

Comprehensive Annual **FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2017



Lancaster County, South Carolina

LANCASTER COUNTY, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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INTRODUCTORY SECTION



Lancaster County

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

Telephone:
803-285-1565

November 24, 2017

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, 2017.

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, 2017, 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, 2017. 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 2016 population of 89,594, the County was established in 1785 and includes four incorporated municipalities: Lancaster, Kershaw, Heath Springs and Van Wyck. The City of Lancaster, the county seat, is located 37 miles south of Charlotte, North Carolina and 60 miles north of Columbia, South Carolina, the state capital. 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 73 and 74 as part of the required supplementary information. Special revenue & capital funds budget-to-actual comparisons are presented on pages 88-99. For the debt service fund, the comparison is presented on page 96.

Local Economy

The County's unemployment rate was 4.6% in June 2017 and improved to 4.3% in October 2017. The County continues to experience steady growth in permitting activity, especially for commercial permits. We expect this trend to continue as long as market conditions remain positive. The 2016 value of single family home and other non-commercial permits was \$306,857,051 compared to 354,025,179 in calendar year 2015. Commercial permits values reflected \$324,535,174 during 2016 compared to \$49,220,719 during calendar year 2015. Most permits were issued in the Indian Land region 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 2,000 employees. The company announced an additional investment of \$90 million to construct a sales center, 6-story office tower, and a learning and development center. A 310,000 square-foot retail center called RedStone is under development. 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 2018;
- 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 began in 2017;
- Springs Memorial Hospital, a 231-bed hospital, employs 769;
- Cardinal Health, a global healthcare products and services company, which its headquarters employs about 665;
- Movement Mortgage, a mortgage financing corporation that employs about 725 employees. Located in Bailes Ridge corporate park, its headquarters is 104,000 square-foot;
- Continental Tire headquarters, one of the leading automotive tire suppliers worldwide, employs 546;
- CompuCom Systems, a leader in information technology, will establish its global headquarters in the County. The company is expected to invest \$41 million and 1,500 jobs.

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 1,800 students. The University occupies a 150-acre campus and also provides for the completion of selected Bachelor's degrees on campus.

Long-term Financial Planning

County Council 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 in fiscal year 2019. The County's ten year CIP was updated and approved 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

Local Hospitality Tax was approved in September 2016 and became effective January 1, 2017. The County collects 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.

The County implemented a stormwater fee and department in fiscal year 2018. This fee will support a stormwater management program which will minimize pollution and maximize safety through the reduction of flood. The urbanized areas affected are Van Wyck and Indian Land.

Awards and Acknowledgements

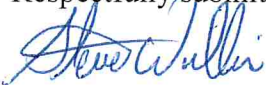
The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Lancaster County for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016. This is the eighteenth consecutive year the County has received this award. In order to be awarded a Certificate of Achievement, Lancaster County published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

The County received its fifth Distinguished Budget Presentation Award for the annual budget for fiscal year beginning July 1, 2016. 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 2018 budget for award consideration.

The preparation of the CAFR would not have been possible without the assistance of the Finance Department staff. The hard work and dedication of these individuals significantly contributed to the completion of this document. Moreover, the support and leadership of the County Council has been instrumental in the development of this report. We would also like to thank the accounting firm of Mauldin & Jenkins for their assistance with this project.

Respectfully submitted,



Steve Willis
County Administrator



Veronica C. Thompson
Chief Financial Officer



Government Finance Officers Association

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

Presented to

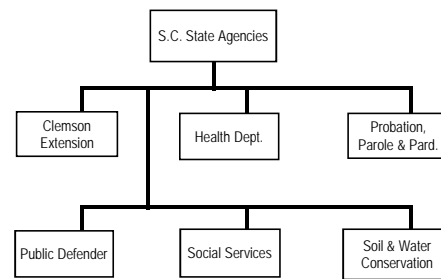
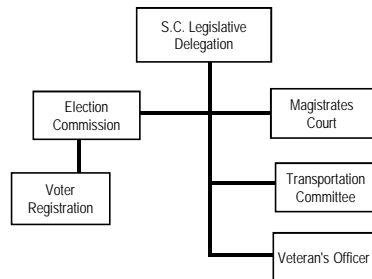
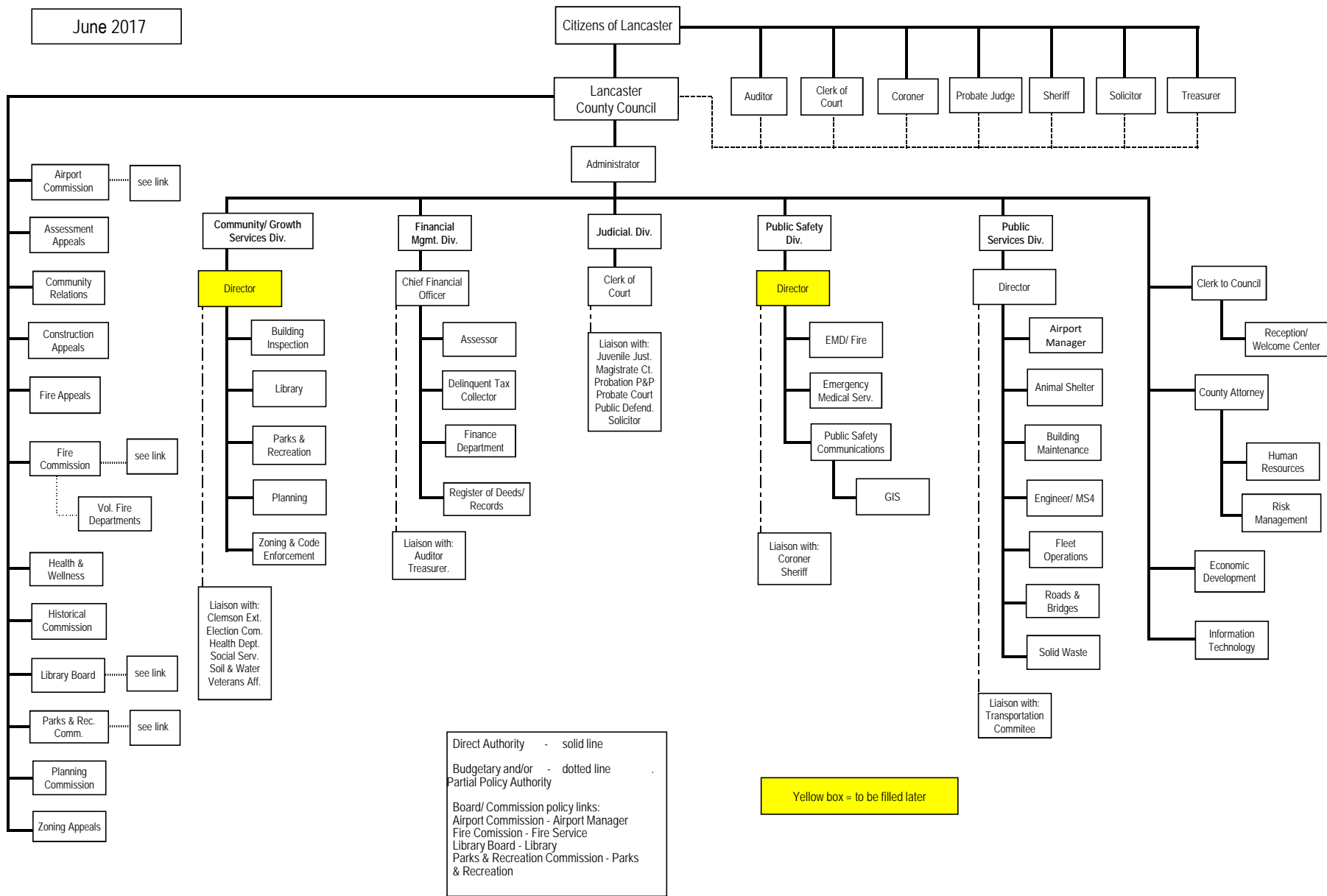
**County of Lancaster
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO



