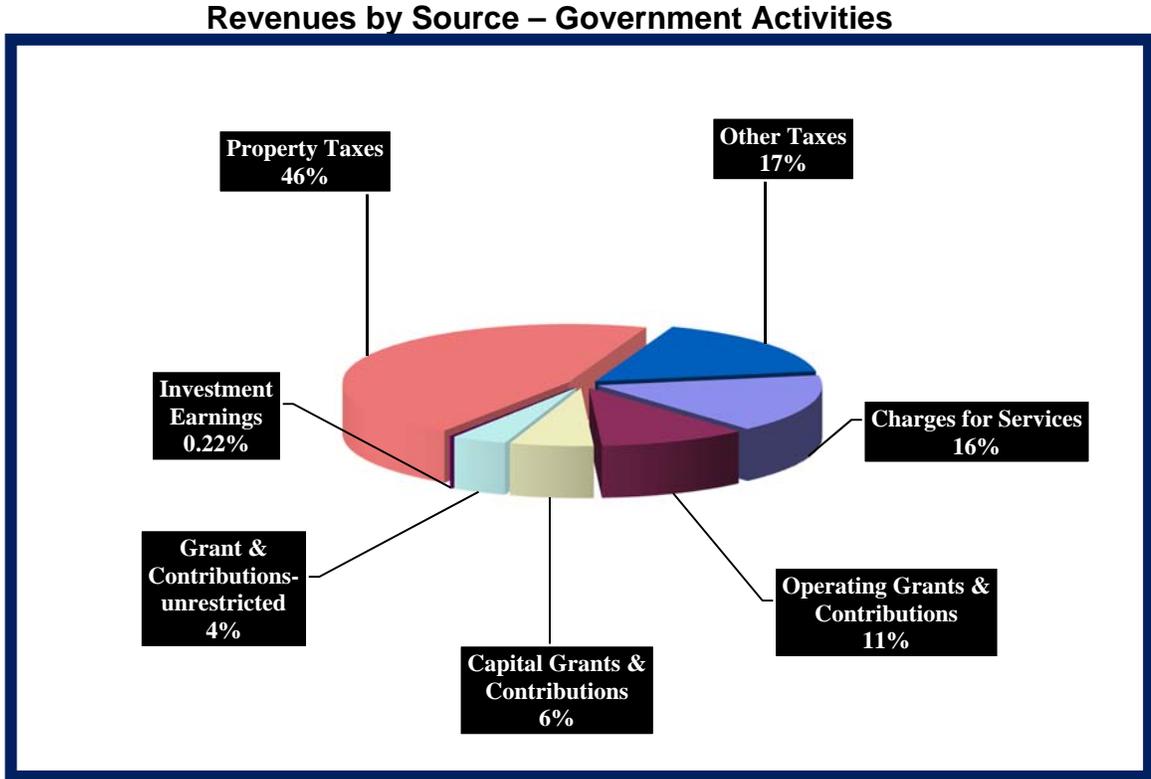
The table below summarizes the changes in net position for the County for the year ended June 30, 2016:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$12,131,680	\$12,160,263	\$150,127	\$179,970	\$12,281,807	\$12,340,233
Operating grants & contributions	7,981,217	3,844,636	-	-	7,981,217	3,844,636
Capital grants & contributions	3,834,853	1,943,650	674,876	1,873,922	4,509,729	3,817,572
<b>General Revenues:</b>						
Property taxes	34,917,971	32,542,322	-	-	34,917,971	32,542,322
Other taxes & licenses	12,582,362	11,837,073	-	-	12,582,362	11,837,073
Unrestricted grants & contributions	2,981,903	3,080,863	-	-	2,981,903	3,080,863
Unrestricted investment earnings	163,832	62,046	-	-	163,832	62,046
Other	0	0	-	-	0	0
<b>Total revenues</b>	<b>74,593,818</b>	<b>65,470,853</b>	<b>825,003</b>	<b>2,053,892</b>	<b>75,418,821</b>	<b>67,524,745</b>
<b>Expenses:</b>						
General government	15,201,832	13,556,703	-	-	15,201,832	13,556,703
Administration of justice	2,385,010	2,323,898	-	-	2,385,010	2,323,898
Public safety and law enforcement	18,876,586	18,601,569	-	-	18,876,586	18,601,569
Public works	21,072,721	7,212,342	-	-	21,072,721	7,212,342
Public health & welfare	7,071,270	6,572,904	-	-	7,071,270	6,572,904
Economic development	2,302,320	8,232,370	-	-	2,302,320	8,232,370
Culture & recreation	3,993,898	3,925,747	-	-	3,993,898	3,925,747
Interest on long-term debt	1,864,722	1,681,883	-	-	1,864,722	1,681,883
Airport	-	-	433,400	404,801	433,400	404,801
<b>Total expenses</b>	<b>72,768,359</b>	<b>62,107,416</b>	<b>433,400</b>	<b>404,801</b>	<b>73,201,759</b>	<b>62,512,217</b>
Increase (Decrease) in net position before Transfers	1,825,459	3,363,437	391,603	1,649,091	2,217,062	5,012,528
Transfers	(64,286)	(50,000)	64,286	50,000	-	-
Increase (Decrease) in net position	1,761,173	3,313,437	455,889	1,699,091	2,217,062	5,012,528
Net position- beginning of year (restated)	56,734,043	53,420,606	5,294,904	3,595,813	62,028,947	57,016,419
<b>Net position- end of year</b>	<b>\$58,495,216</b>	<b>\$56,734,043</b>	<b>\$5,750,793</b>	<b>\$5,294,904</b>	<b>\$64,246,009</b>	<b>\$62,028,947</b>

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

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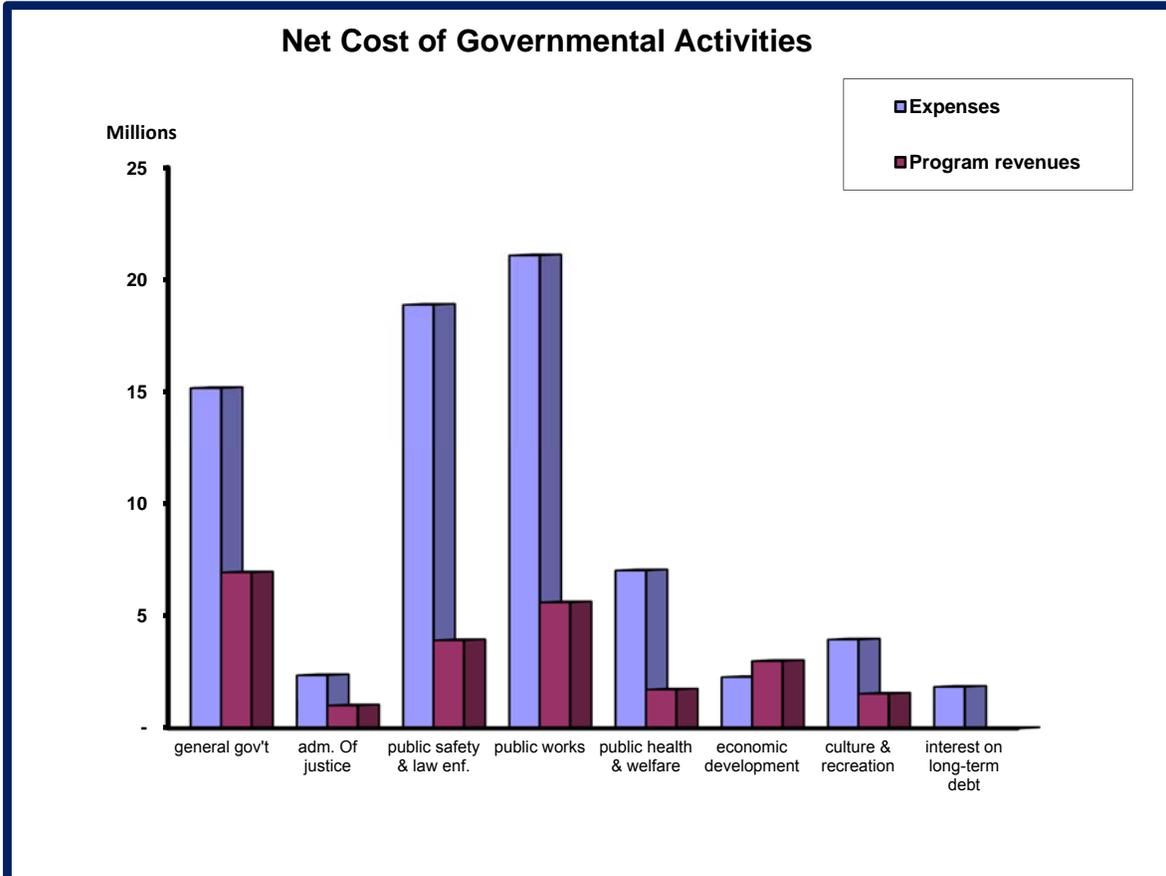
The pie chart below depicts the percentages of revenues by source:



**Property taxes** are the government's main source of revenue at 46%. **Charges for services**, another major source (16%), includes: EMS charges, Indian Land Fire District, and Pleasant Valley Fire District. **Investment earnings** represent the least source of revenue. **Other taxes** (17%) reflect revenue from road improvement fees, capital projects sales tax 1, and capital projects sales tax 2.

**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 Works** was the highest. This category was partially funded by other taxes (CPST) which is not included in program revenue. **Public safety and law enforcement** expenses was second largest net expense after receiving various grants and developer donations that were restricted. **General Government** activity is the third largest net expense for the government.

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

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*Financial Analysis of the County's Funds*

As noted earlier, Lancaster County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The total of all the County's governmental funds fund balances reached \$52,817,397 with \$18,502,711 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 \$19,251,333 compared to \$17,842,835 the prior year. As stated earlier, the County approved a small millage increase to maintain appropriate level of services. Also in response to the population growth and the increase in commercial growth, the local option sales tax and the vehicle tax collections continue to rise. Vehicle taxes increased by \$374,010 while local option sales increased by \$392,216. Taxes account for 60% of the general fund revenue. The general fund balance increased by \$5,221,281 compared to \$1,799,692 last fiscal year. The County continues to maintain a healthy fund balance due to conservatively estimating revenues and controlled spending. There were also a number of vacancies as explained in the general budgetary highlights below.

The **Capital Projects Sales Tax Fund**, reported as a major fund, decreased its fund balance by \$8,126,466. This capital projects fund accounts for 1 cent sales tax approved by voters in November 2008 and funds debt for the Justice Center. The maximum collection was reached and the balance will be depleted in FY17. The **Capital Projects Sales Tax 2 Fund**, also a major fund, reports the County's second CPST and general obligation debt approved by the voters in November 2015. In FY16, the funds were used for road improvements and the acquisition & construction of public safety/emergency services communications system. Two **Debt Service Funds**, one reports the county's general obligation debt and the other the SCAGO debt, are also reported as major funds this year. **Other Governmental Funds** include capital projects and other special revenue funds which most of their fund balances are restricted.

*General Fund Budgetary Highlights*

A budgetary comparison schedule is included for the general fund on pages 74 and 75. After accounting for other financing sources and uses, the net change in fund balance was an increase of \$5,221,281. Actual revenues were below budgetary estimates by \$4,710,962 and actual expenditures were below budgetary appropriations by \$2,776,903 due to reasons explained further in the significant positive or negative variances by department section below. The County also transferred \$6,773,461 from the general fund to the bond fund to provide funding for the purchase of fire trucks until the general obligation bonds were issued. Once the bonds were issued, \$6,655,340 was transferred back to the general fund. A transfer of \$64,286 was also made to assist the airport operations.

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

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

- **Charges for Services-** A negative variance mainly due to a decrease in building rentals for the recreation department and EMS charges collections were lower than estimated.
- **Contributions and Donations-** The County received a \$1million donation from a development agreement with a developer;
- **Fund Balance-** The County's original budget included appropriating fund balance for non-recurring items discussed in a section below;
- **Licenses & permits-** Collections were \$1,902,635 above estimates which is an indicator of the County's strong housing market and economy. Revenue estimates in this category are very conservative especially for building permits. Building permits collected were \$1,171,757 above estimates and register of deeds fees, county portion, were \$175,655 above estimates. Cable franchise fees were \$237,836 above estimates due to the increase in population;
- **Property Taxes-** Reflected a favorable variance which was attributed to \$280,900 in vehicle taxes and local option sales \$465,507 above estimates. The County also received additional fee in lieu of taxes for Bailes Ridge (\$297,477) after a special source revenue bond was paid in full.

The County reported some 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:*

- Voter Registration & Elections (\$61,412)- Unexpected special elections due to a school bond referendum, deceased mayor, and local primary runoffs;
- Coroner (\$69,444)- Increase in autopsies attributed to an increase in unnatural deaths;
- EMS (\$51,992)- Holiday pay and additional training for Ebola response;

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

- County Council (\$160,792)- Savings mainly due to grant match not needed;
- Administrator (\$50,395)- Savings in nurse practitioner costs;
- Legal team (\$63,603)- vacant position later reclassified to another department;
- Management Information Services (\$60,181)- Savings in hardware & software maintenance;
- Building (\$201,906)- Savings in wages & fringes due to vacancies;
- Assessor (\$104,967)- vacancy filled later in year and savings in reassessment costs;
- Vehicle Maintenance (\$60,054)- vacancies during the year and encumbrances carried forward;
- Building Maintenance (\$52,099)- savings in contractual services;
- Probate Court (\$55,920)- vacancies during the year;

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

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- Sheriff (\$651,535) - a number of a vacancies during the year. Reallocated funding for four positions to fund a career ladder to maintain staff;
- Fire Commission (\$113,128)- savings in health insurance and gas;
- Detention Center (\$69,143) – Turnover and understaffing caused this department to have a positive variance;
- Communication (\$111,901)- vacancies throughout the year;
- Roads & Bridges (\$119,517)- savings in gas and contractual services;
- Solid Waste (\$473,808)- Deferred costs of completing Indian Land convenience site and encumbrance for mack truck carried forward to FY17;
- Recreation (\$113,047) – savings in gas, full time and part time accounts;
- Economic Development (\$137,175) - created new department which became fully staffed in FY17. Used consultant until director was hired.

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 to appropriate fund balance for the following nonrecurring items: temporary loan of \$6,655,340 to bond fund for fire trucks, transfer of county commitment to SCAGO/CPST to fund \$628,653, \$100,000 for SCAC deductible, and \$24,547 to purchase a vehicle for economic development department. Encumbrances of \$92,541 were also brought forward from the prior year.

*Expenditures:*

- Non-departmental (\$100K)- SCAC deductible;
- EMS (\$350K) - emergency purchase of shed that was damaged during storm.

*Other Financing Sources (Uses):*

- Transfers Out (\$7,402,114) - explained the revenue section above.

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

*Capital Assets*

Lancaster County's net investment in capital assets for its governmental activities as of June 30, 2016, totaled \$84,523,706, net of accumulated depreciation. This investment in capital assets includes land, buildings and building improvements, vehicles, furniture and equipment. The roads, highways and bridges (i.e., infrastructure assets) added during the fiscal year are normally included but none were added this fiscal year.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	FY 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
Land	\$ 6,735,202	\$ 6,979,668	\$ 598,607	\$ 598,607	\$ 7,578,275	\$ 7,578,275
Buildings & Improvements	48,935,009	51,226,046	2,991,393	3,207,652	54,433,698	54,433,698
Vehicles	6,734,661	7,077,921	-	-	7,077,921	7,077,921
Furniture & Equipment	6,613,038	7,593,082	-	-	7,593,082	7,593,082
Infrastructure	8,257,248	8,988,587	-	-	8,988,587	8,988,587
Construction in Progress	7,248,548	428,385	2,308,351	1,654,160	2,082,545	2,082,545
<b>Total</b>	<b>\$84,523,706</b>	<b>\$82,293,689</b>	<b>\$5,898,351</b>	<b>\$5,460,419</b>	<b>\$90,422,057</b>	<b>\$87,754,108</b>

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

- \$454,606- Two ambulances;
- \$297,372- Garage bay building for EMS.;
- \$7,176,548- procured fire trucks that were delivered in FY17;
- \$103,224- mack truck for roads and bridges;
- The Sheriff department purchased & equipped vehicles in the amount of \$414,293;
- International truck donation to fire department valued at \$100K;
- VA/Economic Development-Land, building, & renovations in the amount of \$759,344.

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

- Apron expansion of \$114,655;
- Taxiway pavement and lighting rehab in the amount of \$539,536.

Additional information on the County's capital assets can be found in note 5 beginning on page 48.

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

*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 \$9,413,178 without a referendum. At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$89,207,878. General obligation bonds make up 41% (\$36,736,205) 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 2016	FY 2015	FY 2016	FY 2015	FY 2016	FY 2015
General Obligation Bonds	\$36,736,205	\$31,300,178	-	-	\$36,736,205	\$31,300,178
Special Source Revenue Bonds	7,504,000	9,394,000	-	-	7,504,000	9,394,000
SCAGO PFC IPRB	0	14,445,000	-	-	0	14,445,000
<b>Total</b>	<b>\$44,240,205</b>	<b>\$55,139,178</b>	<b>-</b>	<b>-</b>	<b>\$44,240,205</b>	<b>\$55,139,178</b>

The County's long term obligations include three general obligation bonds and four general obligation refunding bonds. The County's debt increased due to the issuance of general obligation bonds (May 2016) in the amount of \$6,750,000 to purchase fire trucks. The sharp decline in the SCAGO Installment Purchase Revenue Bond balance was due to debt defeasance. The County issued a Special Source Revenue Bond on behalf of Keer Corporation, a textile company. Fee In Lieu of Taxes will pay the debt.

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 notes 6 on pages 50 through 58 of this report.

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

- The unemployment rate for Lancaster County was at a level of 6% in June 2016. Statewide unemployment was 4.9%, while the national rate was 5.4% during the same period;

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

*Economic Factors and Next Year's Budgets and Tax Rates (Continued)*

- The County approved the following budgets in the amount of \$74,964,057 for fiscal year 2017:

APPROPRIATIONS	AMOUNT
Airport Fund	223,483
Capital Improvement Fund	1,594,000
Capital Project Sales Tax 1	2,076,679
Capital Project Sales Tax 2	9,500,000
County Debt	4,203,722
County Transportation Committee Fund	2,600,000
Court Mandated Security	1,283,500
E-911 Fund	625,150
General Fund	49,137,778
Indian Land Fire Protection District Fund	596,000
Local Accommodations Tax Fund	50,000
Pleasant Valley Fire Protection District Fund	440,078
Recreation Fund	2,540,062
Sunday Alcohol Permit Fund	7,000
Victims Services Fund	86,605

The budget addressed the following:

- \$100,015 increase in the state retirement contributions;
- A \$300,000 increase in our cost for Solid Waste disposal;
- A \$268,940 allocation for repairs at the Historic Jail which is listed as both a National Landmark and National Register of Historic Places;
- A \$75,000 increase for our Cybersecurity program;
- A \$106,830 allocation for security enhancements in the County Administration Building;
- A \$75,000 allocation for building renovations at the Department of Social Services;
- Funding for an improved Fleet Operations maintenance facility;
- Swimming pool wall replacement;
- A SRN barrier system in the Coroner's morgue;
- Replacement of the uninterruptible power system at the Emergency Operations Center.

The Budget also addresses personnel needs which included:

- Additional staff – a large component in the budget is funding for direct service positions at \$590,345.
- Salary adjustments for employees at \$554,711.

- Fiscal year 2017 was a reassessment year and the County rolled back millage to remain revenue neutral. We were still allowed by State law to capture minimal growth in the tax base.

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

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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 2017 which includes 76 mils. County Council also adopted 4.6 mils for capital replacement needs, 7 mils for debt service, and 3.6 mils for Court Security. The FY17 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.mylanastersc.org>.