LANCASTER COUNTY, SOUTH CAROLINA

PRINCIPAL COUNTY OFFICIALS JUNE 30, 2017

MEMBERS OF COUNTY COUNCIL

Steve Harper	District V - Chairman
Charlene McGriff	District II - Vice Chairman
Larry Honeycutt	District IV - Secretary
Brian Carnes	District VII - Member
Terry Graham	District I - Member
Billy Mosteller	District III - Member
Jack Estridge	District VI - Member

ELECTED OFFICIALS

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

ADMINISTRATIVE OFFICIALS

Steve Willis	County Administrator
Veronica Thompson	Chief Financial Officer
Sherrie Simpson	Clerk to Council

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**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, 2017, and the related notes to the financial statements, which collectively comprise Lancaster County, South Carolina's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lancaster County, South Carolina as of June 30, 2017, 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 pages 73 and 74), the Schedule of Funding Progress- Other Post-Employment Benefits (on page 75), the Schedules of the Proportionate Share of the Net Pension Liability (on page 76), and the Schedules of Contributions (on page 77) 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.

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 24, 2017, 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 24, 2017

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

As management of Lancaster County, South Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017. 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 exceeded its liabilities at the close of the most recent fiscal year by \$72,357,670 for governmental and business-type activities as reflected in the Statement of Net Position;
- A positive overall increase in net position of \$8,111,661 was reported;
- The County's combined governmental funds reported ending fund balances of \$55,854,713, an overall increase of \$3,037,316 from the prior year;
- Total Unrestricted Fund Balance for the Governmental Funds was \$35,484,450 which included \$27,611,002 for the General Fund. Unassigned fund balance for the General Fund was \$23,275,511 which is 46 percent of 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 a way to measure of financial health. Over time, increases or decreases in the County's net position are one indicator of whether financial health is improving or deteriorating.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

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

The government-wide financial statements includes information about the County (known as the primary government), The County Airport (Enterprise Fund) is also reflected. The government-wide financial statements can be found on pages 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 2016. Current activity in the fund includes General Obligation Bonds;
- The SCAGO Public Facilities Corporation Debt Service Fund, used to account for installment purchase debt which was retired during the fiscal year;
- The Debt Service Fund.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

The County's remaining nineteen funds: (7) capital projects funds and (12) 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 can be found on page 105.

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 \$72,357,670 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, 2017:

Lancaster County's Net Position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Current and other assets	\$68,361,417	\$65,962,039	\$(91,773)	\$18,070	\$68,269,644	\$65,980,109
Capital assets	88,850,309	84,523,706	5,762,870	5,898,351	\$94,613,179	\$90,422,057
Total assets	\$157,211,726	\$150,485,745	\$5,671,097	\$5,916,421	\$162,882,823	\$156,402,166
Total Deferred Outflows of Resources	10,941,669	4,952,914	25,546	11,172	10,967,215	4,964,076
Long-term liabilities outstanding	\$94,448,040	\$89,207,878	105,635	83,941	\$94,553,675	\$89,291,819
Other liabilities	6,897,763	7,695,144	9,925	92,699	6,997,688	7,787,843
Total liabilities	\$101,345,803	\$96,903,022	\$115,560	\$176,640	\$101,461,363	\$97,079,662
Total Deferred Inflows of Resources	30,890	40,421	115	160	31,005	40,571
Net position:						
Net investment in capital assets	\$49,292,814	\$41,708,030	5,762,870	5,898,351	55,055,684	47,606,381
Restricted	19,325,999	10,692,095	-	-	19,325,999	10,692,095
Unrestricted	(1,842,111)	6,095,091	(181,902)	(147,558)	(2,024,013)	5,947,533
Total net position	\$66,776,702	\$58,495,217	\$5,580,968	\$5,750,793	\$72,357,670	\$64,246,009

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

The largest portion (74%) 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 increase in restricted net position is attributed to the capital projects sales tax 2. **Capital Assets** increased by \$4,326,604 mainly due to the addition of furniture and equipment for county-wide radio system improvements. The increase in **Restricted Net Position** in comparison to the prior year was attributed to the collection of capital projects sales tax revenue. **Long-term liabilities outstanding** increased due to the County's net pension liability. At the close of fiscal year, the County's overall net position increased by \$8,111,661. A negative **unrestricted net position** was reported in FY17 due more restricted resources and the County's investment in additional capital assets.

Total program revenues decreased by \$2,831,414 during the fiscal year. **Charges for Services** remained static while **operating grants and contributions** decreased \$2,656,388 mainly due to the receipt of one-time state funding for roads in the amount of \$3,980,455 was received in the prior year. **Capital grants & contributions** decreased slightly due to less state industry recruitment funding received for the fiscal year. **Property tax** levied increased compared to the prior year due to a combination of the following: an increase in the debt millage due to additional principal payments and receipt of a fee-in-lieu of tax used to pay debt on a special source revenue bond (KEER).

Total **expenses** decreased by \$6,919,629 for all governmental activities compared to the prior year. **Public works** decreased from the prior year due to one-time revenue received by the State. The County also paid \$6 million to the State to be used for paving state owned roads. **Administration of Justice** saw a decline due to the removal of the juvenile justice program. Also in the prior year, the County paid for major justice center improvements in FY16 which were completed in FY17. **Public safety and law enforcement** increase was attributed to the implementation of a new 800 MHz radio system and the increase in grant activity. The County expensed a community development block grant used for neighborhood revitalization (\$558K) which attributed to the increase in **public health and welfare**.

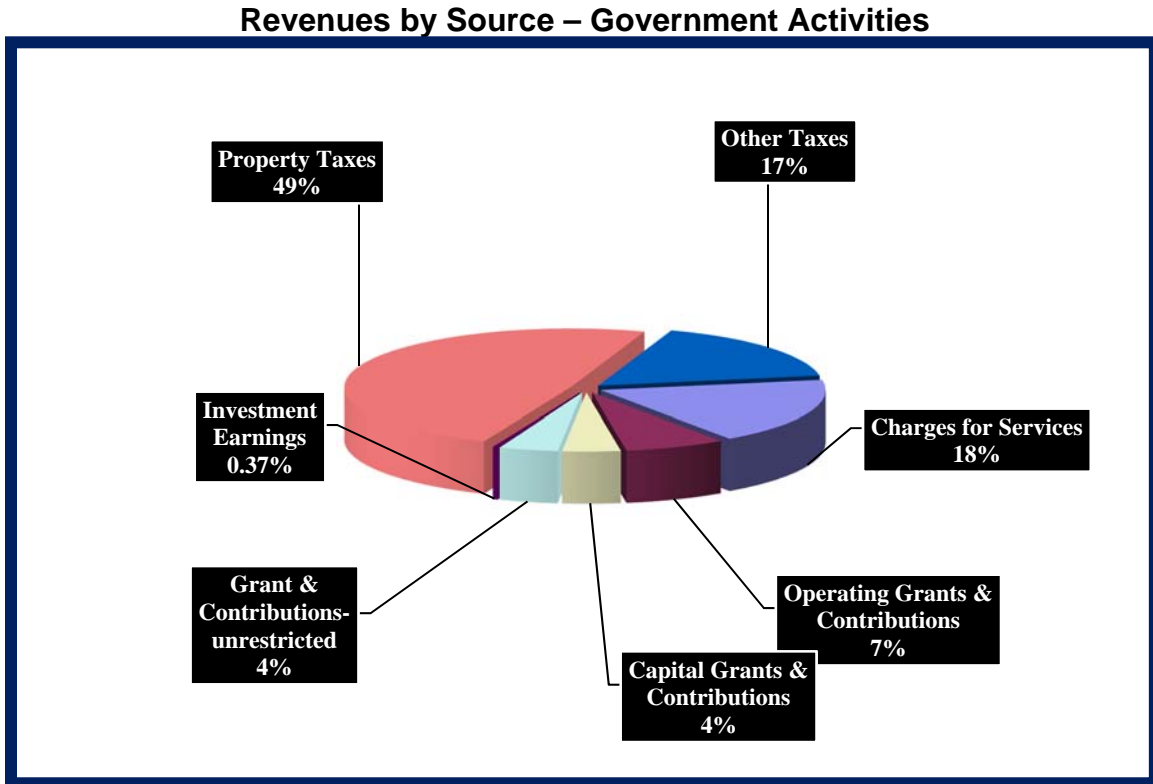
LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

The table below summarizes the changes in net position for the County for the year ended June 30, 2017:

Lancaster County's Changes in Net Position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Revenues:						
Program Revenues:						
Charges for services	\$13,418,325	\$12,131,680	\$113,511	\$160,127	\$13,531,836	\$12,281,807
Operating grants & contributions	5,324,829	7,981,217	-	-	5,324,829	7,981,217
Capital grants & contributions	3,027,181	3,834,853	57,493	674,876	3,084,674	4,509,729
General Revenues:						
Property taxes	36,433,675	34,917,971	-	-	36,433,675	34,917,971
Other taxes & licenses	12,628,895	12,582,362	-	-	12,628,895	12,582,362
Unrestricted grants & contributions	3,117,955	2,981,903	-	-	3,117,955	2,981,903
Unrestricted investment earnings	271,927	173,832	-	-	271,927	173,832
Other	-	-	-	-	-	-
Total revenues	74,222,787	74,593,818	171,004	825,003	74,393,791	75,418,821
Expenses:						
General government	16,903,372	16,201,832	-	-	16,903,372	16,201,832
Administration of justice	1,613,658	2,385,010	-	-	1,613,658	2,385,010
Public safety and law enforcement	21,395,171	18,876,586	-	-	21,395,171	18,876,586
Public works	11,779,317	21,072,721	-	-	11,779,317	21,072,721
Public health & welfare	7,959,384	7,071,270	-	-	7,959,384	7,071,270
Economic development	1,161,475	2,302,320	-	-	1,161,475	2,302,320
Culture & recreation	4,115,197	3,993,898	-	-	4,115,197	3,993,898
Interest on long-term debt	948,441	1,864,722	-	-	948,441	1,864,722
Airport	-	-	406,115	433,400	406,115	433,400
Total expenses	65,876,015	72,768,359	406,115	433,400	66,282,130	73,201,759
Increase (Decrease) in net position before Transfers	8,346,772	1,825,459	(235,111)	391,603	8,111,661	2,217,062
Transfers	(65,286)	(64,286)	65,286	64,286	-	-
Increase (Decrease) in net position	8,281,486	1,761,173	(169,825)	455,889	8,111,661	2,217,062
Net position- beginning of year (restated)	58,495,216	56,734,043	5,750,793	5,294,904	64,246,009	62,028,947
Net position- end of year	\$66,776,702	\$58,495,216	\$5,580,968	\$5,750,793	\$72,357,670	\$64,246,009

LANCASTER COUNTY, SOUTH CAROLINA Management's Discussion and Analysis

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

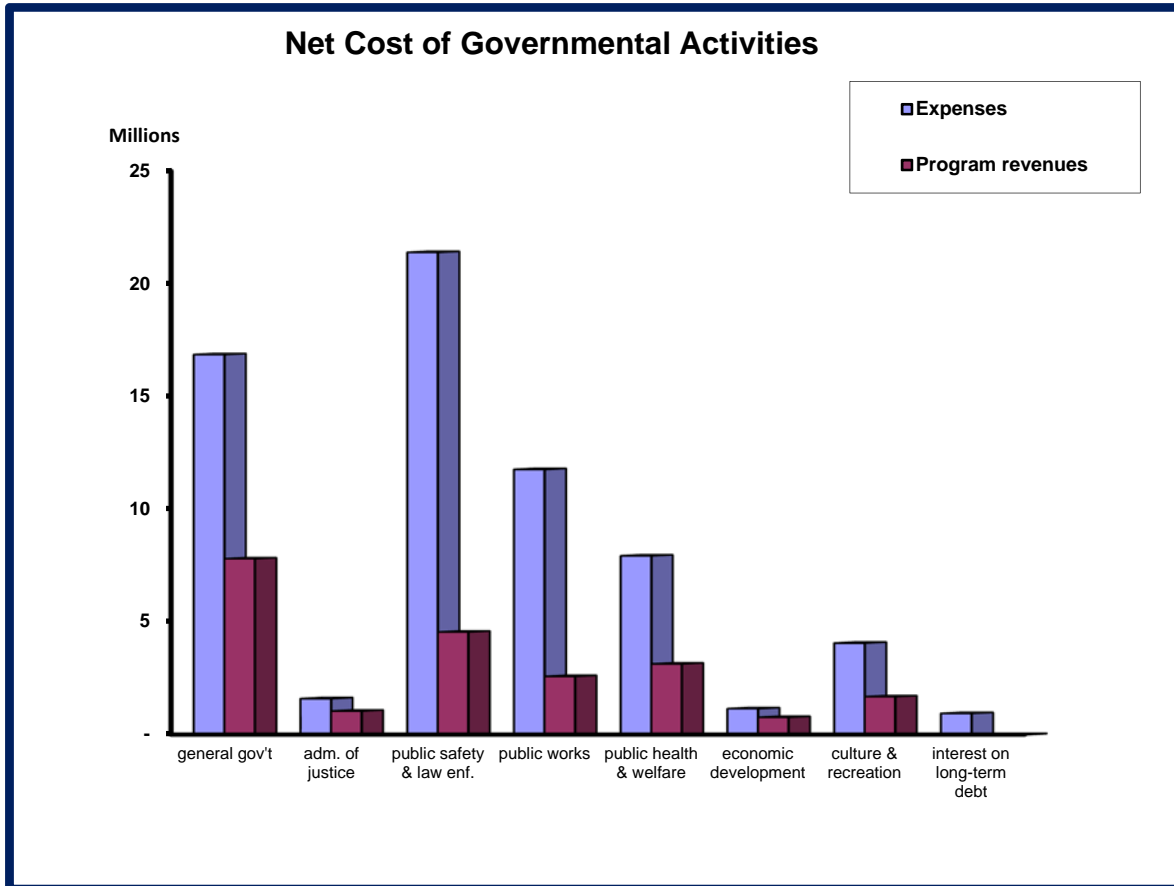


Property taxes are the government's main source of revenue at 49%. **Charges for services**, another major source (18%), includes: EMS charges, Indian Land Fire District, and Pleasant Valley Fire District. **Investment earnings** represent the least source of revenue. **Other taxes** (17%) reflect revenue 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 Safety** was the highest. This category includes the Indian Land & Pleasant Valley Fire Districts which are funded by fire fees (\$1,042,000). **General Government** expense was the second largest net expense after receiving \$6,664,079 in charges for services. Building permits account for \$3.7 million, cable franchise fees \$715K and deed fees of \$761K account for most of the reduction of the net general government expense. **Public Works** activity is the third largest net expense for the government.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

Financial Analysis of the County's Funds

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

The total of all the County's governmental funds fund balances reached \$55,854,713 with \$22,839,168 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 \$23,275,511 compared to \$19,251,333 the prior year. In response to the population and commercial growth, the local option sales tax and the vehicle tax collections continue to rise. Vehicle taxes increased by \$130,000 from the prior year while local option sales increased by \$471,000. Taxes account for 61% of the general fund revenue. The general fund balance increased by \$3,163,991 compared to \$5,221,281 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**, has been reported as a major fund since its inception. This special revenue fund accounted for 1 cent sales tax approved by voters in November 2008 and funded debt for the Justice Center. The debt retired during the fiscal year and the fund was closed. 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 2016. In FY17, the funds were used for road improvements and the acquisition & construction of public safety/emergency services communications system. The fund balance increased from the prior year. Reserves are accumulated to begin the "pay go" projects & begin debt payments. 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 73 and 74. After accounting for other financing sources and uses, the net change in fund balance was an increase of \$3,163,991. Actual revenues were below budgetary estimates by \$1,150,024 and actual expenditures were below budgetary appropriations by \$2,966,687 due to reasons explained further in the significant positive or negative variances by department section below. The County appropriated a transfer from the general fund in the amount of \$1.6M to provide partial funding of a new animal shelter. This project was delayed for further planning. A transfer of \$65,286 was also made to assist the airport operations.