*Requests for Information*

This financial report is designed to provide a general overview of Lancaster County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

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

**LANCASTER COUNTY, SOUTH CAROLINA**

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 26,991,098	\$ 100	\$ 26,991,198
Investments	25,346,675	-	25,346,675
Receivables:			
Taxes	1,928,727	-	1,928,727
Accounts	5,006,814	31	5,006,845
Due from other governments	5,126,264	296,292	5,422,556
Internal balances	302,459	(302,459)	-
Inventories	93,662	24,106	117,768
Prepaid expenses	277,912	-	277,912
Assets held for resale	888,428	-	888,428
Capital assets:			
Nondepreciable	13,983,750	2,906,958	16,890,708
Depreciable, net	70,539,956	2,991,393	73,531,349
Other	-	-	-
Total assets	<u>150,485,745</u>	<u>5,916,421</u>	<u>156,402,166</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	284,407	-	284,407
Pension - South Carolina Retirement System	3,005,710	11,162	3,016,872
Pension - South Carolina Police Officers Retirement System	1,662,797	-	1,662,797
Total deferred outflows of resources	<u>4,952,914</u>	<u>11,162</u>	<u>4,964,076</u>
<b>LIABILITIES</b>			
Accounts payable	5,245,598	92,699	5,338,297
Accrued liabilities	781,769	-	781,769
Bond anticipation note payable	700,500	-	700,500
Unearned revenues	449,928	-	449,928
Accrued interest payable	517,349	-	517,349
Noncurrent liabilities:			
Due within one year	4,822,732	-	4,822,732
Due in more than one year	48,595,476	-	48,595,476
Net pension liability:			
South Carolina Retirement System	22,602,759	83,941	22,686,700
South Carolina Police Officers Retirement System	13,186,911	-	13,186,911
Total liabilities	<u>96,903,022</u>	<u>176,640</u>	<u>97,079,662</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension - South Carolina Retirement System	40,421	150	40,571
Total deferred inflows of resources	<u>40,421</u>	<u>150</u>	<u>40,571</u>
<b>NET POSITION</b>			
Net investment in capital assets	46,134,061	5,898,351	52,032,412
Restricted for:			
Property tax reduction	1,531,719	-	1,531,719
Capital projects	2,073,149	-	2,073,149
Public safety	3,829,315	-	3,829,315
Public works	1,272,424	-	1,272,424
Public health and welfare	199,761	-	199,761
Cultural and recreation	93,065	-	93,065
Economic development	2,418	-	2,418
Debt service	1,690,244	-	1,690,244
Unrestricted	1,669,060	(147,558)	1,521,502
Total net position	<u>\$ 58,495,216</u>	<u>\$ 5,750,793</u>	<u>\$ 64,246,009</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, 2016**

<b>Functions/Programs</b>	<b>Program Revenues</b>				<b>Net (Expenses) Revenues and Changes in Net Position</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Primary Government</b>		
					<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 15,201,832	\$ 6,833,003	\$ 150,048	\$ -	\$ (8,218,781)	\$ -	\$ (8,218,781)
Administration of justice	2,385,010	972,856	50,492	-	(1,361,662)	-	(1,361,662)
Public safety	18,876,586	1,193,593	1,077,408	1,692,000	(14,913,585)	-	(14,913,585)
Public works	21,072,721	137,091	5,519,891	-	(15,415,739)	-	(15,415,739)
Public health and welfare	7,071,270	1,675,770	64,839	-	(5,330,661)	-	(5,330,661)
Culture and recreation	3,993,898	1,257,391	43,539	252,853	(2,440,115)	-	(2,440,115)
Economic development	2,302,320	61,976	1,075,000	1,890,000	724,656	-	724,656
Interest on long-term debt	1,864,722	-	-	-	(1,864,722)	-	(1,864,722)
Total governmental activities	72,768,359	12,131,680	7,981,217	3,834,853	(48,820,609)	-	(48,820,609)
Business-type activities:							
Airport	433,400	150,127	-	674,876	-	391,603	391,603
Total business-type activities	433,400	150,127	-	674,876	-	391,603	391,603
<b>Total primary government</b>	<b>\$ 73,201,759</b>	<b>\$ 12,281,807</b>	<b>\$ 7,981,217</b>	<b>\$ 4,509,729</b>	<b>(48,820,609)</b>	<b>391,603</b>	<b>(48,429,006)</b>
<b>General revenues:</b>							
Property taxes levied for:							
General purposes					30,216,233	-	30,216,233
Public safety					1,233,928	-	1,233,928
Debt service					1,889,065	-	1,889,065
Capital projects					1,578,745	-	1,578,745
Other taxes and licenses					12,582,362	-	12,582,362
Grants and contributions not restricted for a specific purpose					2,981,903	-	2,981,903
Unrestricted investment earnings					163,832	-	163,832
Transfers					(64,286)	64,286	-
Total general revenues and transfers					50,581,782	64,286	50,646,068
Change in net position					1,761,173	455,889	2,217,062
Net position, beginning of year					56,734,043	5,294,904	62,028,947
Net position, end of year					<b>\$ 58,495,216</b>	<b>\$ 5,750,793</b>	<b>\$ 64,246,009</b>

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

**LANCASTER COUNTY, SOUTH CAROLINA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<u>General Fund</u>	<u>Capital Projects Sales Tax Fund</u>	<u>Capital Projects Sales Tax 2 Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23,716,303	\$ -	\$ -	\$ 3,264,525
Investments	25,345,860	-	-	-
Taxes receivable, net	1,593,885	-	-	150,792
Accounts receivable, net	4,918,365	-	-	-
Due from other governments	2,183,071	-	2,469,533	33
Due from other funds	605,735	3,347,271	8,887,397	-
Prepaid expenditures	277,912	-	-	-
Inventories	93,662	-	-	-
Land held for resale	888,428	-	-	-
Total assets	<u>\$ 59,623,221</u>	<u>\$ 3,347,271</u>	<u>\$ 11,356,930</u>	<u>\$ 3,415,350</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,007,089	\$ -	\$ 93,663	\$ -
Accrued liabilities	781,769	-	-	-
Bond anticipation note payable	-	-	-	-
Due to other funds	20,514,315	-	-	500
Unearned revenues	248,291	-	-	-
Total liabilities	<u>26,551,464</u>	<u>-</u>	<u>93,663</u>	<u>500</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	1,536,123	-	-	146,175
Unavailable revenue - emergency medical services	4,107,638	-	-	-
Total deferred inflows of resources	<u>5,643,761</u>	<u>-</u>	<u>-</u>	<u>146,175</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid expenditures	277,912	-	-	-
Inventories	93,662	-	-	-
Land held for resale	888,428	-	-	-
Restricted for:				
Property tax reduction	1,531,719	-	-	-
DSS IV-D Incentive	199,761	-	-	-
Inmate commissary	65,420	-	-	-
Victim services	-	-	-	-
Drug task force	197,739	-	-	-
Capital projects	-	627,373	775,240	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Roads and bridges	-	-	-	-
Debt service	-	-	-	1,690,229
Assigned:				
General government	1,000,000	-	-	-
Culture and recreation	132,324	-	-	-
Subsequent year's budget	3,789,698	2,719,898	10,488,027	1,578,446
Unassigned	19,251,333	-	-	-
Total fund balances	<u>27,427,996</u>	<u>3,347,271</u>	<u>11,263,267</u>	<u>3,268,675</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 59,623,221</u>	<u>\$ 3,347,271</u>	<u>\$ 11,356,930</u>	<u>\$ 3,415,350</u>

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

<b>SCAGO Public Facilities Corporation Debt Service</b>		
<b>Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 10,270	\$ 26,991,098
15	800	25,346,675
-	184,050	1,928,727
-	88,449	5,006,814
-	473,627	5,126,264
-	8,279,647	21,120,050
-	-	277,912
-	-	93,662
-	-	888,428
<u>\$ 15</u>	<u>\$ 9,036,843</u>	<u>\$ 86,779,630</u>
\$ -	\$ 144,846	\$ 5,245,598
-	-	781,769
-	700,500	700,500
-	302,776	20,817,591
-	201,637	449,928
<u>-</u>	<u>1,349,759</u>	<u>27,995,386</u>
-	176,911	1,859,209
-	-	4,107,638
<u>-</u>	<u>176,911</u>	<u>5,966,847</u>
-	-	277,912
-	-	93,662
-	-	888,428
-	-	1,531,719
-	-	199,761
-	-	65,420
-	16,026	16,026
-	-	197,739
-	670,536	2,073,149
-	3,550,130	3,550,130
-	93,065	93,065
-	2,418	2,418
-	1,272,424	1,272,424
15	-	1,690,244
-	-	1,000,000
-	-	132,324
-	2,654,196	21,230,265
-	(748,622)	18,502,711
<u>15</u>	<u>7,510,173</u>	<u>52,817,397</u>
<u>\$ 15</u>	<u>\$ 9,036,843</u>	<u>\$ 86,779,630</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

Total fund balances for governmental funds:	\$	52,817,397
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.		84,523,706
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		5,966,847
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	\$ (36,736,205)	
Unamortized refunding deferral amount on general obligation bonds	284,407	
Unamortized bond premium/discount	(3,627,628)	
Capital lease obligations	(2,451,843)	
Special source revenue bonds	(7,504,000)	
Other post-employment benefits	(618,277)	
Post-closure care liabilities	(1,175,067)	
Compensated absences payable	(1,305,188)	
Net pension liability	<u>(31,161,584)</u>	
Total long-term liabilities		(84,295,385)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		<u>(517,349)</u>
Net position of governmental activities	\$	<u><u>58,495,216</u></u>

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

**LANCASTER COUNTY, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	General Fund	Capital Projects Sales Tax Fund	Capital Projects Sales Tax 2 Fund	Debt Service Fund
<b>REVENUES</b>				
Property taxes	\$ 30,107,905	\$ -	\$ -	\$ 1,889,065
Sales and other local taxes	2,286,114	2,381,860	6,882,922	-
Licenses and permits	6,248,935	-	-	-
Intergovernmental	4,541,474	-	-	-
Charges for services	3,977,933	-	-	-
Fines and forfeitures	935,942	-	-	-
Interest revenue	120,642	12,817	21,456	2,702
Contributions and donations	1,111,491	-	-	-
Other revenues	210,262	-	-	-
Total revenues	<u>49,540,698</u>	<u>2,394,677</u>	<u>6,904,378</u>	<u>1,891,767</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,827,178	16,300	-	-
Administration of justice	2,108,384	15,090	-	-
Public safety	14,145,424	-	-	-
Public works	4,805,405	-	12,018,520	-
Public health and welfare	6,919,809	-	-	-
Culture and recreation	3,507,367	-	-	-
Economic development	279,723	-	-	-
Capital outlay	-	101,592	-	-
Debt service:				
Principal	379,302	-	-	1,208,973
Interest	71,187	-	-	958,050
Fees	-	-	-	5,838
Total expenditures	<u>44,043,779</u>	<u>132,982</u>	<u>12,018,520</u>	<u>2,172,861</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,496,919</u>	<u>2,261,695</u>	<u>(5,114,142)</u>	<u>(281,094)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,690,762	628,653	-	686,146
Transfers out	(7,466,400)	(11,016,814)	-	-
Payment to refunded bond escrow agent	-	-	-	-
Proceeds from the issuance of bonds	-	-	-	-
Premium on bonds issued	-	-	-	-
Proceeds from the sale of capital assets	500,000	-	-	-
Total other financing sources (uses)	<u>(275,638)</u>	<u>(10,388,161)</u>	<u>-</u>	<u>686,146</u>
Net change in fund balances	5,221,281	(8,126,466)	(5,114,142)	405,052
<b>Fund balances, beginning of year</b>	<u>22,206,715</u>	<u>11,473,737</u>	<u>16,377,409</u>	<u>2,863,623</u>
<b>Fund balances, end of year</b>	<u>\$ 27,427,996</u>	<u>\$ 3,347,271</u>	<u>\$ 11,263,267</u>	<u>\$ 3,268,675</u>

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

<b>SCAGO Public Facilities Corporation Debt Service Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 2,815,091	\$ 34,812,061
-	340,483	11,891,379
-	-	6,248,935
-	8,330,039	12,871,513
-	1,039,976	5,017,909
-	88,678	1,024,620
223	5,992	163,832
-	1,719,549	2,831,040
-	37,315	247,577
<u>223</u>	<u>14,377,123</u>	<u>75,108,866</u>
-	56,692	11,900,170
-	-	2,123,474
-	2,776,439	16,921,863
-	3,276,787	20,100,712
-	20,566	6,940,375
-	97,860	3,605,227
-	1,965,000	2,244,723
-	8,817,897	8,919,489
5,470,000	2,039,500	9,097,775
571,825	188,426	1,789,488
-	86,233	92,071
<u>6,041,825</u>	<u>19,325,400</u>	<u>83,735,367</u>
<u>(6,041,602)</u>	<u>(4,948,277)</u>	<u>(8,626,501)</u>
11,286,138	7,177,360	26,469,059
-	(8,050,131)	(26,533,345)
(9,199,375)	-	(9,199,375)
-	6,750,000	6,750,000
-	686,146	686,146
-	-	500,000
<u>2,086,763</u>	<u>6,563,375</u>	<u>(1,327,515)</u>
(3,954,839)	1,615,098	(9,954,016)
<u>3,954,854</u>	<u>5,895,075</u>	<u>62,771,413</u>
<u>\$ 15</u>	<u>\$ 7,510,173</u>	<u>\$ 52,817,397</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Net change in fund balances - total governmental funds \$ (9,954,016)

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	\$	9,311,028	
Depreciation expense		(5,991,770)	3,319,258

The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position. (1,089,241)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (615,048)

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	\$	18,072,774	
Issuance of general obligation bonds		(7,436,146)	
Amortization of premium/discount on long-term debt		588,798	
Amortization of the refunding deferral amount on the refunding general obligation bonds		<u>(42,886)</u>	11,182,540

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	\$	(709,240)	
Landfill postclosure liability		35,390	
Compensated absences		3,090	
Accrued interest on long-term debt		(347,585)	
OPEB liability		<u>(63,975)</u>	<u>(1,082,320)</u>
			<u>\$ 1,761,173</u>

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

**LANCASTER COUNTY, SOUTH CAROLINA**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUND**

**JUNE 30, 2016**

	<b>Major Enterprise Fund Airport Fund</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 100
Accounts receivable	31
Due from other governments	296,292
Inventory	24,106
Total current assets	320,529
<b>NONCURRENT ASSETS</b>	
Capital assets:	
Nondepreciable	2,906,958
Depreciable, net of accumulated depreciation	2,991,393
Total noncurrent assets	5,898,351
Total assets	6,218,880
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	11,162
Total deferred outflows of resources	11,162
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable	92,699
Due to other funds	302,459
Total current liabilities	395,158
<b>NONCURRENT LIABILITIES</b>	
Net pension liability	83,941
Total noncurrent liabilities	83,941
Total liabilities	479,099
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension	150
Total deferred inflows of resources	150
<b>NET POSITION</b>	
Investment in capital assets	5,898,351
Unrestricted	(147,558)
Total net position	\$ 5,750,793

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, 2016**

	<b>Major Enterprise Fund Airport Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services:	
Sale of fuel	\$ 96,298
Rental income	53,829
Total operating revenues	150,127
<b>OPERATING EXPENSES</b>	
Salaries and fringe benefits	64,668
Costs of services	152,473
Depreciation	216,259
Total operating expenses	433,400
Operating loss	(283,273)
<b>CAPITAL CONTRIBUTIONS</b>	674,876
<b>TRANSFERS</b>	
Transfers in	64,286
Total transfers	64,286
Change in net position	455,889
<b>Net position, beginning of year</b>	5,294,904
<b>Net position, end of year</b>	\$ 5,750,793

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, 2016**

	<b>Major Enterprise Fund Airport Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 156,830
Payments to suppliers	(179,193)
Payments to employees	(62,608)
Net cash used in operating activities	(84,971)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers in	64,286
Net cash provided by noncapital financing activities	64,286
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(654,191)
Intergovernmental revenues	674,876
Net cash provided by capital and related financing activities	20,685
Net change in cash and cash equivalents	-
<b>Cash and cash equivalents:</b>	
Beginning of year	100
End of year	\$ 100
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (283,273)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	216,259
Changes in assets and liabilities:	
Decrease in accounts receivable	402
Decrease in due from other governments	1,179,509
Decrease in inventory	19,077
Increase in deferred outflows of resources	(4,659)
Decrease in accounts payable	(45,797)
Decrease in due to other funds	(1,173,208)
Increase in net pension liability	12,585
Decrease in deferred inflows of resources	(5,866)
Net cash used in operating activities	\$ (84,971)

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, 2016**

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	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 8,519,393
Investments	12,373,890
Taxes receivable	4,924,756
Due from other governments	4,455
Total assets	25,822,494
<b>LIABILITIES</b>	
Due to other taxing districts and agencies	17,720,174
Due to others	8,102,320
Total liabilities	\$ 25,822,494

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, 2016

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### **Reporting Entity**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation

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

#### Government-wide Financial Statements

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

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

#### Fund Financial Statements

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

The County reports the following major governmental funds:

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

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Presentation (Continued)

##### Fund Financial Statements (Continued)

The **Capital Projects Sales Tax Fund** is used to account for the local one cent sales and use tax revenues that are restricted to pay for the new County Judicial Center.

The **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.

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

The County reports the following 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.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Measurement Focus and Basis of Accounting

##### Government-wide Financial Statements

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

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

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

##### Fund Financial Statements

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

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Measurement Focus and Basis of Accounting (Continued)

##### Fund Financial Statements (Continued)

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Measurement Focus and Basis of Accounting (Continued)

##### Revenue - exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlement and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Measurement Focus and Basis of Accounting (Continued)

##### Unavailable Revenue (Continued)

Property taxes for which there is an enforceable legal claim as of year end, but which were levied to finance fiscal year 2016 operations, have been recorded as unavailable revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unavailable revenue.

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

##### Expenses/Expenditures

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

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

##### Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The assigned fund balance for the subsequent year's budget includes \$5,093,205 for outstanding encumbrances and \$16,137,060 for appropriation of existing unassigned fund balance at year-end to eliminate a deficit in next year's budget.

#### Assets, Liabilities and Net Position or Equity

##### Cash and Investments

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

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Assets, Liabilities and Net Position or Equity (Continued)

##### Cash and Investments (Continued)

State statutes authorize the County to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its political subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposits collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's 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

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Assets, Liabilities and Net Position or Equity (Continued)

##### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Buildings and building improvements are capitalized when costs exceed \$50,000. Land improvements are capitalized when costs exceed \$25,000.

Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

##### Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation pay benefits (up to a maximum of 240 hours) and sick pay benefits up to 75 days. Vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. No liability is reported for unpaid accumulated sick leave.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Assets, Liabilities and Net Position or Equity (Continued)

##### Deferred Inflows/Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has five (5) items that qualify for reporting in this category. (1) 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 four (4) items relate to the County's Retirement Plan and are reported in the government-wide and proprietary fund Statements of Net Position. (1) Experience gains or losses 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 or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. (2) 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. (3) 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. (4) 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.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has three (3) types of items that qualify for reporting in this category, two (2) 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 and (2) emergency medical services and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other item relates to the County's Retirement Plan and is reported in the government-wide and proprietary fund Statements of Net Position. Certain experience gains or losses (discussed in the previous paragraph) are deferred and amortized against pension expense over a five year period, resulting in recognition as deferred inflows of resources.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Assets, Liabilities and Net Position or Equity (Continued)

##### 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.

##### 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:

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Assets, Liabilities and Net Position or Equity (Continued)

##### Fund Equity (Continued)

**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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Assets, Liabilities and Net Position or Equity (Continued)

##### Fund Equity (Continued)

It is the policy of the County to maintain adequate levels of fund balance to mitigate current and future risks and to ensure stable tax rates. The County intends to maintain a General Fund unassigned fund balance of at least three months of the General Fund operating budget. If the year-end unassigned fund balances exceeds three months of the General Fund operating budget, the excess may be used to fund the following activities: a) one-time capital expenditures which do not increase ongoing operational costs; b) other one-time costs; and c) debt reduction.

If the unassigned fund balance declines below three months of the General Fund operating budget, the County Council will pursue ways of increasing revenues or decreasing expenditures, or a combination of both until the three month threshold is attained.

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, then unrestricted resources as needed, but Council reserves the right to selectively spend unrestricted resources first and to defer the use of the restricted funds.

##### Use of Estimates

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

## NOTES TO THE FINANCIAL STATEMENTS

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### 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 and Economic Development Fund), Debt Service funds, Capital Projects Sales Tax Fund, and Capital Improvement Fund. The legally adopted budgets for the General Fund are presented as required supplementary information.

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

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

#### Deficit Fund Equity

For the year ended June 30, 2016, the Restricted Grants Fund and the Brookchase Special Tax District Fund reported deficit fund balances of \$130,854 and \$617,768, respectively. These deficits will be eliminated through the recognition of unearned revenues in future periods as well as transfers from other funds.

### NOTE 3. CASH AND INVESTMENTS

Total deposits and investments at June 30, 2016, are summarized below:

As reported in the Statement of Net Position:	
Primary government	
Cash and cash equivalents	26,991,198
Investments	25,346,675
Agency Fund - cash and cash equivalents	8,519,393
Agency Fund - investments	12,373,890
	<u>73,231,156</u>
Cash deposited with financial institutions	40,036,609
SC State Investment Pool	31,688,974
US Government Treasuries	585,115
US Government Agencies	900,060
Certificates of deposit	20,398
	<u>73,231,156</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, 2016, the carrying amount of the County's deposits was \$73,221,536 and the bank balance was \$76,862,031. 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 \$9,620 are reflected as cash.

As of June 30, 2016, 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	\$ 31,688,974	\$ 31,688,974	\$ -	\$ -
Money market accounts	4,526,018	4,526,018	-	-
US Government Treasuries	585,115	-	90,038	495,077
US Government Agencies	900,060	257,959	642,101	-
Certificates of deposit	20,398	20,398	-	-
	<u>\$ 37,720,565</u>	<u>\$ 36,493,349</u>	<u>\$ 732,139</u>	<u>\$ 495,077</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, 2016:

Investment	Level 1	Level 2	Level 3	Fair Value
<b>Investments by Fair Value Level</b>				
Debt securities:				
United States Treasuries	\$ 585,115	\$ -	\$ -	\$ 585,115
United States Agencies	477,379	422,681	-	900,060
Total debt securities	1,062,494	422,681	-	1,485,175
Mutual funds:				
Mutual fund taxable fixed income	89,187	-	-	89,187
Total mutual funds	89,187	-	-	89,187
Total investments by fair value level	<u>\$ 1,151,681</u>	<u>\$ 422,681</u>	<u>\$ -</u>	<u>\$ 1,574,362</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

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### 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.

*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, 2016, the County owned \$900,060 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, 2016, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects Sales Tax 2	Debt Service
Taxes receivable	\$ 1,677,774	\$ -	\$ 158,728
Accounts receivable	7,970,068	-	-
Due from other governments	2,183,071	2,469,533	33
Less: Allowance	(3,135,592)	-	(7,936)
Net receivables	\$ 8,695,321	\$ 2,469,533	\$ 150,825
	Nonmajor Governmental	Airport	Total
Taxes receivable	\$ 193,737	\$ -	\$ 2,030,239
Accounts receivable	88,449	31	8,058,548
Due from other governments	473,627	296,292	5,422,556
Less: Allowance	(9,687)	-	(3,153,215)
Net receivables	\$ 746,126	\$ 296,323	\$ 12,358,128

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

Capital asset activity for the County's governmental activities for the year ended June 30, 2016, was as follows:

<b>Governmental Activities</b>	<b>Balance June 30, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance June 30, 2016</b>
Capital assets not being depreciated					
Land	\$ 6,979,668	\$ -	\$ (244,466)	\$ -	\$ 6,735,202
Construction in progress	428,385	7,248,548	-	(428,385)	7,248,548
Total capital assets not being depreciated	<u>7,408,053</u>	<u>7,248,548</u>	<u>(244,466)</u>	<u>(428,385)</u>	<u>13,983,750</u>
Capital assets being depreciated					
Buildings and improvements	64,454,674	297,372	(970,753)	-	63,781,293
Vehicles	22,209,597	1,150,598	(100,832)	-	23,259,363
Furniture and equipment	18,618,386	614,510	(100,385)	428,385	19,560,896
Infrastructure	17,408,405	-	-	-	17,408,405
Total capital assets being depreciated	<u>122,691,062</u>	<u>2,062,480</u>	<u>(1,171,970)</u>	<u>428,385</u>	<u>124,009,957</u>
Less accumulated depreciation					
Buildings and improvements	(13,228,628)	(1,794,292)	176,636	-	(14,846,284)
Vehicles	(15,131,676)	(1,473,473)	80,447	-	(16,524,702)
Furniture and equipment	(11,025,304)	(1,992,666)	70,112	-	(12,947,858)
Infrastructure	(8,419,818)	(731,339)	-	-	(9,151,157)
Total accumulated depreciation	<u>(47,805,426)</u>	<u>(5,991,770)</u>	<u>327,195</u>	<u>-</u>	<u>(53,470,001)</u>
Total capital assets being depreciated, net	<u>74,885,636</u>	<u>(3,929,290)</u>	<u>(844,775)</u>	<u>428,385</u>	<u>70,539,956</u>
Governmental activities capital assets, net	<u>\$ 82,293,689</u>	<u>\$ 3,319,258</u>	<u>\$ (1,089,241)</u>	<u>\$ -</u>	<u>\$ 84,523,706</u>

Depreciation expense was charged to functions as follows:

General government	\$ 1,637,651
Administration of justice	323,689
Public safety	1,995,084
Public works, including depreciation of infrastructure assets	1,113,919
Public health and welfare	428,686
Culture and recreation	410,968
Economic development	81,773
Total Governmental Activities Depreciation Expense	<u>\$ 5,991,770</u>

## 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, 2016, was as follows:

<b>Business-Type Activities</b>	<b>Balance June 30, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance June 30, 2016</b>
Capital assets not being depreciated					
Land	\$ 598,607	\$ -	\$ -	\$ -	\$ 598,607
Construction in progress	1,654,160	654,191	-	-	2,308,351
Total capital assets not being depreciated	<u>2,252,767</u>	<u>654,191</u>	<u>-</u>	<u>-</u>	<u>2,906,958</u>
Capital assets being depreciated					
Buildings and improvements	9,603,898	-	-	-	9,603,898
Furniture and equipment	43,950	-	-	-	43,950
Total capital assets being depreciated	<u>9,647,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,647,848</u>
Less accumulated depreciation					
Buildings and improvements	(6,396,246)	(216,259)	-	-	(6,612,505)
Furniture and equipment	(43,950)	-	-	-	(43,950)
Total accumulated depreciation	<u>(6,440,196)</u>	<u>(216,259)</u>	<u>-</u>	<u>-</u>	<u>(6,656,455)</u>
Total capital assets being depreciated, net	<u>3,207,652</u>	<u>(216,259)</u>	<u>-</u>	<u>-</u>	<u>2,991,393</u>
Business-type activities capital assets, net	<u>\$ 5,460,419</u>	<u>\$ 437,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,898,351</u>

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

Airport	<u>\$ 216,259</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 216,259</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, 2016:

Governmental Activities	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
General obligation bonds	\$ 31,300,178	\$ 6,750,000	\$ (1,313,973)	\$ 36,736,205	\$ 2,796,713
Capital lease obligations	2,875,644	-	(423,801)	2,451,843	424,708
SCAGO PFC installment purchase revenue bonds	14,445,000	-	(14,445,000)	-	-
Special source revenue bonds	9,394,000	-	(1,890,000)	7,504,000	349,618
Post-closure care costs	1,210,457	-	(35,390)	1,175,067	56,366
Compensated absences	1,308,278	1,192,237	(1,195,327)	1,305,188	1,195,327
Net post employment benefit obligation	554,302	63,975	-	618,277	-
Net pension liability - SCRS	19,214,086	4,778,538	(1,389,865)	22,602,759	-
Net pension liability - PORS	11,363,505	2,870,998	(1,047,592)	13,186,911	-
Deferred amounts:					
Unamortized discount	(13,211)	-	13,211	-	-
Unamortized premium	3,543,491	686,146	(602,009)	3,627,628	-
	<u>\$ 95,195,730</u>	<u>\$ 16,341,894</u>	<u>\$ (22,329,746)</u>	<u>\$ 89,207,878</u>	<u>\$ 4,822,732</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 2013, the County issued general obligation bonds for the acquisition of a records management system for the Sheriff's office and for emergency communications equipment. 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.

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	2,540,000
General obligation refunding bonds, taxable series 2010D (Build America Bonds)	3,660,000	2% to 3.5%	2020	\$115,000 to \$690,000	2,635,000
General obligation bonds, taxable series 2013A	950,000	1.45%	2018	\$186,272 to \$194,493	386,205
General obligation bonds, series 2015A	16,500,000	4% to 5%	2022	\$100,000 to \$3,600,000	16,500,000
General obligation refunding bonds, series 2015B	1,935,000	3% to 3.25%	2030	\$115,000 to \$165,000	1,935,000
General obligation refunding bonds, series 2015C	6,110,000	3% to 5%	2025	\$120,000 to \$1,475,000	5,990,000
General obligation bonds, series 2016A	6,750,000	2% to 5%	2023	\$800,000 to \$1,335,000	6,750,000
					\$ 36,736,205

The annual requirements to amortize all general obligation bonds as of June 30, 2016, including interest payments, are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2017	\$ 2,796,713	\$ 1,575,673	\$ 4,372,386
2018	5,174,492	1,515,405	6,689,897
2019	5,220,000	1,284,123	6,504,123
2020	5,445,000	1,044,192	6,489,192
2021	5,695,000	821,993	6,516,993
2022-2026	11,770,000	1,104,322	12,874,322
2027-2030	635,000	50,400	685,400
	\$ 36,736,205	\$ 7,396,108	\$ 44,132,313

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### General Obligation Bonds (Continued)

Debt service funds of \$3,264,525 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, 2016, the unamortized premium was \$18,175. The proceeds of the Series 2009 were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments related to the Series 1996 and Series 1999 bonds being refunded. The advance refunding met the requirements of an in-substance defeasance and the refunded bonds were removed from the County's Statement of Net Position.

On December 14, 2010, the County issued \$3,660,000 General Obligation Refunding Bonds, Series 2010D. These bonds were issued and the proceeds were used to refund \$3,535,000 of outstanding General Obligation Bonds, Series 2001, and to pay certain issuance costs. In connection with the issuance of the bonds, a premium of \$46,977 was recorded and is being amortized over the life of the bonds. As of June 30, 2016, the unamortized premium was \$28,085.

In current and prior years, advance refunding resulted in book losses that are being amortized over the original remaining life of the old bonds that were defeased. The unamortized losses at June 30, 2016 are classified as a deferred outflow of resources on the Statement of Net Position. Amortization of \$30,447 has been included in interest expense for the year ended June 30, 2016. As of June 30, 2016, the County's outstanding in-substance defeased general obligation bond debt totaled \$4,245,000.

## 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, 2016:

Machinery and Equipment and Construction in Progress	\$ 2,755,939
Less: Accumulated Depreciation	<u>(620,637)</u>
	<u><u>\$ 2,135,302</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, 2016:

<u>Fiscal Year Ending</u> June 30,	<u>Governmental</u> <u>Funds</u>
2017	\$ 478,332
2018	269,413
2019	274,573
2020	232,567
2021	238,044
2022 to 2026	952,920
2027 to 2031	250,000
2032 to 2033	70,000
Total Minimum Lease Payments	<u>2,765,849</u>
Less: Amount Representing Interest	<u>(314,006)</u>
	<u><u>\$ 2,451,843</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### Installment Purchase Revenue Bonds

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

On January 28, 2009, the SCAGO PFC issued \$38,410,000 Installment Purchase Revenue Bonds Series 2009 to finance the cost of acquiring, constructing, and equipping a new County Courthouse; renovating, improving and equipping the County Detention Center/Sheriff's Office; and constructing a parking facility. The bonds are due in annual installments ranging from \$4,185,000 to \$8,975,000 beginning December 1, 2010 through December 1, 2016 with interest rates ranging from 3.0% to 5.0%. On December 1, 2015, the County made its scheduled fiscal year 2016 debt service payments totaling \$6,041,825 representing principal and interest on the bonds. Subsequently, the County defeased the outstanding balance of the 2009 bonds by depositing \$9,199,375, representing the remaining principal and interest, with an escrow agent. The escrow agent will make the scheduled principal and interest payment on the bonds through their maturity in fiscal year 2017. This transaction resulted in an in-substance defeasance of the IPR Bonds.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### Installment Purchase Revenue Bonds (Continued)

As of June 30, 2016, the County's outstanding in-substance defeased IPR bond debt totaled \$8,975,000. In connection with the SCAGO PFC's 2009 bond issue, a premium of \$1,273,606 was recorded and is being amortized over the life of the bonds. As a result of the defeasance of these bonds, the remaining unamortized premium was expensed and recognized as a component of interest expense.

Arbitrage is the difference between the yield on the issuer's tax exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be relayed to the U.S. Treasury. The SCAGO Public Facilities Corporation for Lancaster County Installment Purchase Revenue Bonds are subject to an arbitrage calculation. As of June 30, 2016, no arbitrage liability exists.

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

#### Special Source Revenue Bonds

During 2006, the County issued special source revenue bonds in the amount of \$2,973,658 to finance the infrastructure improvements for the Bailes Ridge project. These bonds are limited obligations of the County and are payable solely from the fee in lieu of tax revenues. The bonds are payable in annual installments through 2020 and have an annual interest rate of 5.75 percent. During 2016, the bonds were called and the total outstanding principal and interest in the amounts of \$1,890,000 and \$124,225, respectively, were transferred to satisfy the debt. As a result of the transaction, the remaining unamortized discount on the bonds was expensed and recognized as a component of interest expense.

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 percent.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### Special Source Revenue Bonds (Continued)

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

Year Ending June 30,	Special Source Revenue Bonds		
	Principal	Interest	Total
2017	\$ 349,618	\$ -	\$ 349,618
2018	372,306	286,175	658,481
2019	348,427	271,283	619,710
2020	323,592	257,346	580,938
2021	297,764	244,402	542,166
2022 - 2026	4,381,032	797,720	5,178,752
2027 - 2028	1,431,261	82,252	1,513,513
	<u>\$ 7,504,000</u>	<u>\$ 1,939,178</u>	<u>\$ 9,443,178</u>

#### Landfill Closure and Post Closure Care Costs

The South Carolina Department of Health and Environmental Control (DHEC) requires landfill operators to provide for inspection and maintenance of the physical characteristics of the site, as well as monitoring and maintenance of the groundwater and gas monitoring systems and the leachate collection and treatment system, for a period of 30 years following the closing. DHEC also requires that operators cover the landfill with a minimum cover of a certain permeability. The County's liability for closure and post-closure care costs is based on landfill capacity used to date. Since the landfill was closed as of June 30, 1995, the County considers it to be at 100 percent of capacity.

During fiscal year 2016, the County expended \$35,390 in landfill closure costs. Remaining post-closure costs are estimated at \$1,175,067 and included with the long-term liabilities in the Statement of Net Position. Postclosure care costs are reported in the General Fund and are based on engineering estimates that are subject to change due to inflation, deflation, technology and/or applicable laws and regulations.

## NOTES TO THE FINANCIAL STATEMENTS

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### 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, 2016, 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, 2016, the outstanding balance on this debt was \$5,802,000.

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, 2006A-2, and 2006A-3 special assessment revenue refunding bonds in the amount of \$22,875,000. These bonds were issued to refund the Edenmoor 2006A Special Assessment Revenue Bonds which had an outstanding principal amount at the time of the refunding of \$22,325,000. Also in 2016, the 2006B bonds matured resulting in an outstanding balance of \$0 at June 30, 2016. 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, 2016, the outstanding balance on this debt was \$22,875,000.

In March 2006, the County issued \$20,000,000 of special assessment debt. This debt is applicable to the Sun City Carolina Lakes Improvement District, which is located in the northern part of the County, and will be used to improve the area's infrastructure and to construct a library branch. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2016, the outstanding balance on this debt was \$14,120,000.

## NOTES TO THE FINANCIAL STATEMENTS

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### 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, 2016, the outstanding balance on this debt was \$28,602,500.

### NOTE 7. SHORT-TERM LIABILITIES

On January 23, 2015, the County issued General Obligation Bond Anticipation Note, Series 2015 for \$750,500. This note had an interest rate of .78% and matured January 22, 2016. The proceeds were used for the retirement of existing debt. On January 23, 2016, the County issued General Obligation Bond Anticipation Note, Series 2016 for \$700,500. This note has an interest rate of 1.12% and matures on January 20, 2017.

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

	<b>Balance</b>	Additions	Reductions	<b>Balance</b>
	<b>June 30, 2015</b>			<b>June 30, 2016</b>
Bond anticipation notes	\$ 750,500	\$ 700,500	\$ (750,500)	\$ 700,500
	\$ 750,500	\$ 700,500	\$ (750,500)	\$ 700,500

## NOTES TO THE FINANCIAL STATEMENTS

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### 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 Budget and Control Board (State Fiscal Accountability Authority effective July 1, 2015), 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. 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](http://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. The plan 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.

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. The plan 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.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

##### *Membership (Continued):*

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.

**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.

##### *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 eight 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.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

##### *Benefits (Continued):*

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.

##### *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.

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

##### *Contributions (Continued):*

Required employee contribution rates for the year ended June 30, 2016, are as follows:

#### **South Carolina Retirement System**

Employee class two	8.16% of earnable compensation
Employee class three	8.16% of earnable compensation

#### **South Carolina Police Officers Retirement System**

Employee class two	8.74% of earnable compensation
Employee class three	8.74% of earnable compensation

Required employer contribution rates for the year ended June 30, 2016, are as follows:

#### **South Carolina Retirement System**

Employer class two	10.91% of earnable compensation
Employer class three	10.91% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

#### **South Carolina Police Officers Retirement System**

Employer class two	13.34% of earnable compensation
Employer class three	13.34% 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 most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2014. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2014 actuarial valuations, using membership data as of July 1, 2014, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2015, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by the systems' consulting actuary, Gabriel, Roeder, Smith and Company.