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

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

- **Other Local Taxes-** Road improvement fees are included in the category. The positive variance due to population growth;
- **Charges for Services-** Ambulance charges were \$527,856 above estimates while delinquent tax and recreation program revenue were below estimates. The County added a billing clerk in the EMS department to generate timely billing of ambulance charges.
- **Contributions and Donations-** The County received a \$1 million donation from a development agreement with a developer;
- **Fund Balance-** The County's original and amended budget included appropriating fund balance for non-recurring items discussed in a section below;
- **Licenses and Permits-** Collections were \$1,518,300 above estimates which is an indicator of the County's strong housing market and economy. Revenue estimates in this category are very conservative. Building permits collected were \$779,249 above estimates and register of deeds fees, county portion, were \$85,730 above estimates. Cable franchise fees were \$273,575 above estimates;
- **Property Taxes-** Reflected a favorable variance which was attributed to \$273,072 in vehicle taxes and local option sales \$470K above estimates;
- **Interest Revenue-** \$198,101 above estimates attributed to renegotiating banking services.

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

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

- Voter Registration & Elections (\$66,396)- Presidential elections, local primary runoffs, etc. The county was reimbursed a significant amount from the state;
- Coroner (\$61,990)- Increase in autopsies attributed to an increase in unnatural deaths;
- EMS (\$30,899)- Reclassifications due to employees acquiring certifications.

LANCASTER COUNTY, SOUTH CAROLINA

Management's Discussion and Analysis

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

- County Council (\$253,019)- Historical jail improvements delayed until FY18 (appropriated fund balance);
- Risk Management (\$105,682)- Security improvements carried forward to FY18 (appropriated fund balance);
- GIS (\$72,081)- pictometry project incomplete and carried forward to FY18;
- Building (\$230,115)- Savings in wages and fringes due to unfilled positions;
- Sheriff (\$223,935)- moved an employee to a body camera grant and savings in gasoline budgets;
- Communications (\$263,829)- vacancies throughout the year and delay in radio project going live;
- Roads & Bridges (\$485,647)- Engineer position vacant most of the year and savings in Walnut Creek slope repair (appropriated fund balance);
- Solid Waste (\$295,587)- Savings from rebidding disposal contract;
- Social Services (\$98,915)- Building renovations put on hold while exploring potential new facility & restructured phone system;
- Recreation (\$90,937)- savings in full time and part time accounts;
- Economic Development (\$53,391)- savings in health insurance.

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: sheriff's department riot gear \$38,220 and state lottery funds in the amount of \$36, 957 for the library.

Expenditures:

- Transfer out \$450K to solid waste to complete the Indian Land convenience site;
- Transfer to animal shelter to help with overtime and make part-time employee full time;
- Budget amendments for riot gear (Sheriff) and use of lottery funds (Library).

Other Financing Sources (Uses):

- Transfers Out (\$482,164) – Project delayed and transferred to use for items explained above.

Capital Assets

Lancaster County's net investment in capital assets for its governmental activities as of June 30, 2017, totaled \$88,850,309, 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.

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

Lancaster County's Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Land	\$7,648,202	\$ 6,735,202	\$ 598,607	\$ 598,607	\$ 8,246,809	\$ 7,578,275
Buildings & Improvements	48,689,188	48,935,009	4,987,643	2,991,393	53,676,831	54,433,698
Vehicles	13,525,285	6,734,661	-	-	13,525,285	7,077,921
Furniture & Equipment	9,963,041	6,613,038	-	-	9,963,041	7,593,082
Infrastructure	7,728,505	8,257,248	-	-	7,728,505	8,988,587
Construction in Progress	1,296,088	7,248,548	176,620	2,308,351	1,472,708	2,082,545
Total	\$88,850,309	\$84,523,706	\$5,762,870	\$5,898,351	\$94,613,179	\$90,422,057

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

- \$526,074- Two ambulances;
- \$297,372- Garage bay building for EMS.;
- \$7,176,548- Fire Trucks purchased with bond proceeds;
- \$456,342- Three mack trucks for roads and bridges;
- The Sheriff's & other department vehicles in the amount of \$387,923;
- \$133,634 body cameras purchased by grant funds;
- \$680,928 Courthouse audio visual and security equipment purchased with CPST funds;
- \$122,517 tractor with mower;
- \$3,271,132 county-wide radio system purchased with CPST funds;
- \$890,000 Donation of land in Indian Land;
- \$71,600 land donation in Heath Springs;
- Softball field lighting of \$101,758 paid with grant funding;
- \$770,638 Indian Land convenience site purchase & improvements;
- \$61,550 metal building for Indian Land fire department.

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

- Apron expansion & building improvements of \$80,778;
- Taxiway pavement and lighting rehab in the amount of \$2,212,509 a multi-year project was completed in FY17.

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 \$13,143,176 without a referendum. At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$94,448,040. General obligation bonds make up 36% (\$34,589,492) 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 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
General Obligation Bonds	\$34,589,492	\$36,736,205	-	-	\$34,589,492	\$36,736,205
Special Source Revenue Bonds	7,154,382	7,504,000	-	-	7,154,382	7,504,000
Total	\$41,743,874	\$44,240,205	-	-	\$41,743,874	\$44,240,205

The County's long term obligations include four general obligation bonds and four general obligation refunding bonds. The County's general obligation debt decreased due to principal payments and the only substantial debt added for \$650,000 for the Brookchase development. The Brookchase debt is paid by fees within the district.

The County currently has ratings of AA- and Aa2 from Standard & Poor's Corporation and Moody's Investors Service, respectively, on general obligation bond issues. Additional information on the County's long-term debt can be found in note 6 on pages 50 through 56 of this report.

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Tax Rates

- The unemployment rate for Lancaster County was at a level of 4.6% in June 2017. Statewide unemployment was 3.9%, while the national rate was 4.4% during the same period;
- The County approved the following budgets in the amount of \$82,922,231 for fiscal year 2018:

APPROPRIATIONS	AMOUNT
Airport Fund	232,233
Capital Improvement Fund	1,826,832
Capital Project Sales Tax 2	12,884,471
County Debt	6,524,686
County Transportation Committee Fund	2,850,000
Court Mandated Security	1,371,695
Development Agreement Fund	302,000
E-911 Fund	598,945
General Fund	51,219,774
Hospitality Tax Fund	950,000
Indian Land Fire Protection District Fund	704,438
Local Accommodations Tax Fund	55,000
Pleasant Valley Fire Protection District Fund	630,294
Recreation Fund	2,564,282
Victims Services Fund	93,000
State Accommodations Tax Fund	107,581
Sunday Alcohol Sales Tax Fund	7,000

The budget addressed the following:

- A \$600,000 allocation for repairs at the Historic Jail which is listed as both a National Landmark and National Register of Historic Places, carry forward from FY17;
- A \$239,000 increase for our Cybersecurity program;
- A \$551,000 allocation for increase in state retirement contributions;
- Funding for sheriff's vehicles in the amount of \$500K;
- Two ambulances at \$440K;
- Recurring operational cost of \$283,500 for new 800 MHz radio system;
- A trap/neuter/release program for animal shelter feral cats in the amount of \$72K;
- County-wide capital improvements and repairs for \$800K;
- \$8M library system improvements in the capital projects sales tax fund;
- \$100K increase to the stone budget for road repairs.