## 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 GSAB No. 67, less that system's fiduciary net position. As of June 30, 2015, the net pension liability amounts for SCRS and PORS are as follows:

<b>System</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Employers' Net Pension Liability</b>	<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</b>
SCRS	\$ 52,749,643	\$ 30,062,943	\$ 22,686,700	57.0%
PORS	\$ 37,217,954	\$ 24,031,043	\$ 13,186,911	64.6%

As of June 30, 2015, the change in the net pension liability for the SCRS Plan is calculated as follows:

<b>Total pension liability</b>	
Service cost	\$ 890,217
Interest	3,765,777
Difference between actual and expected experience	(53,394)
Benefit payments	(3,236,403)
<b>Net change in total pension liability</b>	<u>1,366,197</u>
<b>Total pension liability - beginning June 30, 2014</b>	51,383,447
<b>Total pension liability - ending June 30, 2015</b>	<u>52,749,643</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	1,223,099
Contributions - member	856,614
Refunds of contributions to members	(113,764)
Retirement benefits	(3,098,542)
Death benefits	(24,097)
Net investment income	447,564
Administrative expense	(15,018)
Net transfers to affiliated systems	(1,590)
<b>Net change in Plan fiduciary net position</b>	<u>(725,733)</u>
<b>Plan fiduciary net position - beginning June 30, 2014</b>	30,788,676
<b>Plan fiduciary net position - ending June 30, 2015</b>	<u>30,062,943</u>
<b>Net pension liability</b>	<u><u>\$ 22,686,700</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

##### *Net Pension Liability (Continued):*

As of June 30, 2015, the change in the net pension liability for the PORS Plan is calculated as follows:

<b>Total pension liability</b>	
Service cost	\$ 932,380
Interest	2,633,910
Difference between actual and expected experience	40,967
Benefit payments	<u>(2,083,815)</u>
<b>Net change in total pension liability</b>	1,523,441
<b>Total pension liability - beginning June 30, 2014</b>	<u>35,694,513</u>
<b>Total pension liability - ending June 30, 2015</b>	<u>37,217,954</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	1,007,092
Contributions - member	646,508
Refunds of contributions to members	(105,598)
Retirement benefits	(1,955,804)
Death benefits	(22,413)
Net investment income	355,191
Administrative expense	(11,812)
Net transfers to affiliated systems	<u>6,418</u>
<b>Net change in Plan fiduciary net position</b>	(80,418)
<b>Plan fiduciary net position - beginning June 30, 2014</b>	<u>24,111,461</u>
<b>Plan fiduciary net position - ending June 30, 2015</b>	<u>24,031,043</u>
<b>Net pension liability</b>	<u>\$ 13,186,911</u>

##### *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, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

## 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, 2014 valuations for SCRS and PORS.

	<b>SCRS</b>	<b>PORS</b>
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	levels off at 3.5%	levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the fourth quarter 2013. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. 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. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

*Actuarial Assumptions and Methods (Continued):*

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
<b>Short Term</b>	<b>5.0%</b>		
Cash	2.0%	1.90%	0.04%
Short duration	3.0%	2.00%	0.06%
<b>Domestic Fixed Income</b>	<b>13.0%</b>		
Core fixed income	7.0%	2.70%	0.19%
Mixed credit	6.0%	3.80%	0.23%
<b>Global Fixed Income</b>	<b>9.0%</b>		
Global fixed income	3.0%	2.80%	0.08%
Emerging markets debt	6.0%	5.10%	0.31%
<b>Global Public Equity</b>	<b>31.0%</b>	7.10%	2.20%
<b>Global Tactical Asset Allocation</b>	<b>10.0%</b>	4.90%	0.49%
<b>Alternatives</b>	<b>32.0%</b>		
Hedge funds (low beta)	8.0%	4.30%	0.34%
Private debt	7.0%	9.90%	0.69%
Private equity	9.0%	9.90%	0.89%
Real estate (broad market)	5.0%	6.00%	0.30%
Commodities	3.0%	5.90%	0.18%
		Total expected real return	6.00%
		Inflation for actuarial purposes	2.75%
		Total expected nominal return	<u>8.75%</u>

#### *Discount Rate:*

The discount rate used to measure the total pension liability was 7.5 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, each System'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.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

#### Retirement Plan (Continued)

*Discount Rate (Continued):*

The following table presents the sensitivity of the net pension liability to changes in the discount rate.

<b>Sensitivity of the Net Position Liability to Changes in the Discount Rate</b>			
	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
SCRS	\$ 28,601,445	\$ 22,686,700	\$ 17,729,300
PORS	\$ 17,963,652	\$ 13,186,911	\$ 8,916,764

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

For the year ended June 30, 2016, the County recognized pension expense of \$1,968,383 for the SCRS plan and \$1,224,094 for the PORS plan.

At June 30, 2016, 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:

<b>SCRS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 403,065	\$ 40,571
Net difference between projected and actual earnings on pension plan investments	151,853	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	1,050,145	-
Employer contributions subsequent to the measurement date	1,411,809	-
Total	\$ 3,016,872	\$ 40,571

## 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):*

PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 261,366	\$ -
Net difference between projected and actual earnings on pension plan investments	144,287	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	187,776	-
Employer contributions subsequent to the measurement date	1,069,368	-
Total	\$ 1,662,797	\$ -

County contributions subsequent to the measurement date of \$1,411,809 and \$1,069,368 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, 2017. 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
2017	\$ 1,147,271	\$ 228,785
2018	97,126	41,009
2019	(41,320)	29,466
2020	361,415	294,169

#### *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](http://www.retirement.sc.gov), or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

## NOTES TO THE FINANCIAL STATEMENTS

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### **NOTE 8. EMPLOYEE BENEFITS (CONTINUED)**

#### **Deferred Compensation Plan**

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

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

#### **Other Post Employment Healthcare Benefits (OPEB)**

##### **Plan description**

In addition to providing pension benefits through the South Carolina Retirement System, the County provides certain healthcare benefits for employees who retire from service or who terminate with at least 20 years of service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally, those who retire must have at least 10 years of retirement service credit under the South Carolina Retirement System to qualify for benefits. Benefits are effective at date of retirement or when the employee is eligible for retirement benefits.

The County does not issue separate audited financial statements for this plan.

##### **Funding Policy and Annual OPEB Costs**

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

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

##### Funding policy and annual OPEB costs (Continued)

	2016
Annual Required Contribution	\$ 319,357
Interest on OPEB Obligation	24,944
Adjustment to Annual Required Contribution	(32,388)
Annual OPEB Costs	311,913
Contributions Made	(247,938)
Increase in Net OPEB Obligation	63,975
Net OPEB Obligation - Beginning of Year	554,302
Net OPEB Obligation - End of Year	\$ 618,277

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

For the Year Ended June 30	Annual OPEB Cost	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 311,913	\$ 247,938	79.49%	\$ 618,277
2015	303,382	245,913	81.06%	554,302
2014	369,509	320,405	86.71%	496,833
2013	358,584	296,112	82.58%	447,729
2012	346,668	262,910	81.77%	385,257

#### Funding Status and Progress

As of June 30, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$3,354,383. The covered payroll (annual payroll of active employees covered by the plan) was \$17,232,907; the ratio of the UAAL to the covered payroll was 19.46 percent.

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

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

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

##### Actuarial Methods and Assumptions

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

In the June 2014 actuarial valuation, the projected unit credit actuarial method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is consistent with the investment return earned on the County's general assets and an annual medical cost trend decrease of 6.0 percent to 4.5 percent per year over nine years. General inflation is assumed to be 3.0 percent per year. The actuarial value of assets was set equal to the reported market value of assets. The UAAL is being amortized as a level percent of payroll required to fully amortize the UAAL over an open 30-year period.

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 9. RISK MANAGEMENT (CONTINUED)

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, 2016, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	\$ 302,459
General Fund	Debt Service Fund	500
General Fund	Nonmajor Governmental Funds	302,776
Capital Project Sales Tax Fund	General Fund	3,347,271
Capital Project Sales Tax 2 Fund	General Fund	8,887,397
Nonmajor Governmental Funds	General Fund	8,279,647
		\$ 21,120,050

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, 2016, consisted of the following individual amounts:

Transfer in Fund	Transfer Out Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 6,690,762
SCAGO Public Facilities Corporation		
Debt Service Fund	Nonmajor Governmental Funds	269,324
Debt Service Fund	Nonmajor Governmental Funds	686,146
SCAGO Public Facilities Corporation	Capital Projects Sales	
Debt Service Fund	Tax Fund	11,016,814
Nonmajor Governmental Funds	General Fund	6,773,461
Airport Fund	General Fund	64,286
Capital Projects Sales		
Tax Fund	General Fund	628,653
Nonmajor Governmental Funds	Nonmajor Governmental Funds	403,899
		\$ 26,533,345

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, 2016, 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, 2016, totaled approximately \$5,715,735.

### 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.

## **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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 28,677,353	\$ 28,677,353	\$ 30,107,905	\$ 1,430,552
Other local taxes	2,100,000	2,100,000	2,286,114	186,114
Licenses and permits	4,346,300	4,346,300	6,248,935	1,902,635
Intergovernmental	4,482,699	4,590,398	4,541,474	(48,924)
Charges for services	4,152,475	4,152,475	3,977,933	(174,542)
Fines and forfeitures	933,750	933,750	935,942	2,192
Interest revenue	25,500	25,500	120,642	95,142
Contributions and donations	46,000	46,000	1,111,491	1,065,491
Other revenues	119,713	119,713	210,262	90,549
Budgeted fund balance	1,384,840	9,260,171	-	(9,260,171)
Total revenues	<u>46,268,630</u>	<u>54,251,660</u>	<u>49,540,698</u>	<u>(4,710,962)</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>General government:</b>				
Non-departmental expenditures	1,384,909	1,484,909	1,323,822	161,087
Direct assistance to other agencies	844,124	844,124	803,755	40,369
County council	1,149,349	1,140,349	979,557	160,792
Administrator	517,082	518,060	467,665	50,395
Legal team	290,518	290,518	226,915	63,603
Finance	643,508	645,008	627,483	17,525
Human resources	207,030	207,030	194,893	12,137
Risk management	98,921	98,921	95,580	3,341
Management information services	909,511	943,094	882,913	60,181
GIS	141,354	149,144	130,034	19,110
Building	948,920	948,920	747,014	201,906
Zoning	368,866	382,866	371,599	11,267
Planning	550,636	567,487	545,407	22,080
Assessor	876,607	876,607	771,640	104,967
Auditor	379,712	379,712	373,108	6,604
Treasurer	378,158	378,158	376,620	1,538
Delinquent tax collector	316,500	316,500	294,898	21,602
Voter registration and elections	312,716	312,716	374,128	(61,412)
Register of deeds	328,794	337,794	327,493	10,301
Vehicle maintenance	542,564	542,564	482,510	60,054
Building maintenance	1,473,895	1,482,243	1,430,144	52,099
Total general government	<u>12,663,674</u>	<u>12,846,724</u>	<u>11,827,178</u>	<u>1,019,546</u>
<b>Administration of justice:</b>				
Circuit court	82,607	82,607	53,518	29,089
Clerk of court	469,480	469,480	472,214	(2,734)
Family court	359,189	359,189	336,305	22,884
Probate court	444,716	444,716	388,796	55,920
Magistrate court	852,346	852,346	857,551	(5,205)
Total administration of justice	<u>2,208,338</u>	<u>2,208,338</u>	<u>2,108,384</u>	<u>99,954</u>
<b>Public safety:</b>				
Coroner	417,685	418,552	487,996	(69,444)
Sheriff	8,386,785	8,420,935	7,769,400	651,535
Detention center	2,019,899	2,030,899	1,961,756	69,143
Communications	1,591,379	1,601,603	1,489,702	111,901
Emergency management	363,258	363,258	374,261	(11,003)
Fire commission	2,175,437	2,175,437	2,062,309	113,128
Total public safety	<u>14,954,443</u>	<u>15,010,684</u>	<u>14,145,424</u>	<u>865,260</u>

(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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES: (CONTINUED)</b>				
<b>Current: (Continued)</b>				
<b>Public works:</b>				
Roads and bridges	\$ 2,483,581	\$ 2,483,581	\$ 2,364,064	\$ 119,517
Landfill	56,852	60,852	35,390	25,462
Solid waste	2,879,759	2,879,759	2,405,951	473,808
Total public works	<u>5,420,192</u>	<u>5,424,192</u>	<u>4,805,405</u>	<u>618,787</u>
<b>Public health and welfare:</b>				
EMS	5,995,931	6,345,931	6,397,923	(51,992)
Animal control	156,219	156,219	159,532	(3,313)
Health services	82,600	82,600	80,653	1,947
Social services and food stamps	64,210	64,210	55,357	8,853
DSS Family Independence	58,330	58,330	58,966	(636)
Veteran affairs	161,561	161,561	167,378	(5,817)
Total public health and welfare	<u>6,518,851</u>	<u>6,868,851</u>	<u>6,919,809</u>	<u>(50,958)</u>
<b>Culture and recreation:</b>				
Recreation	2,447,396	2,447,396	2,334,349	113,047
Library	1,159,867	1,159,867	1,173,018	(13,151)
Total culture and recreation	<u>3,607,263</u>	<u>3,607,263</u>	<u>3,507,367</u>	<u>99,896</u>
<b>Economic development:</b>				
Economic development	392,351	416,898	279,723	137,175
<b>Debt service:</b>				
Principal	366,545	366,545	379,302	(12,757)
Interest and other charges	71,187	71,187	71,187	-
Total debt service	<u>437,732</u>	<u>437,732</u>	<u>450,489</u>	<u>(12,757)</u>
Total expenditures	<u>46,202,844</u>	<u>46,820,682</u>	<u>44,043,779</u>	<u>2,776,903</u>
Excess of revenues over expenditures	<u>65,786</u>	<u>7,430,978</u>	<u>5,496,919</u>	<u>(1,934,059)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	25,000	35,422	6,690,762	6,655,340
Transfers out	(64,286)	(7,466,400)	(7,466,400)	-
Proceeds from the sale of capital assets	-	-	500,000	500,000
Total other financing sources (uses)	<u>(39,286)</u>	<u>(7,430,978)</u>	<u>(275,638)</u>	<u>7,155,340</u>
Net change in fund balances	<u>26,500</u>	<u>-</u>	<u>5,221,281</u>	<u>5,221,281</u>
Fund balances, beginning of year			<u>22,206,715</u>	
Fund balances, end of year			<u>\$ 27,427,996</u>	

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

# LANCASTER COUNTY, SOUTH CAROLINA

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

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Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2007	\$ -	\$ 3,843,902	\$ 3,843,902	- %	\$ 14,239,968	27.0%
6/30/2010	-	3,886,078	3,886,078	-	15,313,936	25.4%
6/30/2012	-	4,735,113	4,735,113	-	15,419,474	30.7%
6/30/2014	-	3,354,383	3,354,383	-	17,232,907	19.5%

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

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<b>South Carolina Retirement System</b>	<b>2016</b>	<b>2015</b>
County's proportion of the net pension liability	0.119621%	0.112016%
County's proportionate share of the net pension liability	\$ 22,686,700	\$ 19,285,442
County's covered-employee payroll	\$ 12,068,466	\$ 10,331,540
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	188.0%	186.7%
Plan fiduciary net position as a percentage of the total pension liability	57.0%	59.9%

<b>South Carolina Police Officers Retirement System</b>	<b>2016</b>	<b>2015</b>
County's proportion of the net pension liability	0.60504%	0.59357%
County's proportionate share of the net pension liability	\$ 13,186,911	\$ 11,363,505
County's covered-employee payroll	\$ 7,070,498	\$ 6,953,011
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	186.5%	163.4%
Plan fiduciary net position as a percentage of the total pension liability	64.6%	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

<b>South Carolina Retirement System</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 1,211,053	\$ 1,077,980
Contributions in relation to the actuarially determined contribution	<u>1,211,053</u>	<u>1,077,980</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	12,068,466	10,331,540
Contributions as a percentage of covered-employee payroll	10.03%	10.43%
<b>South Carolina Police Officers Retirement System</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 1,005,716	\$ 916,669
Contributions in relation to the actuarially determined contribution	<u>1,005,716</u>	<u>916,669</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	7,070,498	6,953,011
Contributions as a percentage of covered-employee payroll	14.22%	13.18%

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.

**COMBINING STATEMENTS  
AND SCHEDULES**

# LANCASTER COUNTY, SOUTH CAROLINA

## NONMAJOR GOVERNMENTAL FUNDS

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### 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.

# LANCASTER COUNTY, SOUTH CAROLINA

## NONMAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

**LANCASTER COUNTY, SOUTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,270	\$ -	\$ 10,270
Investments	-	800	800
Taxes receivable	79,892	104,158	184,050
Accounts receivable, net	88,449	-	88,449
Due from other governments	473,604	23	473,627
Due from other funds	7,398,833	880,814	8,279,647
Total assets	<u>\$ 8,051,048</u>	<u>\$ 985,795</u>	<u>\$ 9,036,843</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 142,179	\$ 2,667	\$ 144,846
Bond anticipation note payable	-	700,500	700,500
Due to other funds	302,776	-	302,776
Unearned revenues	201,637	-	201,637
Total liabilities	<u>646,592</u>	<u>703,167</u>	<u>1,349,759</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	76,757	100,154	176,911
Total deferred inflows of resources	<u>76,757</u>	<u>100,154</u>	<u>176,911</u>
<b>FUND BALANCES</b>			
Restricted for:			
Victim services	16,026	-	16,026
Public safety	3,550,130	-	3,550,130
Culture and recreation	93,065	-	93,065
Economic development	2,418	-	2,418
Roads and bridges	1,272,424	-	1,272,424
Capital projects	-	670,536	670,536
Assigned:			
Subsequent year's budget	2,524,490	129,706	2,654,196
Unassigned	(130,854)	(617,768)	(748,622)
Total fund balances	<u>7,327,699</u>	<u>182,474</u>	<u>7,510,173</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,051,048</u>	<u>\$ 985,795</u>	<u>\$ 9,036,843</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, 2016**

	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Totals</b>
<b>Revenues:</b>			
Property taxes	\$ 1,236,346	\$ 1,578,745	\$ 2,815,091
Other taxes	340,483	-	340,483
Intergovernmental	8,330,039	-	8,330,039
Charges for services	978,000	61,976	1,039,976
Fines and forfeitures	88,678	-	88,678
Interest revenue	5,703	289	5,992
Contributions and donations	1,719,549	-	1,719,549
Other revenues	-	37,315	37,315
Total revenues	<u>12,698,798</u>	<u>1,678,325</u>	<u>14,377,123</u>
<b>Expenditures:</b>			
Current:			
General government	56,692	-	56,692
Public safety	2,776,439	-	2,776,439
Public works	3,276,787	-	3,276,787
Public health and welfare	20,566	-	20,566
Culture and recreation	97,860	-	97,860
Economic development	1,965,000	-	1,965,000
Capital outlay	-	8,817,897	8,817,897
Debt service:			
Principal	149,500	1,890,000	2,039,500
Interest	46,060	142,366	188,426
Fees	3,556	82,677	86,233
Total expenditures	<u>8,392,460</u>	<u>10,932,940</u>	<u>19,325,400</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>4,306,338</u>	<u>(9,254,615)</u>	<u>(4,948,277)</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	7,177,360	7,177,360
Transfers out	(439,321)	(7,610,810)	(8,050,131)
Proceeds from issuance of bonds	-	6,750,000	6,750,000
Premium on bonds issued	-	686,146	686,146
Total other financing sources (uses)	<u>(439,321)</u>	<u>7,002,696</u>	<u>6,563,375</u>
Net change in fund balances	3,867,017	(2,251,919)	1,615,098
<b>Fund balances, beginning of year</b>	<u>3,460,682</u>	<u>2,434,393</u>	<u>5,895,075</u>
<b>Fund balances, end of year</b>	<u>\$ 7,327,699</u>	<u>\$ 182,474</u>	<u>\$ 7,510,173</u>

**LANCASTER COUNTY, SOUTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2016**

	<b>Local Accommodations Tax Fund</b>	<b>Indian Land Fire Protection District Fund</b>	<b>E-911 Fund</b>	<b>Pleasant Valley Fire District Fund</b>	<b>Court Mandated Security Fund</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes receivable	-	-	-	-	79,892
Accounts receivable, net	6,070	-	17,379	-	-
Due from other governments	-	-	32,587	-	18
Due from other funds	96,995	282,972	1,035,838	498,143	552,510
Total assets	<u>\$ 103,065</u>	<u>\$ 282,972</u>	<u>\$ 1,085,804</u>	<u>\$ 498,143</u>	<u>\$ 632,420</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	\$ -	\$ -	\$ -	\$ -	\$ 76,757
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,757</u>
<b>FUND BALANCES</b>					
Restricted for:					
Victim services	-	-	-	-	-
Public safety	-	223,036	1,085,804	498,143	530,830
Culture and recreation	93,065	-	-	-	-
Economic development	-	-	-	-	-
Roads and bridges	-	-	-	-	-
Assigned:					
Subsequent year's budget	10,000	59,936	-	-	24,833
Unassigned	-	-	-	-	-
Total fund balances	<u>103,065</u>	<u>282,972</u>	<u>1,085,804</u>	<u>498,143</u>	<u>555,663</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 103,065</u>	<u>\$ 282,972</u>	<u>\$ 1,085,804</u>	<u>\$ 498,143</u>	<u>\$ 632,420</u>

<b>Victim Services Fund</b>	<b>Transportation Fund</b>	<b>Sunday Alcohol Sales Fund</b>	<b>Restricted Grants Fund</b>	<b>Economic Development Fund</b>	<b>Development Agreements Fund</b>	<b>Totals</b>
\$ 7,774	\$ -	\$ -	\$ 2,496	\$ -	\$ -	\$ 10,270
-	-	-	-	-	-	79,892
-	-	-	65,000	-	-	88,449
-	119,636	15,300	306,063	-	-	473,604
8,252	3,708,152	27,680	-	2,418	1,185,873	7,398,833
<u>\$ 16,026</u>	<u>\$ 3,827,788</u>	<u>\$ 42,980</u>	<u>\$ 373,559</u>	<u>\$ 2,418</u>	<u>\$ 1,185,873</u>	<u>\$ 8,051,048</u>
\$ -	\$ 142,179	\$ -	\$ -	\$ -	\$ -	\$ 142,179
-	-	-	302,776	-	-	302,776
-	-	-	201,637	-	-	201,637
-	<u>142,179</u>	-	<u>504,413</u>	-	-	<u>646,592</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,757
-	-	-	-	-	-	<u>76,757</u>
16,026	-	-	-	-	-	16,026
-	-	35,980	-	-	1,176,337	3,550,130
-	-	-	-	-	-	93,065
-	-	-	-	2,418	-	2,418
-	1,272,424	-	-	-	-	1,272,424
-	2,413,185	7,000	-	-	9,536	2,524,490
-	-	-	(130,854)	-	-	(130,854)
<u>16,026</u>	<u>3,685,609</u>	<u>42,980</u>	<u>(130,854)</u>	<u>2,418</u>	<u>1,185,873</u>	<u>7,327,699</u>
<u>\$ 16,026</u>	<u>\$ 3,827,788</u>	<u>\$ 42,980</u>	<u>\$ 373,559</u>	<u>\$ 2,418</u>	<u>\$ 1,185,873</u>	<u>\$ 8,051,048</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, 2016**

	<b>Local Accommodations Tax Fund</b>	<b>Indian Land Fire Protection District Fund</b>	<b>E-911 Fund</b>	<b>Pleasant Valley Fire District Fund</b>	<b>Court Mandated Security Fund</b>
<b>Revenues:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,233,928
Other taxes	67,442	-	273,041	-	-
Intergovernmental	-	-	190,350	10,105	-
Charges for services	-	528,450	-	449,550	-
Fines and forfeitures	-	2,516	-	4,813	-
Interest revenue	60	315	865	483	-
Contributions and donations	-	-	-	-	-
Total revenues	<u>67,502</u>	<u>531,281</u>	<u>464,256</u>	<u>464,951</u>	<u>1,233,928</u>
<b>Expenditures:</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	463,834	429,362	188,924	962,409
Public works	-	-	-	-	-
Public health and welfare	-	-	-	-	-
Culture and recreation	23,990	-	-	-	-
Economic development	-	-	-	-	-
Debt service:					
Principal	-	44,500	-	105,000	-
Interest	-	2,824	-	43,236	-
Fees	-	-	-	3,556	-
Total expenditures	<u>23,990</u>	<u>511,158</u>	<u>429,362</u>	<u>340,716</u>	<u>962,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43,512</u>	<u>20,123</u>	<u>34,894</u>	<u>124,235</u>	<u>271,519</u>
<b>Other financing uses:</b>					
Transfers out	-	(2,344)	-	(33,078)	-
Total other financing uses	<u>-</u>	<u>(2,344)</u>	<u>-</u>	<u>(33,078)</u>	<u>-</u>
Net change in fund balances	43,512	17,779	34,894	91,157	271,519
<b>Fund balances (deficit), beginning of year</b>	<u>59,553</u>	<u>265,193</u>	<u>1,050,910</u>	<u>406,986</u>	<u>284,144</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ 103,065</u>	<u>\$ 282,972</u>	<u>\$ 1,085,804</u>	<u>\$ 498,143</u>	<u>\$ 555,663</u>

<b>Victim Services Fund</b>	<b>Transportation Fund</b>	<b>Sunday Alcohol Sales Fund</b>	<b>Restricted Grants Fund</b>	<b>Economic Development Fund</b>	<b>Development Agreements Fund</b>	<b>Totals</b>
\$ -	\$ -	\$ -	\$ -	\$ 2,418	\$ -	\$ 1,236,346
-	-	-	-	-	-	340,483
-	5,384,694	20,300	2,724,590	-	-	8,330,039
-	-	-	-	-	-	978,000
81,349	-	-	-	-	-	88,678
-	3,980	-	-	-	-	5,703
-	-	-	127,549	-	1,592,000	1,719,549
<u>81,349</u>	<u>5,388,674</u>	<u>20,300</u>	<u>2,852,139</u>	<u>2,418</u>	<u>1,592,000</u>	<u>12,698,798</u>
-	-	-	56,692	-	-	56,692
80,935	-	-	648,747	-	2,228	2,776,439
-	3,246,176	-	30,611	-	-	3,276,787
-	-	-	20,566	-	-	20,566
-	-	-	73,870	-	-	97,860
-	-	-	1,965,000	-	-	1,965,000
-	-	-	-	-	-	149,500
-	-	-	-	-	-	46,060
-	-	-	-	-	-	3,556
<u>80,935</u>	<u>3,246,176</u>	<u>-</u>	<u>2,795,486</u>	<u>-</u>	<u>2,228</u>	<u>8,392,460</u>
<u>414</u>	<u>2,142,498</u>	<u>20,300</u>	<u>56,653</u>	<u>2,418</u>	<u>1,589,772</u>	<u>4,306,338</u>
-	-	-	-	-	(403,899)	(439,321)
-	-	-	-	-	(403,899)	(439,321)
<u>414</u>	<u>2,142,498</u>	<u>20,300</u>	<u>56,653</u>	<u>2,418</u>	<u>1,185,873</u>	<u>3,867,017</u>
<u>15,612</u>	<u>1,543,111</u>	<u>22,680</u>	<u>(187,507)</u>	<u>-</u>	<u>-</u>	<u>3,460,682</u>
<u>\$ 16,026</u>	<u>\$ 3,685,609</u>	<u>\$ 42,980</u>	<u>\$ (130,854)</u>	<u>\$ 2,418</u>	<u>\$ 1,185,873</u>	<u>\$ 7,327,699</u>

**LANCASTER COUNTY, SOUTH CAROLINA**

**COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2016**

	<u>Bailes Ridge Projects Fund</u>	<u>Bond Projects Fund</u>	<u>Brookchase Special Tax District Fund</u>	<u>Capital Improvement Fund</u>	<u>Edgewater Improvement District Fund</u>
<b>ASSETS</b>					
Investments	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes receivable	-	-	-	104,158	-
Due from other governments	-	-	-	23	-
Due from other funds	-	45,686	82,732	749,729	2,258
Total assets	<u>\$ -</u>	<u>\$ 45,686</u>	<u>\$ 82,732</u>	<u>\$ 853,910</u>	<u>\$ 2,258</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,258
Bond anticipation note payable	-	-	700,500	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>700,500</u>	<u>-</u>	<u>2,258</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	-	-	-	100,154	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,154</u>	<u>-</u>
<b>FUND BALANCES (DEFICIT)</b>					
Restricted for:					
Capital projects	-	45,686	-	624,050	-
Assigned:					
Subsequent year's budget	-	-	-	129,706	-
Unassigned	-	-	(617,768)	-	-
Total fund balances (deficit)	<u>-</u>	<u>45,686</u>	<u>(617,768)</u>	<u>753,756</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 45,686</u>	<u>\$ 82,732</u>	<u>\$ 853,910</u>	<u>\$ 2,258</u>

<b>Edgewater II Improvement District Fund</b>	<b>SCAGO Public Facilities Corporation Fund</b>	<b>Sun City Special Assessments Fund</b>	<b>Totals</b>
\$ 800	\$ -	\$ -	\$ 800
-	-	-	104,158
-	-	-	23
-	-	409	880,814
<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 409</u>	<u>\$ 985,795</u>
\$ -	\$ -	\$ 409	\$ 2,667
-	-	-	700,500
-	-	409	703,167
-	-	-	100,154
-	-	-	100,154
800	-	-	670,536
-	-	-	129,706
-	-	-	(617,768)
<u>800</u>	<u>-</u>	<u>-</u>	<u>182,474</u>
<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 409</u>	<u>\$ 985,795</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, 2016**

	<b>Bailes Ridge Projects Fund</b>	<b>Bond Projects Fund</b>	<b>Brookchase Special Tax District Fund</b>	<b>Capital Improvement Fund</b>	<b>Edgewater Improvement District Fund</b>
<b>Revenues:</b>					
Property taxes	\$ -	\$ -	\$ -	\$ 1,578,745	\$ -
Charges for services	-	-	61,976	-	-
Interest revenue	109	60	94	-	-
Other revenues	-	-	-	37,315	-
Total revenues	<u>109</u>	<u>60</u>	<u>62,070</u>	<u>1,616,060</u>	<u>-</u>
<b>Expenditures:</b>					
Capital outlay:					
General government	142,163	-	-	35,509	-
Public safety	-	7,221,998	-	508,941	-
Public health and welfare	-	-	-	552,321	-
Culture and recreation	-	-	-	77,082	-
Debt service:					
Principal	1,890,000	-	-	-	-
Interest	136,334	-	6,032	-	-
Fees	-	77,677	5,000	-	-
Total expenditures	<u>2,168,497</u>	<u>7,299,675</u>	<u>11,032</u>	<u>1,173,853</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,168,388)</u>	<u>(7,299,615)</u>	<u>51,038</u>	<u>442,207</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	7,177,360	-	-	-
Transfers out	-	(7,341,486)	-	-	-
Issuance of bonds	-	6,750,000	-	-	-
Premium on bonds issued	-	686,146	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>7,272,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,168,388)	(27,595)	51,038	442,207	-
<b>Fund balances (deficit), beginning of year</b>	<u>2,168,388</u>	<u>73,281</u>	<u>(668,806)</u>	<u>311,549</u>	<u>-</u>
<b>Fund balances (deficit), end of year</b>	<u>\$ -</u>	<u>\$ 45,686</u>	<u>\$ (617,768)</u>	<u>\$ 753,756</u>	<u>\$ -</u>

<b>Edgewater II Improvement District Fund</b>	<b>SCAGO Public Facilities Corporation Fund</b>	<b>Sun City Special Assessments Fund</b>	<b>Totals</b>
\$ -	\$ -	\$ -	\$ 1,578,745
-	-	-	61,976
-	14	12	289
-	-	-	37,315
<u>-</u>	<u>14</u>	<u>12</u>	<u>1,678,325</u>
-	-	279,883	457,555
-	-	-	7,730,939
-	-	-	552,321
-	-	-	77,082
-	-	-	1,890,000
-	-	-	142,366
-	-	-	82,677
<u>-</u>	<u>-</u>	<u>279,883</u>	<u>10,932,940</u>
<u>-</u>	<u>14</u>	<u>(279,871)</u>	<u>(9,254,615)</u>
-	-	-	7,177,360
-	(269,324)	-	(7,610,810)
-	-	-	6,750,000
-	-	-	686,146
<u>-</u>	<u>(269,324)</u>	<u>-</u>	<u>7,002,696</u>
-	(269,310)	(279,871)	(2,251,919)
<u>800</u>	<u>269,310</u>	<u>279,871</u>	<u>2,434,393</u>
<u>\$ 800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,474</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, 2016**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Other taxes	\$ 30,000	\$ 30,000	\$ 67,442	\$ 37,442
Interest revenue	-	-	60	60
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>67,502</u>	<u>37,502</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	<u>30,000</u>	<u>30,000</u>	<u>23,990</u>	<u>6,010</u>
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>23,990</u>	<u>6,010</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	43,512	<u>\$ 43,512</u>
<b>FUND BALANCES, beginning of year</b>			<u>59,553</u>	
<b>FUND BALANCES, end of year</b>			<u>\$ 103,065</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, 2016**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Charges for services	\$ 495,000	\$ 495,000	\$ 528,450	\$ 33,450
Fines and forfeitures	-	-	2,516	2,516
Investment income	-	-	315	315
Budgeted fund balance	<u>27,574</u>	<u>27,574</u>	-	<u>(27,574)</u>
Total revenues	<u>522,574</u>	<u>522,574</u>	<u>531,281</u>	<u>8,707</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	475,249	475,249	463,834	11,415
Debt service:				
Principal	44,501	44,501	44,500	1
Interest	<u>2,824</u>	<u>2,824</u>	<u>2,824</u>	<u>-</u>
Total expenditures	<u>522,574</u>	<u>522,574</u>	<u>511,158</u>	<u>11,416</u>
Excess of revenues over expenditures	-	-	20,123	20,123
<b>Other financing uses</b>				
Transfers out	-	-	<u>(2,344)</u>	<u>(2,344)</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>(2,344)</u>	<u>(2,344)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	17,779	<u>\$ 17,779</u>
<b>FUND BALANCES, beginning of year</b>			<u>265,193</u>	
<b>FUND BALANCES, end of year</b>			<u>\$ 282,972</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, 2016**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Other taxes	\$ 305,150	\$ 305,150	\$ 273,041	\$ (32,109)
Intergovernmental	422,400	422,400	190,350	(232,050)
Interest revenue	-	-	865	865
Total revenues	<u>727,550</u>	<u>727,550</u>	<u>464,256</u>	<u>(263,294)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	671,459	674,339	429,362	244,977
Budgeted fund balance	56,091	53,211	-	53,211
Total expenditures	<u>727,550</u>	<u>727,550</u>	<u>429,362</u>	<u>298,188</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	34,894	<u>\$ 34,894</u>
<b>FUND BALANCES, beginning of year</b>			<u>1,050,910</u>	
<b>FUND BALANCES, end of year</b>			<u>\$ 1,085,804</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, 2016**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 10,105	\$ 10,105
Charges for services	414,844	414,844	449,550	34,706
Fines and forfeitures	2,500	2,500	4,813	2,313
Interest revenue	-	-	483	483
Total revenues	<u>417,344</u>	<u>417,344</u>	<u>464,951</u>	<u>47,607</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	186,696	186,696	188,924	(2,228)
Debt service:				
Principal	105,000	105,000	105,000	-
Interest	100,648	100,648	43,236	57,412
Fees	-	-	3,556	(3,556)
Total expenditures	<u>392,344</u>	<u>392,344</u>	<u>340,716</u>	<u>51,628</u>
Excess of revenues over expenditures	25,000	25,000	124,235	99,235
<b>Other financing uses</b>				
Transfers out	(25,000)	(25,000)	(33,078)	(8,078)
Total other financing uses	<u>(25,000)</u>	<u>(25,000)</u>	<u>(33,078)</u>	<u>(8,078)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	91,157	<u>\$ 91,157</u>
<b>FUND BALANCES, beginning of year</b>			<u>406,986</u>	
<b>FUND BALANCES, end of year</b>			<u>\$ 498,143</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, 2016**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Property taxes	\$ 1,193,500	\$ 1,193,500	\$ 1,233,928	\$ 40,428
Budgeted fund balance	4,684	23,169	-	(23,169)
Total revenues	<u>1,198,184</u>	<u>1,216,669</u>	<u>1,233,928</u>	<u>17,259</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	1,198,184	1,216,669	962,409	254,260
Total expenditures	<u>1,198,184</u>	<u>1,216,669</u>	<u>962,409</u>	<u>254,260</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	271,519	<u>\$ 271,519</u>
<b>FUND BALANCES, beginning of year</b>			<u>284,144</u>	
<b>FUND BALANCES, end of year</b>			<u>\$ 555,663</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, 2016**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Fines and forfeitures	\$ 86,605	\$ 86,605	\$ 81,349	\$ (5,256)
Total revenues	<u>86,605</u>	<u>86,605</u>	<u>81,349</u>	<u>(5,256)</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	86,605	86,605	80,935	5,670
Total expenditures	<u>86,605</u>	<u>86,605</u>	<u>80,935</u>	<u>5,670</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	414	<u>\$ 414</u>
<b>FUND BALANCES, beginning of year</b>			<u>15,612</u>	
<b>FUND BALANCES, end of year</b>			<u>\$ 16,026</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, 2016**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Intergovernmental	\$ 1,275,000	\$ 5,219,400	\$ 5,384,694	\$ 165,294
Interest revenue	1,200	1,200	3,980	2,780
Budgeted fund balance	173,800	173,800	-	(173,800)
Total revenues	<u>1,450,000</u>	<u>5,394,400</u>	<u>5,388,674</u>	<u>(5,726)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	1,450,000	5,394,400	3,246,176	2,148,224
Total expenditures	<u>1,450,000</u>	<u>5,394,400</u>	<u>3,246,176</u>	<u>2,148,224</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,142,498	<u>\$ 2,142,498</u>
<b>FUND BALANCES, beginning of year</b>			<u>1,543,111</u>	
<b>FUND BALANCES, end of year</b>			<u>\$ 3,685,609</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, 2016**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Contributions and donations	\$ -	\$ 418,349	\$ 1,592,000	\$ 1,173,651
Total revenues	<u>-</u>	<u>418,349</u>	<u>1,592,000</u>	<u>1,173,651</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	-	14,450	2,228	12,222
Total expenditures	<u>-</u>	<u>14,450</u>	<u>2,228</u>	<u>12,222</u>
Excess of revenues over expenditures	-	403,899	1,589,772	1,185,873
<b>Other financing uses</b>				
Transfers out	-	(403,899)	(403,899)	-
Total other financing uses	<u>-</u>	<u>(403,899)</u>	<u>(403,899)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,185,873	<u>\$ 1,185,873</u>
<b>FUND BALANCES, beginning of year</b>			<u>-</u>	
<b>FUND BALANCES, end of year</b>			<u>\$ 1,185,873</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, 2016**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Property taxes	\$ 1,859,231	\$ 1,859,231	\$ 1,889,065	\$ 29,834
Interest revenue	700	700	2,702	2,002
Total revenues	<u>1,859,931</u>	<u>1,859,931</u>	<u>1,891,767</u>	<u>31,836</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal	1,318,973	1,318,973	1,208,973	110,000
Interest	535,958	535,958	958,050	(422,092)
Fees	5,000	5,000	5,838	(838)
Total expenditures	<u>1,859,931</u>	<u>1,859,931</u>	<u>2,172,861</u>	<u>(312,930)</u>
Deficiency of revenues under expenditures	-	-	(281,094)	(281,094)
<b>Other financing sources</b>				
Transfers in	-	-	686,146	686,146
Total other financing sources	<u>-</u>	<u>-</u>	<u>686,146</u>	<u>686,146</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	405,052	<u>\$ 405,052</u>
<b>FUND BALANCES, beginning of year</b>			<u>2,863,623</u>	
<b>FUND BALANCES, end of year</b>			<u>\$ 3,268,675</u>	

**LANCASTER COUNTY, SOUTH CAROLINA**  
**CAPITAL PROJECT SALES TAX FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Sales and other local taxes	\$ 8,500,000	\$ 11,337,496	\$ 2,381,860	\$ (8,955,636)
Interest revenue	-	-	12,817	12,817
Total revenues	<u>8,500,000</u>	<u>11,337,496</u>	<u>2,394,677</u>	<u>(8,942,819)</u>
<b>EXPENDITURES</b>				
Current:				
General government	15,000	15,000	16,300	(1,300)
Administration of justice	-	2,837,496	15,090	2,822,406
Capital outlay:				
General government	-	-	101,592	(101,592)
Budgeted fund balance	<u>2,383,585</u>	<u>3,012,238</u>	-	<u>3,012,238</u>
Total expenditures	<u>2,398,585</u>	<u>5,864,734</u>	<u>132,982</u>	<u>5,731,752</u>
Excess of revenues over expenditures	6,101,415	5,472,762	2,261,695	(3,211,067)
<b>Other financing uses</b>				
Transfers in	-	628,653	628,653	-
Transfers out	<u>(6,101,415)</u>	<u>(6,101,415)</u>	<u>(11,016,814)</u>	<u>(4,915,399)</u>
Total other financing uses	<u>(6,101,415)</u>	<u>(5,472,762)</u>	<u>(10,388,161)</u>	<u>(4,915,399)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(8,126,466)	<u>\$ (8,126,466)</u>
<b>FUND BALANCES, beginning of year</b>			<u>11,473,737</u>	
<b>FUND BALANCES, end of year</b>			<u>\$ 3,347,271</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, 2016**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Property taxes	\$ 1,498,000	\$ 1,498,000	\$ 1,578,745	\$ 80,745
Other revenues	-	-	37,315	37,315
Total revenues	<u>1,498,000</u>	<u>1,498,000</u>	<u>1,616,060</u>	<u>118,060</u>
<b>EXPENDITURES</b>				
Capital outlay:				
General government	50,000	50,000	35,509	14,491
Administration of justice	18,845	18,845	-	18,845
Public safety	455,000	455,000	508,941	(53,941)
Public works	350,000	350,000	-	350,000
Public health and welfare	554,155	554,155	552,321	1,834
Culture and recreation	70,000	70,000	77,082	(7,082)
Total expenditures	<u>1,498,000</u>	<u>1,498,000</u>	<u>1,173,853</u>	<u>324,147</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	442,207	<u>\$ 442,207</u>
<b>FUND BALANCES, beginning of year</b>			<u>311,549</u>	
<b>FUND BALANCES, end of year</b>			<u>\$ 753,756</u>	