The Budget also addresses personnel needs which included:

- Additional staff – body camera tech, four deputies, three paramedic, two recycling site attendants, animal shelter tech, three correctional officers;
- Salary adjustments for employees at \$478,620.

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

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 2018 which includes 80.1 mils. County Council also adopted 4.8 mils for capital replacement needs, 7.1 mils for debt service, and 3.6 mils for Court Security. The FY18 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, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 19,520,157	\$ 100	\$ 19,520,257
Investments	35,599,377	-	35,599,377
Receivables:			
Taxes	2,023,165	-	2,023,165
Accounts	5,194,513	-	5,194,513
Due from other governments	4,696,396	157,823	4,854,219
Internal balances	283,545	(283,545)	-
Inventories	91,499	33,849	125,348
Prepaid expenses	64,337	-	64,337
Assets held for resale	888,428	-	888,428
Capital assets:			
Nondepreciable	8,944,290	775,227	9,719,517
Depreciable, net	79,906,019	4,987,643	84,893,662
Total assets	<u>157,211,726</u>	<u>5,671,097</u>	<u>162,882,823</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	241,521	-	241,521
Pension - South Carolina Retirement System	6,878,713	25,546	6,904,259
Pension - South Carolina Police Officers Retirement System	3,821,435	-	3,821,435
Total deferred outflows of resources	<u>10,941,669</u>	<u>25,546</u>	<u>10,967,215</u>
LIABILITIES			
Accounts payable	4,232,000	2,600	4,234,600
Accrued liabilities	1,295,576	-	1,295,576
Unearned revenues	861,071	7,325	868,396
Accrued interest payable	509,116	-	509,116
Noncurrent liabilities:			
Due within one year	7,050,149	-	7,050,149
Due in more than one year	42,954,680	-	42,954,680
Net pension liability:			
South Carolina Retirement System	28,444,372	105,635	28,550,007
South Carolina Police Officers Retirement System	15,998,839	-	15,998,839
Total liabilities	<u>101,345,803</u>	<u>115,560</u>	<u>101,461,363</u>
DEFERRED INFLOWS OF RESOURCES			
Pension - South Carolina Retirement System	30,890	115	31,005
Total deferred inflows of resources	<u>30,890</u>	<u>115</u>	<u>31,005</u>
NET POSITION			
Net investment in capital assets	49,292,814	5,762,870	55,055,684
Restricted for:			
Property tax reduction	1,505,690	-	1,505,690
Capital projects	11,503,592	-	11,503,592
Public safety	4,640,493	-	4,640,493
Public health and welfare	187,609	-	187,609
Cultural and recreation	150,174	-	150,174
Economic development	512,895	-	512,895
Debt service	825,546	-	825,546
Unrestricted	(1,842,111)	(181,902)	(2,024,013)
Total net position	<u>\$ 66,776,702</u>	<u>\$ 5,580,968</u>	<u>\$ 72,357,670</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, 2017

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 16,903,372	\$ 6,664,079	\$ 1,166,561	\$ -	\$ (9,072,732)	\$ -	\$ (9,072,732)
Administration of justice	1,613,658	1,004,613	50,771	-	(558,274)	-	(558,274)
Public safety	21,395,171	1,174,885	1,427,146	2,012,521	(16,780,619)	-	(16,780,619)
Public works	11,779,317	134,604	2,480,917	-	(9,163,796)	-	(9,163,796)
Public health and welfare	7,959,384	3,135,621	42,458	-	(4,781,305)	-	(4,781,305)
Culture and recreation	4,115,197	1,242,326	156,976	303,629	(2,412,266)	-	(2,412,266)
Economic development	1,161,475	62,197	-	711,031	(388,247)	-	(388,247)
Interest on long-term debt	948,441	-	-	-	(948,441)	-	(948,441)
Total governmental activities	<u>65,876,015</u>	<u>13,418,325</u>	<u>5,324,829</u>	<u>3,027,181</u>	<u>(44,105,680)</u>	<u>-</u>	<u>(44,105,680)</u>
Business-type activities:							
Airport	406,115	113,511	-	57,493	-	(235,111)	(235,111)
Total business-type activities	<u>406,115</u>	<u>113,511</u>	<u>-</u>	<u>57,493</u>	<u>-</u>	<u>(235,111)</u>	<u>(235,111)</u>
Total primary government	<u>\$ 66,282,130</u>	<u>\$ 13,531,836</u>	<u>\$ 5,324,829</u>	<u>\$ 3,084,674</u>	<u>(44,105,680)</u>	<u>(235,111)</u>	<u>(44,340,791)</u>
General revenues:							
Property taxes levied for:							
General purposes					30,513,781	-	30,513,781
Public safety					1,330,179	-	1,330,179
Debt service					2,550,572	-	2,550,572
Capital projects					2,039,143	-	2,039,143
Other taxes and licenses					12,628,895	-	12,628,895
Grants and contributions not restricted for a specific purpose					3,117,955	-	3,117,955
Unrestricted investment earnings					271,927	-	271,927
Transfers					(65,286)	65,286	-
Total general revenues and transfers					<u>52,387,166</u>	<u>65,286</u>	<u>52,452,452</u>
Change in net position					8,281,486	(169,825)	8,111,661
Net position, beginning of year					58,495,216	5,750,793	64,246,009
Net position, end of year					<u>\$ 66,776,702</u>	<u>\$ 5,580,968</u>	<u>\$ 72,357,670</u>

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

LANCASTER COUNTY, SOUTH CAROLINA

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2017

	General Fund	Capital Projects Sales Tax Fund	Capital Projects Sales Tax 2 Fund	Debt Service Fund
ASSETS				
Cash and cash equivalents	\$ 17,878,263	\$ -	\$ -	\$ 1,631,995
Investments	35,598,575	-	-	-
Taxes receivable, net	1,653,570	-	-	172,301
Accounts receivable, net	5,034,425	-	-	-
Due from other governments	1,695,650	-	2,160,413	2
Due from other funds	903,359	-	13,965,184	-
Prepaid expenditures	64,337	-	-	-
Inventories	91,499	-	-	-
Land held for resale	888,428	-	-	-
Total assets	<u>\$ 63,808,106</u>	<u>\$ -</u>	<u>\$ 16,125,597</u>	<u>\$ 1,804,298</u>
LIABILITIES				
Accounts payable	\$ 3,898,604	\$ -	\$ 37,419	\$ -
Accrued liabilities	1,295,576	-	-	-
Due to other funds	21,915,340	-	-	-
Unearned revenues	345,966	-	-	-
Total liabilities	<u>27,455,486</u>	<u>-</u>	<u>37,419</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,605,107	-	-	166,693
Unavailable revenue - emergency medical services	4,155,526	-	-	-
Total deferred inflows of resources	<u>5,760,633</u>	<u>-</u>	<u>-</u>	<u>166,693</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	64,337	-	-	-
Inventories	91,499	-	-	-
Land held for resale	888,428	-	-	-
Restricted for:				
Property tax reduction	1,505,690	-	-	-
DSS IV-D Incentive	187,609	-	-	-
Inmate commissary	84,485	-	-	-
Victim services	-	-	-	-
Drug task force	158,937	-	-	-
Capital projects	-	-	10,751,952	-
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Debt service	-	-	-	825,546
Assigned:				
General government	1,100,000	-	-	-
Culture and recreation	94,768	-	-	-
Subsequent year's budget	3,140,723	-	5,336,226	812,059
Unassigned	23,275,511	-	-	-
Total fund balances	<u>30,591,987</u>	<u>-</u>	<u>16,088,178</u>	<u>1,637,605</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 63,808,106</u>	<u>\$ -</u>	<u>\$ 16,125,597</u>	<u>\$ 1,804,298</u>