## **AGENCY FUNDS**

**LANCASTER COUNTY, SOUTH CAROLINA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>June 30,</u> <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,</u> <u>2016</u>
<b>Education Fund</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,327,916	\$ 10,813,971	\$ (13,268,400)	\$ 4,873,487
Investments	48,207	11,758,419	(3,889,150)	7,917,476
Taxes receivable	4,305,053	4,621,196	(4,305,053)	4,621,196
Due from other governments	1,143	3,823	(1,143)	3,823
Total assets	<u>\$ 11,682,319</u>	<u>\$ 27,197,409</u>	<u>\$ (21,463,746)</u>	<u>\$ 17,415,982</u>
<b>LIABILITIES</b>				
Due to school district	\$ 11,592,209	\$ 25,607,087	\$ (19,881,564)	\$ 17,317,732
Due to USC-L	90,110	1,590,322	(1,582,182)	98,250
Total liabilities	<u>\$ 11,682,319</u>	<u>\$ 27,197,409</u>	<u>\$ (21,463,746)</u>	<u>\$ 17,415,982</u>
<b>Clerk of Court</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 304,714	\$ 1,127,531	\$ (311,065)	\$ 1,121,180
Investments	20,398	-	-	20,398
Total assets	<u>\$ 325,112</u>	<u>\$ 1,127,531</u>	<u>\$ (311,065)</u>	<u>\$ 1,141,578</u>
<b>LIABILITIES</b>				
Due to others	\$ 325,112	\$ 1,127,531	\$ (311,065)	\$ 1,141,578
Total liabilities	<u>\$ 325,112</u>	<u>\$ 1,127,531</u>	<u>\$ (311,065)</u>	<u>\$ 1,141,578</u>
<b>Family Court</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 175,487	\$ 6,402,770	\$ (6,390,551)	\$ 187,706
Total assets	<u>\$ 175,487</u>	<u>\$ 6,402,770</u>	<u>\$ (6,390,551)</u>	<u>\$ 187,706</u>
<b>LIABILITIES</b>				
Due to others	\$ 175,487	\$ 6,402,770	\$ (6,390,551)	\$ 187,706
Total liabilities	<u>\$ 175,487</u>	<u>\$ 6,402,770</u>	<u>\$ (6,390,551)</u>	<u>\$ 187,706</u>
<b>Probate Court</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,503	\$ 141,140	\$ (142,080)	\$ 563
Total assets	<u>\$ 1,503</u>	<u>\$ 141,140</u>	<u>\$ (142,080)</u>	<u>\$ 563</u>
<b>LIABILITIES</b>				
Due to others	\$ 1,503	\$ 141,140	\$ (142,080)	\$ 563
Total liabilities	<u>\$ 1,503</u>	<u>\$ 141,140</u>	<u>\$ (142,080)</u>	<u>\$ 563</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	June 30, 2015	Increases	Decreases	June 30, 2016
<b>Tax Collector Property Sold</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,408,482	\$ 5,072,218	\$ (4,918,111)	\$ 1,562,589
Total assets	<u>\$ 1,408,482</u>	<u>\$ 5,072,218</u>	<u>\$ (4,918,111)</u>	<u>\$ 1,562,589</u>
<b>LIABILITIES</b>				
Due to others	\$ 1,408,482	\$ 5,072,218	\$ (4,918,111)	\$ 1,562,589
Total liabilities	<u>\$ 1,408,482</u>	<u>\$ 5,072,218</u>	<u>\$ (4,918,111)</u>	<u>\$ 1,562,589</u>
 <b>Tax Collector Trust Account</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 226,110	\$ 74,119	\$ (83,231)	\$ 216,998
Total assets	<u>\$ 226,110</u>	<u>\$ 74,119</u>	<u>\$ (83,231)</u>	<u>\$ 216,998</u>
<b>LIABILITIES</b>				
Due to others	\$ 226,110	\$ 74,119	\$ (83,231)	\$ 216,998
Total liabilities	<u>\$ 226,110</u>	<u>\$ 74,119</u>	<u>\$ (83,231)</u>	<u>\$ 216,998</u>
 <b>Forfeit Land Commission</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 453,261	\$ 5,251	\$ (10,358)	\$ 448,154
Total assets	<u>\$ 453,261</u>	<u>\$ 5,251</u>	<u>\$ (10,358)</u>	<u>\$ 448,154</u>
<b>LIABILITIES</b>				
Due to others	\$ 453,261	\$ 5,251	\$ (10,358)	\$ 448,154
Total liabilities	<u>\$ 453,261</u>	<u>\$ 5,251</u>	<u>\$ (10,358)</u>	<u>\$ 448,154</u>
 <b>Magistrates</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 114,853	\$ 1,053,501	\$ (1,072,954)	\$ 95,400
Total assets	<u>\$ 114,853</u>	<u>\$ 1,053,501</u>	<u>\$ (1,072,954)</u>	<u>\$ 95,400</u>
<b>LIABILITIES</b>				
Due to others	\$ 114,853	\$ 1,053,501	\$ (1,072,954)	\$ 95,400
Total liabilities	<u>\$ 114,853</u>	<u>\$ 1,053,501</u>	<u>\$ (1,072,954)</u>	<u>\$ 95,400</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	June 30, 2015	Increases	Decreases	June 30, 2016
<b>City of Lancaster</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 52,662	\$ 4,387,706	\$ (4,440,368)	\$ -
Taxes receivable	241,122	283,609	(241,122)	283,609
Due from other governments	298	588	(298)	588
Total assets	<u>\$ 294,082</u>	<u>\$ 4,671,903</u>	<u>\$ (4,681,788)</u>	<u>\$ 284,197</u>
<b>LIABILITIES</b>				
Due to other taxing districts and agencies	\$ 294,082	\$ 4,671,903	\$ (4,681,788)	\$ 284,197
Total liabilities	<u>\$ 294,082</u>	<u>\$ 4,671,903</u>	<u>\$ (4,681,788)</u>	<u>\$ 284,197</u>
<b>Town of Kershaw</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,177	\$ 158,523	\$ (160,700)	\$ -
Taxes receivable	18,670	19,951	(18,670)	19,951
Due from other governments	20	44	(20)	44
Total assets	<u>\$ 20,867</u>	<u>\$ 178,518</u>	<u>\$ (179,390)</u>	<u>\$ 19,995</u>
<b>LIABILITIES</b>				
Due to other taxing districts and agencies	\$ 20,867	\$ 178,518	(179,390)	\$ 19,995
Total liabilities	<u>\$ 20,867</u>	<u>\$ 178,518</u>	<u>\$ (179,390)</u>	<u>\$ 19,995</u>
<b>Edgewater Improvement District</b>				
<b>ASSETS</b>				
Investments	\$ 965,912	\$ 542,392	\$ (571,381)	\$ 936,923
Total assets	<u>\$ 965,912</u>	<u>\$ 542,392</u>	<u>\$ (571,381)</u>	<u>\$ 936,923</u>
<b>LIABILITIES</b>				
Due to others	\$ 965,912	\$ 542,392	\$ (571,381)	\$ 936,923
Total liabilities	<u>\$ 965,912</u>	<u>\$ 542,392</u>	<u>\$ (571,381)</u>	<u>\$ 936,923</u>
<b>Edgewater II Improvement District</b>				
<b>ASSETS</b>				
Investments	\$ 551,208	\$ 1,650	\$ (23,641)	\$ 529,217
Total assets	<u>\$ 551,208</u>	<u>\$ 1,650</u>	<u>\$ (23,641)</u>	<u>\$ 529,217</u>
<b>LIABILITIES</b>				
Due to others	\$ 551,208	\$ 1,650	\$ (23,641)	\$ 529,217
Total liabilities	<u>\$ 551,208</u>	<u>\$ 1,650</u>	<u>\$ (23,641)</u>	<u>\$ 529,217</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	June 30, 2015	Increases	Decreases	June 30, 2016
<b>Sun City Improvement District</b>				
<b>ASSETS</b>				
Investments	\$ 2,071,058	\$ 1,404,387	\$ (2,041,903)	\$ 1,433,542
Total assets	<u>\$ 2,071,058</u>	<u>\$ 1,404,387</u>	<u>\$ (2,041,903)</u>	<u>\$ 1,433,542</u>
<b>LIABILITIES</b>				
Due to others	\$ 2,071,058	\$ 1,404,387	\$ (2,041,903)	\$ 1,433,542
Total liabilities	<u>\$ 2,071,058</u>	<u>\$ 1,404,387</u>	<u>\$ (2,041,903)</u>	<u>\$ 1,433,542</u>
<b>Edenmoor/Walnut Creek Improvement District</b>				
<b>ASSETS</b>				
Investments	\$ 1,003,162	\$ 15,581,292	\$ (15,048,120)	\$ 1,536,334
Total assets	<u>\$ 1,003,162</u>	<u>\$ 15,581,292</u>	<u>\$ (15,048,120)</u>	<u>\$ 1,536,334</u>
<b>LIABILITIES</b>				
Due to others	\$ 1,003,162	\$ 15,581,292	\$ (15,048,120)	\$ 1,536,334
Total liabilities	<u>\$ 1,003,162</u>	<u>\$ 15,581,292</u>	<u>\$ (15,048,120)</u>	<u>\$ 1,536,334</u>
<b>Detention Center Inmates</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,522	\$ 122,093	\$ (123,136)	\$ 1,479
Total assets	<u>\$ 2,522</u>	<u>\$ 122,093</u>	<u>\$ (123,136)</u>	<u>\$ 1,479</u>
<b>LIABILITIES</b>				
Due to others	\$ 2,522	\$ 122,093	\$ (123,136)	\$ 1,479
Total liabilities	<u>\$ 2,522</u>	<u>\$ 122,093</u>	<u>\$ (123,136)</u>	<u>\$ 1,479</u>
<b>Employee Funds</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 726	\$ 2,511	\$ (2,597)	\$ 640
Total assets	<u>\$ 726</u>	<u>\$ 2,511</u>	<u>\$ (2,597)</u>	<u>\$ 640</u>
<b>LIABILITIES</b>				
Due to others	\$ 726	\$ 2,511	\$ (2,597)	\$ 640
Total liabilities	<u>\$ 726</u>	<u>\$ 2,511</u>	<u>\$ (2,597)</u>	<u>\$ 640</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>June 30,</u> <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,</u> <u>2016</u>
<b>Town of Chester</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 48,909	\$ (37,712)	\$ 11,197
Total assets	<u>\$ -</u>	<u>\$ 48,909</u>	<u>\$ (37,712)</u>	<u>\$ 11,197</u>
<b>LIABILITIES</b>				
Due to others	\$ -	\$ 48,909	\$ (37,712)	\$ 11,197
Total liabilities	<u>\$ -</u>	<u>\$ 48,909</u>	<u>\$ (37,712)</u>	<u>\$ 11,197</u>
<b>Totals</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 10,070,413	\$ 29,410,243	\$ (30,961,263)	\$ 8,519,393
Investments	4,659,945	29,288,140	(21,574,195)	12,373,890
Taxes receivable	4,564,845	4,924,756	(4,564,845)	4,924,756
Due from other governments	1,461	4,455	(1,461)	4,455
Total assets	<u>\$ 19,296,664</u>	<u>\$ 63,627,594</u>	<u>\$ (57,101,764)</u>	<u>\$ 25,822,494</u>
<b>LIABILITIES</b>				
Due to other taxing districts and agencies	\$ 11,997,268	\$ 32,047,830	\$ (26,324,924)	\$ 17,720,174
Due to others	7,299,396	31,579,764	(30,776,840)	8,102,320
Total liabilities	<u>\$ 19,296,664</u>	<u>\$ 63,627,594</u>	<u>\$ (57,101,764)</u>	<u>\$ 25,822,494</u>

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

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SUMMARY SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES**  
**CLERK OF COURT AND MAGISTRATE COURT**  
**JUNE 30, 2016**

	<u>Collections</u>	<u>Amount Remitted to County Treasurer</u>	<u>Amount Remitted to State Treasurer</u>	<u>Amount Allocated to Victim's Services</u>
<b>Clerk of Court</b>				
Fines and Fees	\$ 180,819	\$ 46,918	\$ 133,901	\$ -
Assessments	5,126	2,840	2,286	2,840
Surcharges	27,009	17,058	9,951	17,058
<b>Totals</b>	<u>\$ 212,954</u>	<u>\$ 66,816</u>	<u>\$ 146,138</u>	<u>\$ 19,898</u>
<b>Magistrate Court</b>				
Fines and Fees	\$ 443,034	\$ 407,904	\$ 35,130	\$ -
Assessments	324,606	32,709	291,897	32,709
Surcharges	214,237	25,614	188,623	25,614
<b>Totals</b>	<u>\$ 981,877</u>	<u>\$ 466,227</u>	<u>\$ 515,650</u>	<u>\$ 58,323</u>
<b>Solicitor Traffic Education</b>				
Assessments	\$ 2,380	\$ 218	\$ 2,162	\$ 218
<b>Totals</b>	<u>\$ 2,380</u>	<u>\$ 218</u>	<u>\$ 2,162</u>	<u>\$ 218</u>
<b>Family Court</b>				
Fines and fees	\$ 388,478	\$ 184,300	\$ 204,178	\$ -
<b>Totals</b>	<u>\$ 388,478</u>	<u>\$ 184,300</u>	<u>\$ 204,178</u>	<u>\$ -</u>
<b>Probate Court</b>				
Fines and Fees	\$ 135,440	\$ 128,100	\$ 7,340	\$ -
<b>Totals</b>	<u>\$ 135,440</u>	<u>\$ 128,100</u>	<u>\$ 7,340</u>	<u>\$ -</u>
<b>Victims' Assistance</b>				
Balance for victims' assistance - beginning of year				\$ 15,612
Amounts allocated for victims' assistance - July 1, 2015 - June 30, 2016				78,439
Amounts allocated from other entities for victims' assistance - July 1, 2015 - June 30, 2016				2,910
Amounts spent for victims' assistance in fiscal year 2016				
from assessments and surcharges				
Salaries and benefits				(52,405)
Operating expenditures				(3,530)
Direct assistance to other agencies				(25,000)
Balance for victims' assistance - end of year				<u>\$ 16,026</u>

# STATISTICAL SECTION

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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.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> .....	<b>106 - 114</b>
<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b> .....	<b>115 - 119</b>
<i>These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b> .....	<b>120 - 123</b>
<i>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.</i>	
<b>Demographic and Economic Information</b> .....	<b>124 and 125</b>
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.</i>	
<b>Operating Information</b> .....	<b>126 - 128</b>
<i>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.</i>	

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

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

**LANCASTER COUNTY, SOUTH CAROLINA**

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

	Fiscal Year									
	2007	2008 <sup>1</sup>	2009 <sup>2</sup>	2010 <sup>3</sup>	2011	2012	2013	2014 <sup>4</sup>	2015	2016
<b>Governmental activities</b>										
Net investment in capital assets	\$ 16,075,000	\$ 18,128,925	\$ 27,608,973	\$ 30,319,260	\$ 37,890,060	\$ 33,996,194	\$ 36,831,933	\$ 40,435,476	\$ 28,252,587	\$ 46,134,061
Restricted	3,739,087	3,557,298	3,668,396	10,234,674	13,025,845	19,584,980	24,325,103	20,858,227	42,783,910	10,692,095
Unrestricted	25,374,209	39,197,629	21,506,800	17,985,707	15,336,956	13,884,941	16,314,803	22,458,160	(14,302,454)	1,669,060
Total governmental activities net position	<u>\$ 45,188,296</u>	<u>\$ 60,883,852</u>	<u>\$ 52,784,169</u>	<u>\$ 58,539,641</u>	<u>\$ 66,252,861</u>	<u>\$ 67,466,115</u>	<u>\$ 77,471,839</u>	<u>\$ 83,751,863</u>	<u>\$ 56,734,043</u>	<u>\$ 58,495,216</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,790,882	\$ 5,460,419	\$ 5,898,351
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	(124,719)	(165,515)	(147,558)
Total business-type activities net position	<u>\$ -</u>	<u>\$ 3,666,163</u>	<u>\$ 5,294,904</u>	<u>\$ 5,750,793</u>						
<b>Primary government</b>										
Net investment in capital assets	\$ 18,128,925	\$ 27,608,973	\$ 30,319,260	\$ 37,890,060	\$ 33,996,194	\$ 36,831,933	\$ 40,435,476	\$ 44,226,358	\$ 33,713,006	\$ 52,032,412
Restricted	3,557,298	3,668,396	10,234,674	13,025,845	19,584,980	24,325,103	20,858,227	20,858,227	42,783,910	10,692,095
Unrestricted	39,197,629	21,506,800	17,985,707	15,336,956	13,884,941	16,314,803	22,458,160	22,333,441	(14,467,969)	1,521,502
Total primary government net position	<u>\$ 60,883,852</u>	<u>\$ 52,784,169</u>	<u>\$ 58,539,641</u>	<u>\$ 66,252,861</u>	<u>\$ 67,466,115</u>	<u>\$ 77,471,839</u>	<u>\$ 83,751,863</u>	<u>\$ 87,418,026</u>	<u>\$ 62,028,947</u>	<u>\$ 64,246,009</u>

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

(1)The Edgewater II Improvement District is included in net position beginning in fiscal year 2008

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

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

(4) 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									
	2007 <sup>1</sup>	2008 <sup>2</sup>	2009 <sup>3</sup>	2010	2011	2012	2013	2014 <sup>4</sup>	2015	2016
<b>Expenses</b>										
Primary government:										
Governmental activities:										
General government	\$ 8,047,777	\$ 9,641,480	\$ 11,004,706	\$ 10,832,346	\$ 10,983,933	\$ 13,494,007	\$ 14,274,314	\$ 11,299,133	\$ 13,556,703	\$ 15,201,832
Public safety	8,187,570	10,108,792	10,747,904	11,374,643	11,351,803	13,113,668	13,079,241	18,204,203	18,601,569	18,876,586
Public works	4,710,191	7,463,470	6,050,232	6,065,063	5,880,894	6,741,646	6,514,659	7,088,564	7,212,342	21,072,721
Other activities	39,672,844	25,912,261	26,872,414	18,466,148	17,543,807	17,490,004	15,897,654	19,076,859	22,736,802	17,617,220
Total governmental activities expenses	60,618,382	53,126,003	54,675,256	46,738,200	45,760,437	50,839,325	49,765,868	55,668,759	62,107,416	72,768,359
Business-type activities:										
Airport	-	-	-	-	-	-	-	437,607	404,801	433,400
Total business-type activities expenses	-	-	-	-	-	-	-	437,607	404,801	433,400
Total primary government expenses	60,618,382	53,126,003	54,675,256	46,738,200	45,760,437	50,839,325	49,765,868	56,106,366	62,512,217	73,201,759
<b>Program revenues</b>										
Primary government:										
Governmental activities:										
Charges for services										
General government	5,322,718	4,472,351	2,521,991	2,649,811	2,715,439	2,758,959	4,003,901	5,937,198	6,066,247	6,833,003
Administration of justice	932,736	1,230,302	1,198,420	1,161,469	1,100,988	1,069,362	1,067,263	1,027,217	1,017,176	972,856
Public health and welfare	2,115,531	2,274,497	2,191,295	2,523,597	2,513,973	3,066,640	2,883,399	2,748,514	2,589,560	1,675,770
Other activities	1,490,708	1,628,022	1,574,402	1,835,658	1,866,566	2,273,170	2,171,849	2,310,502	2,487,280	2,650,051
Operating grants and contributions	8,133,234	31,083,768	2,775,364	6,378,143	4,556,750	4,163,480	4,346,939	9,593,044	3,844,636	7,981,217
Capital grants and contributions	2,664,827	832,855	5,555,897	946,405	2,123,502	352,064	3,273,685	807,784	1,943,650	3,834,853
Total governmental activities program revenues	20,659,754	41,521,795	15,817,369	15,495,083	14,877,218	13,683,675	17,747,036	22,424,259	17,948,549	23,947,750
Business-type activities:										
Charges for services										
Airport	-	-	-	-	-	-	-	173,727	179,970	150,127
Capital grants and contributions	-	-	-	-	-	-	-	50,393	1,873,922	674,876
Total business-type activities program revenues	-	-	-	-	-	-	-	224,120	2,053,892	825,003
Total primary government program revenues	20,659,754	41,521,795	15,817,369	15,495,083	14,877,218	13,683,675	17,747,036	22,648,379	20,002,441	24,772,753