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

SCAGO Public Facilities Corporation Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 9,899	\$ 19,520,157
-	802	35,599,377
-	197,294	2,023,165
-	160,088	5,194,513
-	840,331	4,696,396
-	7,950,156	22,818,699
-	-	64,337
-	-	91,499
-	-	888,428
<u>\$ -</u>	<u>\$ 9,158,570</u>	<u>\$ 90,896,571</u>
\$ -	\$ 295,977	\$ 4,232,000
-	-	1,295,576
-	619,814	22,535,154
-	515,105	861,071
<u>-</u>	<u>1,430,896</u>	<u>28,923,801</u>
-	190,731	1,962,531
-	-	4,155,526
<u>-</u>	<u>190,731</u>	<u>6,118,057</u>
-	-	64,337
-	-	91,499
-	-	888,428
-	-	1,505,690
-	-	187,609
-	-	84,485
-	14,025	14,025
-	-	158,937
-	751,640	11,503,592
-	4,383,046	4,383,046
-	150,174	150,174
-	512,895	512,895
-	-	825,546
-	-	1,100,000
-	-	94,768
-	2,161,506	11,450,514
-	(436,343)	22,839,168
<u>-</u>	<u>7,536,943</u>	<u>55,854,713</u>
<u>\$ -</u>	<u>\$ 9,158,570</u>	<u>\$ 90,896,571</u>

LANCASTER COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balances for governmental funds:	\$ 55,854,713
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.	88,850,309
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	6,118,057
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	\$ (34,589,492)
Unamortized refunding deferral amount on general obligation bonds	241,521
Unamortized bond premium/discount	(2,929,225)
Capital lease obligations	(2,038,778)
Special source revenue bonds	(7,154,382)
Other post-employment benefits	(805,330)
Post-closure care liabilities	(1,156,723)
Compensated absences payable	(1,330,899)
Net pension liability	(33,773,953)
Total long-term liabilities	(83,537,261)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(509,116)
Net position of governmental activities	<u>\$ 66,776,702</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, 2017

	General Fund	Capital Projects Sales Tax Fund	Capital Projects Sales Tax 2 Fund	Debt Service Fund
REVENUES				
Property taxes	\$ 30,394,683	\$ -	\$ -	\$ 2,550,572
Sales and other local taxes	2,382,448	-	8,591,056	-
Licenses and permits	6,009,615	-	-	-
Intergovernmental	4,670,820	-	-	-
Charges for services	4,619,066	-	-	-
Fines and forfeitures	1,051,759	-	-	-
Interest revenue	223,601	5,496	25,215	2,456
Contributions and donations	119,719	-	-	-
Other revenues	202,836	-	-	-
Total revenues	<u>49,674,547</u>	<u>5,496</u>	<u>8,616,271</u>	<u>2,553,028</u>
EXPENDITURES				
Current:				
General government	12,529,121	-	-	-
Administration of justice	2,063,616	4,132	-	-
Public safety	15,206,095	-	-	-
Public works	5,612,657	-	1,497,285	-
Public health and welfare	6,803,861	-	-	-
Culture and recreation	3,705,234	-	-	-
Economic development	357,431	-	-	-
Capital outlay	-	1,304,684	4,572,716	-
Debt service:				
Principal	367,876	-	-	2,681,713
Interest	61,969	-	-	1,517,010
Fees	-	-	-	3,194
Total expenditures	<u>46,707,860</u>	<u>1,308,816</u>	<u>6,070,001</u>	<u>4,201,917</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,966,687</u>	<u>(1,303,320)</u>	<u>2,546,270</u>	<u>(1,648,889)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	30,015	-	2,278,641	17,819
Transfers out	(65,286)	(2,043,951)	-	-
Issuance of bonds	-	-	-	-
Proceeds from the sale of capital assets	232,575	-	-	-
Total other financing sources (uses), net	<u>197,304</u>	<u>(2,043,951)</u>	<u>2,278,641</u>	<u>17,819</u>
Net change in fund balances	3,163,991	(3,347,271)	4,824,911	(1,631,070)
Fund balances, beginning of year	<u>27,427,996</u>	<u>3,347,271</u>	<u>11,263,267</u>	<u>3,268,675</u>
Fund balances, end of year	<u>\$ 30,591,987</u>	<u>\$ -</u>	<u>\$ 16,088,178</u>	<u>\$ 1,637,605</u>

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

SCAGO Public		
Facilities		
Corporation	Nonmajor	Total
Debt Service	Governmental	Governmental
Fund	Funds	Funds
\$ -	\$ 3,385,099	\$ 36,330,354
-	915,221	11,888,725
-	-	6,009,615
-	5,675,972	10,346,792
-	1,104,322	5,723,388
-	85,592	1,137,351
-	15,160	271,928
-	1,057,318	1,177,037
-	-	202,836
-	12,238,684	73,088,026
-	640,953	13,170,074
-	-	2,067,748
-	3,736,886	18,942,981
-	4,628,984	11,738,926
-	569,804	7,373,665
-	138,908	3,844,142
-	716,667	1,074,098
-	1,575,524	7,452,924
-	498,776	3,548,365
-	68,597	1,647,576
-	4,306	7,500
-	12,579,405	70,867,999
-	(340,721)	2,220,027
-	-	2,326,475
(15)	(282,509)	(2,391,761)
-	650,000	650,000
-	-	232,575
(15)	367,491	817,289
(15)	26,770	3,037,316
15	7,510,173	52,817,397
\$ -	\$ 7,536,943	\$ 55,854,713

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, 2017

Net change in fund balances - total governmental funds	\$	3,037,316
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay	\$	10,334,340	
Depreciation expense		(5,918,743)	4,415,597

The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position.	(88,993)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	151,209
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Also, the refunding deferral amount, which is the difference in the amount that is sent to the paying agent to be escrowed for payment of refunded debt and the principal amount of debt refunded, is amortized as an adjustment of interest expense in the statement of activities. The effects of these items are as follows:

Repayment of the principal of long-term debt	\$	3,559,396	
Issuance of general obligation bonds		(650,000)	
Amortization of premium/discount on long-term debt		698,402	
Amortization of the refunding deferral amount on the refunding general obligation bonds		<u>(42,886)</u>	3,564,912

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

Pension liability	\$	(2,612,369)	
Landfill postclosure liability		18,344	
Compensated absences		(25,710)	
Accrued interest on long-term debt		8,233	
OPEB liability		<u>(187,053)</u>	<u>(2,798,555)</u>
			<u>\$ 8,281,486</u>

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

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION PROPRIETARY FUND JUNE 30, 2017

		<u>Major Enterprise Fund Airport Fund</u>
ASSETS		
CURRENT ASSETS		
Cash		\$ 100
Due from other governments		157,823
Inventory		33,849
Total current assets		<u>191,772</u>
NONCURRENT ASSETS		
Capital assets:		
Nondepreciable		775,227
Depreciable, net of accumulated depreciation		4,987,643
Total noncurrent assets		<u>5,762,870</u>
Total assets		<u>5,954,642</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension		25,546
Total deferred outflows of resources		<u>25,546</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable		2,600
Due to other funds		283,545
Unearned revenues		7,325
Total current liabilities		<u>293,470</u>
NONCURRENT LIABILITIES		
Net pension liability		105,635
Total noncurrent liabilities		<u>105,635</u>
Total liabilities		<u>399,105</u>
DEFERRED INFLOWS OF RESOURCES		
Pension		115
Total deferred inflows of resources		<u>115</u>
NET POSITION		
Investment in capital assets		5,762,870
Unrestricted		(181,902)
Total net position		<u>\$ 5,580,968</u>

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, 2017

	<u>Major Enterprise Fund Airport Fund</u>
OPERATING REVENUES	
Charges for services:	
Sale of fuel	\$ 79,571
Rental income	33,940
Total operating revenues	<u>113,511</u>
OPERATING EXPENSES	
Salaries and fringe benefits	63,622
Costs of services	126,234
Depreciation	216,259
Total operating expenses	<u>406,115</u>
Operating loss	<u>(292,604)</u>
CAPITAL CONTRIBUTIONS	<u>57,493</u>
TRANSFERS	
Transfers in	65,286
Total transfers	<u>65,286</u>
Change in net position	(169,825)
Net position, beginning of year	<u>5,750,793</u>
Net position, end of year	<u><u>\$ 5,580,968</u></u>

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

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Major Enterprise Fund Airport Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 240,422
Payments to suppliers	(226,076)
Payments to employees	(56,347)
Net cash used in operating activities	<u>(42,001)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	<u>65,286</u>
Net cash provided by noncapital financing activities	<u>65,286</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(80,778)
Intergovernmental revenues	<u>57,493</u>
Net cash used in capital and related financing activities	<u>(23,285)</u>
Net change in cash and cash equivalents	-
Cash and cash equivalents:	
Beginning of year	<u>100</u>
End of year	<u><u>\$ 100</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (292,604)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	216,259
Changes in assets and liabilities:	
Decrease in accounts receivable	31
Decrease in due from other governments	138,469
Increase in inventory	(9,743)
Increase in deferred outflows of resources	(14,384)
Decrease in accounts payable	(90,099)
Decrease in due to other funds	(18,914)
Increase in unearned revenues	7,325
Increase in net pension liability	21,694
Decrease in deferred inflows of resources	(35)
Net cash used in operating activities	<u><u>\$ (42,001)</u></u>

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, 2017

	Agency Funds
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 29,958,592
Investments	117,263,774
Taxes receivable	5,407,574
Due from other governments	1,702
Total assets	<hr/> \$ 152,631,642 <hr/>
LIABILITIES	
Due to other taxing districts and agencies	\$ 143,547,814
Due to others	9,083,828
Total liabilities	<hr/> \$ 152,631,642 <hr/>

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, 2017

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. SCAGO was dissolved during the year ended June 30, 2017.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The **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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements (Continued)

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Revenue - Exchange and Non-exchange Transactions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Unavailable Revenue

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

Property taxes for which there is an enforceable legal claim as of year end, but which were levied to finance fiscal year 2017 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 outstanding encumbrances of \$97,318, \$951,755, and \$1,638,736 in the General Fund, the Capital Projects Sales Tax 2 Fund, and the Nonmajor Governmental Funds, respectively. The assigned fund balance for the subsequent year's budget also includes appropriations of existing unassigned fund balance at year-end to eliminate a deficit in next year's budget of \$3,043,405, \$4,384,471, \$812,059, and \$522,770 in the General Fund, the Capital Projects Sales Tax 2 Fund, the Debt Service Fund, and the Nonmajor Governmental Funds, respectively.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity

Cash and Investments

Cash includes demand deposits as well as cash equivalents and short-term investments with a maturity date within three months of the date acquired by the County. State statutes authorize the County to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its political subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposits collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is an investment mechanism authorized by the South Carolina State Legislature and is not registered with the SEC as an investment company. There is no regulatory oversight of the pool. The pool's primary objective is to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions. The total fair value of the investment pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1. Investments in the pool are stated at fair value which approximates cost. The County's investments in mutual funds are reported at fair value based on quoted market prices. The remaining investments of the County are reported at fair value.

Receivables

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

Intergovernmental Receivable

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

Inventories and Prepaid Assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets

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

Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition value.

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

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

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

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

Compensated Absences

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Deferred Inflows/Outflows of Resources

In addition to assets, the Statement of Net Position 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 items that qualify for reporting in this category. One item is deferred charge on refunding, which is reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The other four 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 result from periodic studies by the County's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. (2) 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 and the governmental funds balance sheet 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 types of items that qualify for reporting in this category, two 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 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

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity

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

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

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

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

Assigned - This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. Through resolution, the County Council has authorized the County Administrator and/or the Finance Director to assign fund balances to a specific purpose. The County Administrator must inform the County Council of assigned resources during the fiscal year. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

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

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

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 County Council reserves the right to selectively spend unrestricted resources first and to defer the use of the restricted funds.

Use of Estimates

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Special Revenue funds (except for the Sunday Alcohol Sales Fund, Restricted Grants Fund, Hospitality Tax Fund, and Economic Development Fund), Debt Service funds, Capital Projects Sales Tax Fund, and the Capital Improvement Fund. The legally adopted budgets for the General Fund are presented as required supplementary information.

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

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

Deficit Fund Equity

For the year ended June 30, 2017, the Restricted Grants Fund reported deficit fund balance of \$436,353. This deficit 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, 2017, are summarized below:

As reported in the Statement of Net Position:

Primary government	
Cash and cash equivalents	\$ 19,520,257
Investments	35,599,377
Agency Fund - cash and cash equivalents	29,958,592
Agency Fund - investments	117,263,774
	<u>\$ 202,342,000</u>
 Cash deposited with financial institutions	 \$ 53,788,673
SC State Investment Pool	146,965,154
U.S. Government Treasuries	639,445
U.S. Government Agencies	781,492
Mutual funds	146,815
Certificates of deposit	20,421
	<u>\$ 202,342,000</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, 2017, the carrying amount of the County's deposits was \$202,331,080 and the bank balance was \$203,189,822. 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 \$10,920 are reflected as cash.

As of June 30, 2017, 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	\$ 146,965,154	\$ 146,965,154	\$ -	\$ -
Money market accounts	4,309,824	4,309,824	-	-
Mutual funds	146,815	146,815	-	-
U.S. Government Treasuries	639,445	-	639,445	-
U.S. Government Agencies	781,492	131,416	650,076	-
Certificates of deposit	20,421	20,421	-	-
	<u>\$ 152,863,151</u>	<u>\$ 151,573,630</u>	<u>\$ 1,289,521</u>	<u>\$ -</u>

Fair Value Measurements. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The County has the following recurring fair value measurements as of June 30, 2017:

Investment	Level 1	Level 2	Level 3	Fair Value
Investments by Fair Value Level				
Debt securities:				
U.S. Treasuries	\$ 639,445	\$ -	\$ -	\$ 639,445
U.S. Agencies	501,798	279,694	-	781,492
Total debt securities	<u>1,141,243</u>	<u>279,694</u>	<u>-</u>	<u>1,420,937</u>
Mutual funds:				
Mutual fund taxable fixed income	146,815	-	-	146,815
Total mutual funds	<u>146,815</u>	<u>-</u>	<u>-</u>	<u>146,815</u>
Total investments by fair value level	<u>\$ 1,288,058</u>	<u>\$ 279,694</u>	<u>\$ -</u>	<u>\$ 1,567,752</u>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued). The investment in U.S. Agencies classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The County has no investments classified in Level 3 of the fair value hierarchy.

The South Carolina Local Government Investment Pool (LGIP) is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the County does not disclose investment in the LGIP within the fair value hierarchy.