(Continued)

## LANCASTER COUNTY, SOUTH CAROLINA

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

	Fiscal Year									
	2007 <sup>1</sup>	2008 <sup>2</sup>	2009 <sup>3</sup>	2010	2011	2012	2013	2014 <sup>4</sup>	2015	2016
Net (expense) revenue										
Governmental activities	\$ (39,958,628)	\$ (11,604,208)	\$ (38,857,887)	\$ (31,243,117)	\$ (30,883,219)	\$ (37,155,650)	\$ (32,018,832)	\$ (33,244,500)	\$ (44,158,867)	\$ (48,820,609)
Business-type activities	-	-	-	-	-	-	-	(213,487)	1,649,091	391,603
Total primary government	<u>(39,958,628)</u>	<u>(11,604,208)</u>	<u>(38,857,887)</u>	<u>(31,243,117)</u>	<u>(30,883,219)</u>	<u>(37,155,650)</u>	<u>(32,018,832)</u>	<u>(33,457,987)</u>	<u>(42,509,776)</u>	<u>(48,429,006)</u>
<b>General revenues and other changes in net position</b>										
Primary government:										
Governmental activities:										
Property taxes	18,007,222	19,646,513	23,375,134	24,531,262	26,039,328	26,759,326	27,805,777	30,138,854	32,542,322	34,917,971
Other taxes	1,197,417	1,387,257	1,482,296	6,728,510	7,798,566	8,579,956	9,220,550	10,759,834	11,837,073	12,582,362
Unrestricted grants and contributions	4,954,683	4,510,153	4,492,562	3,985,341	3,720,738	3,511,437	4,029,881	3,060,980	3,080,863	2,981,903
Unrestricted investment earnings	1,657,970	1,254,997	374,332	101,224	106,003	54,753	31,753	57,446	62,046	163,832
Other	(396,875)	500,844	1,033,880	1,652,252	931,804	(813)	936,595	-	-	-
Prior period adjustment	2,398,940	-	-	-	-	(535,755)	-	-	-	-
Transfers	-	-	-	-	-	-	-	(40,000)	(50,000)	(64,286)
Total governmental activities general revenues and other changes in net position	<u>27,819,357</u>	<u>27,299,764</u>	<u>30,758,204</u>	<u>36,998,589</u>	<u>38,596,439</u>	<u>38,368,904</u>	<u>42,024,556</u>	<u>43,977,114</u>	<u>47,472,304</u>	<u>50,581,782</u>
Business-type activities:										
Unrestricted investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	40,000	50,000	64,286
Total business type activities general revenues and other changes in net position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>50,000</u>	<u>64,286</u>
Total primary government general revenues and other changes in net position	<u>\$ 27,819,357</u>	<u>\$ 27,299,764</u>	<u>\$ 30,758,204</u>	<u>\$ 36,998,589</u>	<u>\$ 38,596,439</u>	<u>\$ 38,368,904</u>	<u>\$ 42,024,556</u>	<u>\$ 44,017,114</u>	<u>\$ 47,522,304</u>	<u>\$ 50,646,068</u>
<b>Change in net position</b>										
Governmental activities	(12,139,271)	15,695,556	(8,099,683)	5,755,472	7,713,220	1,213,254	10,005,724	10,732,614	3,313,437	1,761,173
Business-type activities	-	-	-	-	-	-	-	(173,487)	1,699,091	455,889
Total primary government change in net position	<u>\$ (12,139,271)</u>	<u>\$ 15,695,556</u>	<u>\$ (8,099,683)</u>	<u>\$ 5,755,472</u>	<u>\$ 7,713,220</u>	<u>\$ 1,213,254</u>	<u>\$ 10,005,724</u>	<u>\$ 10,559,127</u>	<u>\$ 5,012,528</u>	<u>\$ 2,217,062</u>

(1) Fiscal Year 2007 includes \$17,312,904 in expenditures for the Edenmoor Improvement District.

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

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

(4) 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
<b>2007</b>	12,265,925	1,883,051	3,858,246	-	888,345	309,073	19,204,640
<b>2008</b>	13,952,327	1,739,865	3,929,649	-	939,535	472,394	21,033,770
<b>2009</b>	17,724,858	1,876,027	3,774,249	-	959,633	522,663	24,857,430
<b>2010</b>	19,150,376	1,831,426	3,549,460	5,281,993	976,296	470,221	31,259,772
<b>2011</b>	19,991,538	1,810,435	4,237,355	6,385,293	996,417	416,856	33,837,894
<b>2012</b>	20,202,783	2,032,440	4,524,103	6,924,788	1,176,367	478,801	35,339,282
<b>2013</b>	20,732,179	2,223,687	4,849,911	7,225,680	1,522,254	472,616	37,026,327
<b>2014</b>	22,249,229	2,586,810	5,302,815	7,871,762	1,940,220	947,852	40,898,688
<b>2015</b>	23,817,711	2,951,321	5,773,290	8,655,243	2,183,931	997,899	44,379,395
<b>2016</b>	25,395,538	3,356,927	6,165,506	9,264,782	2,286,114	1,031,466	47,500,333

(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									
	2007	2008 <sup>1,2</sup>	2009 <sup>3</sup>	2010	2011	2012	2013	2014	2015	2016
<b>General Fund</b>										
Nonspendable	\$ 899,882	\$ 1,260,535	\$ 752,723	\$ 1,525,507	\$ 446,265	\$ 419,097	\$ 465,876	\$ 470,608	\$ 1,036,548	\$ 1,260,002
Restricted	1,546,591	1,087,506	1,029,032	814,990	1,425,506	1,925,029	1,949,398	1,757,465	1,664,659	1,994,639
Committed	-	383,204	341,269	-	-	-	-	-	-	-
Assigned	1,906,949	1,252,516	327,277	111,903	88,054	131,705	216,329	1,238,174	1,662,673	4,922,022
Unassigned	13,626,979	13,672,743	15,461,511	13,940,414	15,727,979	13,905,577	14,812,691	16,940,776	17,842,835	19,251,333
<b>Total General fund</b>	<u>\$ 17,980,401</u>	<u>\$ 17,656,504</u>	<u>\$ 17,911,812</u>	<u>\$ 16,392,814</u>	<u>\$ 17,687,804</u>	<u>\$ 16,381,408</u>	<u>\$ 17,444,294</u>	<u>\$ 20,407,023</u>	<u>\$ 22,206,715</u>	<u>\$ 27,427,996</u>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 55,293	\$ 52,900	\$ 623,943	\$ 561,127	\$ -	\$ -
Restricted	12,685,898	985,901	5,337,669	37,556,390	24,983,673	21,344,104	18,472,163	19,338,480	41,372,751	8,697,456
Assigned	104,795	252,947	44,861	430,788	1,950	28,492	31,427	165,520	48,260	17,440,567
Unassigned, reported in:										
Special revenue funds	(110,512)	2,470,311	3,184,088	(3,408,975)	(648,198)	(224,815)	(150,303)	-	(187,507)	(130,854)
Capital projects funds	(127,980)	22,932,726	38,941,499	(1,235,234)	(875,000)	(812,889)	(774,799)	(723,233)	(668,806)	(617,768)
<b>Total all other governmental funds</b>	<u>\$ 12,552,201</u>	<u>\$ 26,641,885</u>	<u>\$ 47,508,117</u>	<u>\$ 33,342,969</u>	<u>\$ 23,517,718</u>	<u>\$ 20,387,792</u>	<u>\$ 18,202,431</u>	<u>\$ 19,341,894</u>	<u>\$ 40,564,698</u>	<u>\$ 25,389,401</u>
<b>Total all governmental funds</b>	<u>\$ 30,532,602</u>	<u>\$ 44,298,389</u>	<u>\$ 65,419,929</u>	<u>\$ 49,735,783</u>	<u>\$ 41,205,522</u>	<u>\$ 36,769,200</u>	<u>\$ 35,646,725</u>	<u>\$ 39,748,917</u>	<u>\$ 62,771,413</u>	<u>\$ 52,817,397</u>

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

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

(3) 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Taxes	\$ 19,210,716	\$ 20,976,717	\$ 24,289,541	\$ 30,975,180	\$ 33,496,235	\$ 35,868,567	\$ 36,910,888	\$ 40,100,667	\$ 43,591,415	\$ 46,703,440
Licenses and permits	5,418,167	4,720,683	2,727,033	2,864,552	2,872,281	2,873,627	4,160,774	5,191,197	5,412,448	6,248,935
Intergovernmental	7,143,069	7,722,481	6,780,712	6,593,742	10,056,718	6,795,508	7,283,619	13,378,905	7,679,451	12,871,513
Charges for services	2,522,904	3,541,004	3,814,421	4,007,195	4,227,841	4,796,444	4,644,851	4,882,693	5,189,021	5,017,909
Fines, fees, and forfeitures	947,023	1,038,828	964,382	1,202,761	978,975	1,063,923	1,056,203	1,028,680	1,020,330	1,024,620
Interest income	1,964,141	1,360,491	383,775	99,235	103,219	52,522	29,211	57,446	62,046	163,832
Contributions and donations	379,263	2,324,810	468,171	218,121	364,502	361,223	525,936	351,666	344,344	2,831,040
Contributions from property owners	(4,988,640)	26,131,035	16,254	-	-	-	-	-	-	-
Other	189,725	201,003	163,445	138,702	279,484	163,279	486,396	230,863	247,254	247,577
Total revenues	<u>32,786,368</u>	<u>68,017,052</u>	<u>39,607,734</u>	<u>46,099,488</u>	<u>52,379,255</u>	<u>51,975,093</u>	<u>55,097,878</u>	<u>65,222,117</u>	<u>63,546,309</u>	<u>75,108,866</u>
<b>Expenditures:</b>										
General government	7,824,858	9,508,392	10,916,594	11,087,906	9,846,699	12,670,895	11,619,717	10,004,834	11,646,926	11,900,170
Administration of justice	1,355,332	2,588,256	4,667,838	15,155,605	18,559,715	2,765,385	1,709,906	1,823,021	1,982,265	2,123,474
Public safety and law enforcement	8,160,736	13,910,070	12,337,057	11,273,954	12,691,671	12,202,000	16,364,710	16,500,414	17,169,386	16,921,863
Public works	5,237,436	7,008,791	5,438,901	5,478,433	5,315,801	6,235,699	5,549,083	6,279,272	6,656,489	20,100,712
Public health and welfare	4,232,343	4,507,153	5,523,364	5,882,288	5,627,899	6,865,474	6,292,003	6,587,179	6,353,634	6,940,375
Culture and recreation	-	-	-	-	-	-	-	3,226,890	3,696,364	3,605,227
Economic development	20,492,644	18,819,783	14,647,485	5,497,672	3,186,407	3,422,632	1,954,572	5,517,505	659,185	2,244,723
Other	738,022	3,564,609	4,570,651	3,025,348	2,952,393	3,129,091	3,196,847	-	-	-
Capital outlay	-	64,488	-	3,059,750	1,858,927	819,921	133,297	3,101,804	9,575,828	8,919,489
Debt service										
Principal retirement	1,886,886	2,132,673	2,004,577	2,135,256	6,623,744	6,840,461	7,203,729	7,515,489	16,482,104	9,097,775
Interest	721,550	621,290	1,370,994	2,538,338	2,534,252	2,517,241	2,274,282	2,002,080	1,895,703	1,789,488
Fees	-	-	-	-	48,081	-	-	7,500	274,560	92,071
Total expenditures	<u>50,649,807</u>	<u>62,725,505</u>	<u>61,477,461</u>	<u>65,134,550</u>	<u>69,245,589</u>	<u>57,468,799</u>	<u>56,298,146</u>	<u>62,565,988</u>	<u>76,392,444</u>	<u>83,735,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,863,439)</u>	<u>5,291,547</u>	<u>(21,869,727)</u>	<u>(19,035,062)</u>	<u>(16,866,334)</u>	<u>(5,493,706)</u>	<u>(1,200,268)</u>	<u>2,656,129</u>	<u>(12,846,135)</u>	<u>(8,626,501)</u>
<b>Other financing sources (uses):</b>										
Transfer in	116,657	2,397,963	2,461,432	2,757,365	8,115,647	8,144,995	8,042,257	6,129,115	9,295,417	26,469,059
Transfer out	(116,657)	(2,397,963)	(2,461,432)	(2,757,365)	(8,115,647)	(8,144,995)	(8,042,257)	(6,169,115)	(9,345,417)	(26,533,345)
Issuance of debt - capital leases	645,700	-	2,338,851	605,000	-	1,020,000	-	226,000	445,000	-
Issuance of debt	-	7,463,709	43,040,000	2,502,721	10,660,000	-	-	950,000	35,384,119	6,750,000
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	-	87,900	38,549	12,751	33,029	37,384	77,792	210,915	89,512	500,000
Special item - insurance recoveries	-	-	827,397	227,936	1,251,553	-	-	-	-	-
Total other financing sources (uses)	<u>645,700</u>	<u>7,551,609</u>	<u>42,991,266</u>	<u>3,348,408</u>	<u>8,336,074</u>	<u>1,057,384</u>	<u>77,792</u>	<u>1,346,915</u>	<u>35,868,631</u>	<u>(1,327,515)</u>
Net change in fund balances	<u>\$ (17,217,739)</u>	<u>\$ 12,843,156</u>	<u>\$ 21,121,539</u>	<u>\$ (15,686,654)</u>	<u>\$ (8,530,260)</u>	<u>\$ (4,436,322)</u>	<u>\$ (1,122,476)</u>	<u>\$ 4,003,044</u>	<u>\$ 23,022,496</u>	<u>\$ (9,954,016)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>5.37%</u>	<u>5.30%</u>	<u>6.39%</u>	<u>10.64%</u>	<u>19.25%</u>	<u>18.23%</u>	<u>18.85%</u>	<u>16.72%</u>	<u>25.93%</u>	<u>14.63%</u>

**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
<b>2007</b>	\$ 12,249,611	\$ 1,883,051	\$ 3,858,246	\$ -	\$ 888,345	\$ 331,463	\$ 19,210,716
<b>2008</b>	13,895,274	1,739,865	3,929,649	-	939,535	472,394	20,976,717
<b>2009</b>	17,156,969	1,876,027	3,774,249	-	959,633	522,663	24,289,541
<b>2010</b>	18,865,784	1,831,426	3,549,460	5,281,993	976,296	470,221	30,975,180
<b>2011</b>	19,649,879	1,810,435	4,237,355	6,385,293	996,417	416,856	33,496,235
<b>2012</b>	20,732,068	2,032,440	4,524,103	6,924,788	1,176,367	478,801	35,868,567
<b>2013</b>	20,616,739	2,223,687	4,849,911	7,225,680	1,522,254	472,617	36,910,888
<b>2014</b>	21,990,985	2,586,810	5,302,815	7,871,762	1,940,220	408,075	40,100,667
<b>2015</b>	23,648,295	2,951,321	5,773,290	8,655,243	2,183,931	379,335	43,591,415
<b>2016</b>	25,289,628	3,356,927	6,165,506	9,264,782	2,286,114	340,483	46,703,440

(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
<b>2007</b>	\$ 16,233,182	\$ 3,804,301	\$ 5,418,167	\$ 2,314,704	\$ 944,729	\$ 2,364,295	\$ 31,079,378	\$ 645,700	\$ 31,725,078
<b>2008</b>	17,283,962	4,081,807	4,720,683	2,441,711	993,137	3,486,155	33,007,455	87,900	33,095,355
<b>2009</b>	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
<b>2010</b>	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
<b>2011</b>	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
<b>2012</b>	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
<b>2013</b>	24,410,433	3,303,561	4,160,774	2,816,174	893,708	831,362	36,416,012	102,792	36,518,804
<b>2014</b>	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
<b>2015</b>	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
<b>2016</b>	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

**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
<b>2007</b>	\$ 7,237,294	\$ 1,355,332	\$ 7,996,671	\$ 3,543,650	\$ 4,158,251	\$ 1,125,510	\$ 830,203	\$ 26,246,911	\$ 116,657	\$ 26,363,568
<b>2008</b>	8,707,826	1,444,667	9,297,736	5,132,361	4,478,572	1,218,228	560,022	30,839,412	2,397,963	33,237,375
<b>2009</b>	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
<b>2010</b>	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
<b>2011</b>	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
<b>2012</b>	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
<b>2013</b>	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
<b>2014</b>	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
<b>2015</b>	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
<b>2016</b>	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

Note: The E-911 fund was included in General Funds prior to FY2008 when it was reclassified to a Special Revenue Fund. 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		
<b>2007</b>	2006 (2)	157,645,060	3,152,901,200	71,731,401	819,867,905	\$ 229,376,461	\$ 3,972,769,105	5.77 %	71.50
<b>2008</b>	2007	172,404,224	3,448,084,480	74,291,673	867,419,977	246,695,897	4,315,504,457	5.72	75.90
<b>2009</b>	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
<b>2010</b>	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
<b>2011</b>	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
<b>2012</b>	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
<b>2013</b>	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
<b>2014</b>	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
<b>2015</b>	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
<b>2016</b>	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

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

(2) Real property was reassessed.

Note: Real property in Lancaster County is reassessed once every four years (unless an extension is granted by Council) with a one year lag for implementation, unless there is a physical or legal change affecting the property. The county assesses real property at 4-6% (legal residency is 4%) of the appraised value. Personal property is assessed at 10.5% of market value, except railroads (9.5%), motor homes (6%) and motor vehicles (6%). The motor vehicle assessment ratio declined by .75% each year for the years of 2005 thru 2007.

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

Levy Year Ended December 31	Fiscal Year Ended June 30	Lancaster County				Overlapping Rates (1)							Total Direct and Overlapping Rates
		County Operating	County Debt	County Capital Improvement and Court Security	Total County	Lancaster County School District			University of S.C. Lancaster	Town of Heath Springs	Town of Kershaw	City of Lancaster	
2006	2007 <sup>2</sup>	64.00	3.50	4.00	71.50	119.00	38.50	157.50	3.00	-	64.80	137.00	433.80
2007	2008	66.50	5.40	4.00	75.90	123.50	43.50	167.00	3.10	-	64.80	140.00	450.80
2008	2009	66.70	8.00	7.50	82.20	128.50	43.50	172.00	3.30	-	64.80	143.50	465.80
2009	2010	66.70	6.70	7.50	80.90	133.50	38.50	172.00	3.30	-	69.30	143.50	469.00
2010	2011	68.40	7.60	7.60	83.60	136.75	38.50	175.25	3.40	-	70.90	143.50	476.65
2011	2012 <sup>2</sup>	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

Source: Lancaster County Auditor

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

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

**LANCASTER COUNTY, SOUTH CAROLINA**

**PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2016					2007				
	Taxable Assessed		Rank	Percentage of Total County Taxable		Taxable Assessed		Rank	Percentage of Total County Taxable	
	Value			Assessed Value	Taxes Paid (1)	Value			Assessed Value	Taxes Paid (1)
Duke Energy	\$ 9,028,960	1	2.63%	\$ 2,749,824	\$ 6,356,660	2	2.77%	\$ 1,434,850		
The Gillette Company	4,927,435	2	1.44%	1,986,399	5,206,105	3	2.27%	1,155,168		
Lancaster Hospital Corp.	4,376,510	3	1.28%	1,792,016	3,969,300	5	1.73%	879,232		
Red Ventures	2,500,739	4	0.73%	752,973						
Springland Associates	1,322,190	5	0.39%	536,390	2,512,460	6	1.10%	555,289		
Pulte Home Corp.	1,835,240	6	0.53%	530,605	4,027,410	4	1.76%	911,514		
Haile Gold Mine Inc	1,738,518	7	0.51%	514,373						
Lancaster Telephone Co.	1,245,800	8	0.36%	446,583	1,399,590	7	0.61%	315,921		
IX WR 3023 HSBC WAP LP	1,376,742	9	0.40%	414,537						
Lynches River Electric	1,293,940	10	0.38%	381,731						
Springs Global					9,014,750	1	3.93%	1,976,073		
Belden Wire & Cable					1,104,901	8	0.48%	256,337		
Lawsons Bend					1,094,070	9	0.48%	241,808		
Cardinal Health					998,832	10	0.44%	231,729		
Total assessed value of ten largest taxpayers	<u>\$ 29,646,074</u>		8.64%	<u>\$ 10,105,431</u>	<u>\$ 35,684,078</u>		15.56%	<u>\$ 7,957,921</u>		
Total assessed value of all taxpayers	343,233,484		100%		229,376,461		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**

<u>Levy Year</u>	<u>Original Levy</u>	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
				<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2006	11,116,412	178,241	\$ 11,294,653	\$ 10,837,919	95.96%	\$ 434,865	\$ 11,272,784	99.81%
2007	12,413,953	664,583	13,078,536	12,596,199	96.31%	453,140	13,049,339	99.78%
2008	16,324,750	(87,537)	16,237,213	15,243,682	93.88%	922,357	16,166,039	99.56%
2009	16,692,282	269,290	16,961,572	15,998,456	94.32%	797,061	16,795,517	99.02%
2010	18,177,916	(28,690)	18,149,226	16,954,909	93.42%	1,003,112	17,958,021	98.95%
2011	17,717,289	479,058	18,196,347	17,372,203	95.47%	682,418	18,054,621	99.22%
2012	18,086,112	(68,216)	18,017,896	17,297,322	96.00%	555,379	17,852,701	99.08%
2013	19,312,592	514,257	19,826,849	18,975,609	95.71%	654,158	19,629,767	99.01%
2014	20,736,283	431,620	21,167,903	20,418,390	96.46%	518,405	20,936,795	98.91%
2015	22,506,743	424,531	22,931,274	22,135,439	96.53%	-	22,135,439	96.53%

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

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

Levy Year	Original Levy	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 1,569,338	\$ 464,842	\$ 2,034,180	\$ 1,942,620	95.50%	\$ 87,299	\$ 2,029,919	99.79%
2007	1,270,405	407,528	1,677,933	1,607,309	95.79%	67,330	1,674,639	99.80%
2008	1,492,012	285,447	1,777,459	1,694,729	95.35%	78,921	1,773,650	99.79%
2009	1,763,319	233,339	1,996,658	1,916,851	96.00%	76,896	1,993,747	99.85%
2010	1,609,746	91,356	1,701,102	1,630,457	95.85%	68,032	1,698,489	99.85%
2011	1,718,915	256,707	1,975,622	1,903,400	96.34%	67,023	1,970,423	99.74%
2012	1,982,449	116,354	2,098,803	2,018,240	96.16%	77,568	2,095,808	99.86%
2013	2,212,716	175,558	2,388,274	2,275,933	95.30%	108,506	2,384,439	99.84%
2014	2,559,126	344,889	2,904,015	2,709,070	93.29%	97,353	2,806,423	96.64%
2015	2,846,803	406,115	3,252,918	3,030,026	93.15%	-	3,030,026	93.15%

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

**LANCASTER COUNTY, SOUTH CAROLINA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

Governmental Activities									
Fiscal Year	General Obligation Bonds	SCAGO Public Facilities Installment Purchase Revenue Bonds	Capital Leases	Special Source Revenue Bonds	Mortgages Payable	Unamortized discount/premium on debt	Total Outstanding Debt	Percentage of Personal Income	Per Capita
2007	\$ 9,115,000	\$ -	\$ 2,800,930	\$ 2,973,658	\$ 78,722	\$ -	14,968,310	0.97%	209
2008	15,737,402	-	1,579,739	2,973,658	-	(31,192)	20,259,607	1.25%	276
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

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

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

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

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, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to County</u>	<u>Amount Applicable to County</u>
<b>Direct debt:</b>			
Lancaster County	\$ 50,319,676	100%	\$ 50,319,676
<b>Overlapping debt:</b>			
City of Lancaster	800,923	100%	800,923
Lancaster School District	79,956,382	100%	79,956,382
Total overlapping debt	<u>80,757,305</u>		<u>80,757,305</u>
Total direct and overlapping debt	<u>\$ 131,076,981</u>		<u>\$ 131,076,981</u>

**SOURCES:**

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

**NOTE:**

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

**LANCASTER COUNTY, SOUTH CAROLINA**

**LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 18,405,935	\$ 18,474,600	\$ 20,861,043	\$ 21,535,417	\$ 21,508,152	\$ 23,409,098	\$ 22,713,718	\$ 23,580,100	\$ 24,665,722	\$ 26,153,377
Total Net GO Debt Applicable to Limit	8,669,429	15,327,372	14,221,577	12,842,843	18,380,058	16,828,083	15,538,227	14,818,761	12,147,161	16,740,199
Legal debt margin	<u>\$ 9,736,506</u>	<u>\$ 3,147,228</u>	<u>\$ 6,639,466</u>	<u>\$ 8,692,574</u>	<u>\$ 3,128,094</u>	<u>\$ 6,581,015</u>	<u>\$ 7,175,491</u>	<u>\$ 8,761,339</u>	<u>\$ 12,518,561</u>	<u>\$ 9,413,178</u>
Total Net GO Debt Applicable to the to the Limit as a Percentage of Debt Limit	47.10%	82.96%	68.17%	59.64%	85.46%	71.89%	68.41%	62.84%	49.25%	64.01%

**Legal Debt Margin Calculation for Fiscal Year 2016**

Assessed value (1)	\$ 325,355,148
Add back: exempt Merchant Inventory (2)	<u>1,562,070</u>
Total assessed value	326,917,218
Debt limit (8% of assessed value) (3)	26,153,377
Debt applicable to limit:	
Total general obligation bonds	36,736,205
Less amount set aside for repayment of GO debt (4)	(1,561,006)
Less G.O. bonds not applicable to 8% debt limit (5)	<u>(18,435,000)</u>
Net G.O. bonds applicable to limit	<u>16,740,199</u>
Legal debt margin without a referendum (6)	<u>\$ 9,413,178</u>

**Notes:**

- (1) Property value data can be found in the Assessed Value and Estimated Actual Value of Taxable Property schedule. Fee-in-lieu, joint industrial park, & reimbursement assessments are not included in the assessed value for debt limit calculation.
- (2) Business inventory is exempt from tax, but its 1987 assessed value of \$1,562,070 is included in the computation of the legal debt margin.
- (3) The legal debt limit is 8 percent of total assessed value.
- (4) 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**

<u>Fiscal Year</u>	<u>County Population (1)</u>	<u>Total Personal Income (in thousands) (1)</u>	<u>Per Capita Personal Income *</u>	<u>School Enrollment (2)</u>	<u>County Unemployment Rate (3)</u>
2007	71,723	1,542,045	21,500	11,023	8.8%
2008	73,393	1,620,517	22,080	11,171	10.1%
2009	75,913	1,752,832	23,090	11,274	19.1%
2010	77,767	1,822,945	23,441	11,508	16.4%
2011	76,652	1,450,946	18,929	11,401	15.3%
2012	77,908	1,504,248	19,308	11,378	13.0%
2013	79,089	1,588,503	20,085	11,554	10.8%
2014	80,458	1,681,492	20,899	11,581	6.6%
2015	83,160	1,746,609	21,003	11,760	6.6%
2016	85,842	1,883,631	21,943	12,420	6.0%

**Sources:**

- (1) Bureau of Census/SC Budget & Control Board Office of Research & Statistics/Bureau of Economic Analy;
- (2) Lancaster County School District annual financial reports from previous fiscal year.
- (3) S.C. Department of Employment and Workforce

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

# LANCASTER COUNTY, SOUTH CAROLINA

## PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Red Ventures	2,200	1	5.90%			
Lancaster County Schools	1,550	2	4.16%	1,524	1	4.92%
Lancaster County	830	3	2.23%	467	6	1.51%
Springs Memorial Hospital	700	4	1.88%	792	2	2.56%
Movement Mortgage	615	5	1.65%			0.00%
Continental Tire	430	6	1.15%			
Duracell (Gillette)	405	7	1.09%	601	3	1.94%
AECOM	400	8	1.07%			
Inspiration Ministries	310	9	0.83%			
Trinity Meyer (Thomas & Betts)	300	10	0.80%			
Cardinal Health				562	4	1.82%
HSBC				550	5	1.78%
Wal-Mart (1)				450	7	1.45%
KMG America				400	8	1.29%
Sharonview Federal Credit Union				280	9	0.90%
US Textile Corporation				274	10	0.89%
Total	7,740		20.77%	5,900		19.06%
 Total Labor Force	 37,269			 30,951		

Source: Lancaster County Economic Development Corporation and SC Department of Employment and Workforce  
(1) Industry was not included in the 2016 survey

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

<b>Function</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
General Government Administration	79.00	84.00	87.00	88.50	91.00	89.00	90.00	90.00	96.00	102.00
Administration of Justice	27.00	27.50	27.50	29.00	29.00	29.00	31.00	34.00	36.00	38.00
Culture & Recreation	43.00	46.00	54.00	57.50	55.00	55.00	56.00	58.00	62.00	71.00
Public Safety & Law Enforcement	135.50	140.00	152.00	165.50	166.00	172.00	187.00	210.00	226.00	240.00
Public Works	38.50	41.50	42.50	39.00	41.00	41.00	41.00	43.00	45.00	49.00
Public Health & Welfare	66.50	74.00	83.00	83.50	73.00	75.00	80.00	81.00	79.00	85.00
	<u>389.50</u>	<u>413.00</u>	<u>446.00</u>	<u>463.00</u>	<u>455.00</u>	<u>461.00</u>	<u>485.00</u>	<u>516.00</u>	<u>544.00</u>	<u>585.00</u>

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

**LANCASTER COUNTY, SOUTH CAROLINA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Administration of Justice</b>										
Clerk of Court general sessions cases disposed	1,257	1,591	1,550	2,224	1,654	1,541	1,910	1,929	1,977	2,869
Clerk of Court common pleas cases disposed	n/a	3,306	1,660	1,910	1,811	1,870	2,210	2,172	2,533	1,715
Family Court cases disposed	1,047	827	975	997	765	907	820	735	1,034	818
Magistrate Court										
Criminal Docket total cases filed	2,881	2,442	2,258	2,623	2,379	2,570	2,562	2,493	2,300	2,551
Traffic Docket total cases filed	10,388	10,162	11,163	9,025	8,402	9,562	9,933	11,209	8,604	10,645
Civil Docket total cases filed	2,371	2,237	2,535	2,314	2,181	2,335	2,149	2,348	2,418	2,437
<b>Public Safety &amp; Law Enforcement</b>										
Detention Center - Total number incarcerated (1)	3,594	4,160	3,851	3,519	3,427	2,938	3,477	3,366	3,261	2,997
Fire Service - Total number of calls (1)	3,196	3,311	3,250	3,306	3,600	3,612	3,644	3,533	4,543	5,948
Sheriff Department (1)										
Criminal arrests	799	2,802	1,905	2,374	2,284	2,047	3,034	3,493	3,415	4,125
Traffic cases	1,145	4,177	4,115	4,405	3,388	1,977	2,810	3,081	4,481	4,167
Arrest warrants served	2,699	2,778	2,920	2,094	1,855	1,648	2,449	2,492	2,686	2,151
Fraudulent check warrants served	600	430	351	277	64	106	116	139	60	64
Number of animal complaints responded to	2,575	2,538	2,495	4,503	4,292	4,812	5,618	3,634	3,712	4,191
<b>Public Works</b>										
Roads - # of roads on which potholes were repaired	173	143	150	154	159	111	128	132	148	186
Solid Waste										
Tons of household/inert garbage disposed of	n/a	11,755	11,679	11,616						
Tons of recyclables collected	n/a	735	770	836						
<b>Public Health &amp; Welfare</b>										
Animal Control										
Number of animals through shelter	5,146	5,042	4,771	4,611	4,462	4,896	4,338	3,611	3,992	3,433
EMS - Total number of calls (1)	11,046	10,637	11,452	12,289	13,334	12,313	12,497	12,530	14,891	14,880

Sources: Various county departments.

Note: Indicators are not available for the general government function. Also, statistics were not available for FY07 for Clerk of Court common pleas cases disposed and FY07 thru FY13 for solid waste.

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

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

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Public safety and law enforcement</b>										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of police sub-stations	2	2	2	2	3	4	4	3	3	3
Number of police vehicles	85	90	112	112	116	111	116	123	135	143
Number of fire stations	19	19	18	18	18	18	18	18	18	18
Number of fire sub-stations	2	2	2	2	2	3	3	3	3	3
<b>Public works</b>										
Miles of unpaved roads maintained	n/a	n/a	n/a	n/a	n/a	n/a	n/a	214.84	215.84	215.84
Miles of paved roads maintained	n/a	n/a	n/a	n/a	n/a	n/a	n/a	164.81	168.76	168.76
<b>Public health and welfare</b>										
Number of EMS stations	7	7	7	7	7	8	8	8	8	8
Number of emergency vehicles*	21	21	22	22	23	23	25	25	33	37
<b>Culture and recreation</b>										
Number of parks	11	13	13	13	13	13	15	15	16	16
Number of recreation centers	3	4	4	4	4	4	4	4	4	4
Number of libraries	2	2	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 FY2007 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***

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**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, 2016, 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, 2016

**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.

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**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*

Macon, Georgia  
November 16, 2016



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

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**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, 2016. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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, 2016.

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## 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*

Macon, Georgia  
November 16, 2016

**LANCASTER COUNTY, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Total Expenditures	Passed Through to Subrecipients
<b><u>U.S. Department of Justice</u></b>				
<b>(Passed through the SC Department of Public Safety)</b>				
Edward Byrne Memorial Assistance Grant Program	16.738	1G10061/1G14031/1G13060	\$ 133,060	\$ -
Edward Byrne Memorial Assistance Grant Program	16.738	1G14032	64,955	-
Edward Byrne Memorial Assistance Grant Program	16.738	2015-DJ-BX-0193	18,028	-
Edward Byrne Memorial Assistance Grant Program	16.738	2014-DJ-BX-0442	173	-
			<u>216,216</u>	<u>-</u>
Bulletproof Vest Partnership Program	16.607	N/A	1,800	-
<b>Total U.S. Department of Justice</b>			<u>218,016</u>	<u>-</u>
<b><u>U.S. Department of Homeland Security</u></b>				
<b>(Passed through the SC Emergency Management Division)</b>				
Homeland Security Grant Program	97.067	15SHSP42	39,268	-
Homeland Security Grant Program	97.067	PDMC-PL-04-SC-2015-007	747	-
			<u>40,015</u>	<u>-</u>
Emergency Management Performance Grants	97.042	15EMPG01	56,906	-
Emergency Management Performance Grants	97.042	14EMPG01-Supplemental	9,130	-
			<u>66,036</u>	<u>-</u>
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2014-FF-00085	64,885	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2012-FH-00751	102,285	-
			<u>167,170</u>	<u>-</u>
<b>Total U.S. Department of Homeland Security</b>			<u>273,221</u>	<u>-</u>
<b><u>U.S. Department of Health and Human Services</u></b>				
<b>(Passed through the SC Department of Social Services)</b>				
Child Support Enforcement	93.563	N/A	176,903	-
<b>TANF Cluster</b>				
Temporary Assistance for Needy Families - TANF Block Grant	93.558	N/A	16,404	-
<b>CCDF Cluster</b>				
Child Care Development Fund	93.575	N/A	151	-
<b>Medicaid Cluster</b>				
Medicaid Assistance Program	93.778	N/A	2,850	-
Social Services Block Grant Administration	93.667	N/A	5,864	-
Family Preservation (CWS Part II)	93.556	N/A	144	-
Child Welfare Services	93.645	N/A	-	-
ARRA - Foster Care	93.658	N/A	8,832	-
Other	N/A	N/A	13,160	-
			<u>28,000</u>	<u>-</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>224,308</u>	<u>-</u>

**LANCASTER COUNTY, SOUTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Total Expenditures	Passed Through to Subrecipients
<b><u>U.S. Department of Agriculture</u></b>				
<b>(Passed through the SC Department of Social Services)</b>				
<b>SNAP Cluster</b>				
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	N/A	18,236	-
<b>Total U.S. Department of Agriculture</b>			<u>18,236</u>	<u>-</u>
<b><u>U.S. Department of Transportation</u></b>				
Airport Improvement Program	20.106	3-45-0034-017-2014	485,582	-
Airport Improvement Program	20.106	3-45-0034-018-2015	103,190	-
			<u>588,772</u>	<u>-</u>
<b>(Passed through the SC Department of Public Safety)</b>				
<b>Highway Safety Cluster</b>				
State and Community Highway Safety Program	20.600	2JC16006	6,916	-
State and Community Highway Safety Program	20.600	PT-2016-HS-33-16	55,421	-
			<u>62,337</u>	<u>-</u>
Alcohol Impaired Driving Countermeasures Incentive Grant	20.601	M4HVE-2015-HS-35-15	36,644	-
<b>Total Highway Safety Cluster</b>			<u>98,981</u>	<u>-</u>
<b>(Passed through the SC Emergency Management Division)</b>				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0477-15-01-00	29,891	-
<b>Total U.S. Department of Transportation</b>			<u>717,644</u>	<u>-</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<b>(Passed through the SC Department of Commerce)</b>				
Community Development Block Grant	14.228	4-NR-14-004	10,291	-
Community Development Block Grant	14.228	4-RP-11-003	52,525	-
			<u>62,816</u>	<u>-</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>62,816</u>	<u>-</u>
<b><u>U.S. Department of Commerce</u></b>				
<b>Economic Development Cluster</b>				
Investments for Public Works and Economic Development Facilities	11.300	#04-01-06876	1,525	-
<b>Total U.S. Department of Commerce</b>			<u>1,525</u>	<u>-</u>
<b><u>U.S. Institute of Museum and Library Services</u></b>				
Library Services and Technology Program	45.310	IID-14-109	1,000	-
Library Services and Technology Program	45.310	IIIA-15-108	2,175	-
			<u>3,175</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,518,941</u>	<u>\$ -</u>

LANCASTER COUNTY, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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**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, 2016.

**NOTE III. NONCASH ASSISTANCE AND LOANS**

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

LANCASTER COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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SECTION I  
SUMMARY OF AUDIT RESULTS

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:  
Material weaknesses identified? \_\_\_ Yes X No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_ Yes X None reported

Noncompliance material to financial statements noted? \_\_\_ Yes X No

**Federal Awards**

Internal Control over major programs:  
Material weaknesses identified? \_\_\_ Yes X No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_ Yes X 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 X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	U.S. Department of Transportation – Airport Improvement Program
97.083	U.S. Department of Homeland Security – Staffing for Adequate Fire and Emergency Response (SAFER) Program

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

Auditee qualified as low-risk auditee? \_\_\_ Yes X No

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**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.