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, 2017, the County owned \$781,492 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, 2017, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects Sales Tax 2	Debt Service
Taxes receivable	\$ 1,740,600	\$ -	\$ 181,369
Accounts receivable	8,076,994	-	-
Due from other governments	1,695,650	2,160,413	2
Less: Allowance	(3,129,599)	-	(9,068)
Net receivables	<u>\$ 8,383,645</u>	<u>\$ 2,160,413</u>	<u>\$ 172,303</u>

	Nonmajor Governmental	Airport	Total
Taxes receivable	\$ 207,678	\$ -	\$ 2,129,647
Accounts receivable	160,088	-	8,237,082
Due from other governments	840,331	157,823	4,854,219
Less: Allowance	(10,384)	-	(3,149,051)
Net receivables	<u>\$ 1,197,713</u>	<u>\$ 157,823</u>	<u>\$ 12,071,897</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

Capital asset activity for the County's governmental activities for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Governmental activities					
Capital assets not being depreciated					
Land	\$ 6,735,202	\$ 966,600	\$ (53,600)	\$ -	\$ 7,648,202
Construction in progress	7,248,548	1,224,088	-	(7,176,548)	1,296,088
Total capital assets not being depreciated	13,983,750	2,190,688	(53,600)	(7,176,548)	8,944,290
Capital assets being depreciated					
Buildings and improvements	63,781,293	1,553,713	-	-	65,335,006
Vehicles	23,259,363	1,492,840	(2,028,903)	7,176,548	29,899,848
Furniture and equipment	19,560,896	4,912,780	(951,685)	-	23,521,991
Infrastructure	17,408,405	184,319	-	-	17,592,724
Total capital assets being depreciated	124,009,957	8,143,652	(2,980,588)	7,176,548	136,349,569
Less accumulated depreciation					
Buildings and improvements	(14,846,284)	(1,799,534)	-	-	(16,645,818)
Vehicles	(16,524,702)	(1,878,763)	2,028,902	-	(16,374,563)
Furniture and equipment	(12,947,858)	(1,527,384)	916,292	-	(13,558,950)
Infrastructure	(9,151,157)	(713,062)	-	-	(9,864,219)
Total accumulated depreciation	(53,470,001)	(5,918,743)	2,945,194	-	(56,443,550)
Total capital assets being depreciated, net	70,539,956	2,224,909	(35,394)	7,176,548	79,906,019
Governmental activities capital assets, net	\$ 84,523,706	\$ 4,415,597	\$ (88,994)	\$ -	\$ 88,850,309

Depreciation expense was charged to functions as follows:

General government	\$ 453,723
Administration of justice	839,583
Public safety	2,438,967
Public works, including depreciation of infrastructure assets	1,153,486
Public health and welfare	543,444
Culture and recreation	402,163
Economic development	87,377
Total governmental activities depreciation expense	<u>\$ 5,918,743</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, 2017, was as follows:

Business-type activities	Balance June 30, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Capital assets not being depreciated					
Land	\$ 598,607	\$ -	\$ -	\$ -	\$ 598,607
Construction in progress	2,308,351	80,778	-	(2,212,509)	176,620
Total capital assets not being depreciated	<u>2,906,958</u>	<u>80,778</u>	<u>-</u>	<u>(2,212,509)</u>	<u>775,227</u>
Capital assets being depreciated					
Buildings and improvements	9,603,898	-	-	2,212,509	11,816,407
Furniture and equipment	43,950	-	(43,950)	-	-
Total capital assets being depreciated	<u>9,647,848</u>	<u>-</u>	<u>(43,950)</u>	<u>2,212,509</u>	<u>11,816,407</u>
Less accumulated depreciation					
Buildings and improvements	(6,612,505)	(216,259)	-	-	(6,828,764)
Furniture and equipment	(43,950)	-	43,950	-	-
Total accumulated depreciation	<u>(6,656,455)</u>	<u>(216,259)</u>	<u>43,950</u>	<u>-</u>	<u>(6,828,764)</u>
Total capital assets being depreciated, net	<u>2,991,393</u>	<u>(216,259)</u>	<u>-</u>	<u>2,212,509</u>	<u>4,987,643</u>
Business-type activities capital assets, net	<u>\$ 5,898,351</u>	<u>\$ (135,481)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,762,870</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, 2017:

Governmental activities	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
General obligation bonds	\$ 36,736,205	\$ 650,000	\$ (2,796,713)	\$ 34,589,492	\$ 5,217,132
Capital lease obligations	2,451,843	-	(413,065)	2,038,778	212,295
Special source revenue bonds	7,504,000	-	(349,618)	7,154,382	372,306
Post-closure care costs	1,175,067	-	(18,344)	1,156,723	56,398
Compensated absences	1,305,188	1,217,727	(1,192,016)	1,330,899	1,192,018
Net post employment benefit obligation	618,277	187,053	-	805,330	-
Net pension liability - SCRS	22,602,759	7,345,382	(1,503,769)	28,444,372	-
Net pension liability - PORS	13,186,911	3,905,270	(1,093,342)	15,998,839	-
Deferred amounts:					
Unamortized discount	-	-			-
Unamortized premium	3,627,628	-	(698,403)	2,929,225	-
	<u>\$ 89,207,878</u>	<u>\$ 13,305,432</u>	<u>\$ (8,065,270)</u>	<u>\$ 94,448,040</u>	<u>\$ 7,050,149</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.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds (Continued)

General obligation bonds currently outstanding are as follows:

Description	Amount Issued	Interest Rate	Final Maturity	Annual Principal Payments	Amount Outstanding
General obligation refunding bonds, series 2009	\$ 4,630,000	3% to 4%	2024	\$240,000 to \$350,000	\$ 2,230,000
General obligation refunding bonds, taxable series 2010D (Build America Bonds)	3,660,000	2% to 3.5%	2020	\$115,000 to \$690,000	2,005,000
General obligation bonds, taxable series 2013A	950,000	1.45%	2018	\$186,272 to \$194,493	194,492
General obligation bonds, series 2015A	16,500,000	4% to 5%	2022	\$100,000 to \$3,600,000	16,400,000
General obligation refunding bonds, series 2015B	1,935,000	3% to 3.25%	2030	\$115,000 to \$165,000	1,820,000
General obligation refunding bonds, series 2015C	6,110,000	3% to 5%	2025	\$120,000 to \$1,475,000	5,875,000
General obligation bonds, series 2016A	6,750,000	2% to 5%	2023	\$800,000 to \$1,335,000	5,415,000
General obligation bonds, series 2017 (Brookchase)	650,000	2.61%	2030	\$40,000 to \$60,000	650,000
					<u>\$ 34,589,492</u>

The annual requirements to amortize all general obligation bonds as of June 30, 2017, including interest payments, are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2018	\$ 5,217,132	\$ 1,532,370	\$ 6,749,502
2019	5,263,753	1,299,975	6,563,728
2020	5,489,895	1,058,902	6,548,797
2021	5,741,066	835,531	6,576,597
2022	6,027,269	556,108	6,583,377
2023-2027	6,200,506	622,731	6,823,237
2028-2030	649,871	39,680	689,551
	<u>\$ 34,589,492</u>	<u>\$ 5,945,297</u>	<u>\$ 40,534,789</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds (Continued)

Debt service funds of \$1,631,995 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, 2017, the unamortized premium was \$9,178. 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, 2017, the unamortized premium was \$8,830.

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, 2017 are classified as a deferred outflow of resources on the Statement of Net Position. Amortization of \$42,886 has been included in interest expense for the year ended June 30, 2017. As of June 30, 2017, the County's outstanding in-substance defeased general obligation bond debt totaled \$3,590,000.

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, 2017:

Machinery and equipment and construction in progress	\$ 2,324,278
Less: accumulated depreciation	<u>(572,895)</u>
	<u><u>\$ 1,751,383</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, 2017:

Fiscal Year Ending June 30,	Governmental Funds
2018	\$ 269,413
2019	274,573
2020	232,567
2021	238,044
2022	243,686
2023-2027	759,235
2028-2032	250,000
2033	<u>20,000</u>
Total Minimum Lease Payments	2,287,518
Less: Amount Representing Interest	<u>(248,740)</u>
	<u><u>\$ 2,038,778</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Special Source Revenue Bonds

During 2015, the County issued special source revenue bonds in the amount of \$7,504,000 to finance the construction of the Keer America Corporation/Affiliates project. These bonds are limited obligations of the County and are payable solely from the fee in lieu of tax revenues. The bonds are payable in annual installments through 2028 and have an annual interest rate of 4.0%.

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

Year Ending June 30,	Special Source Revenue Bonds		
	Principal	Interest	Total
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	955,577	232,492	1,188,069
2023-2027	4,231,681	622,478	4,854,159
2028-2032	625,035	25,002	650,037
	<u>\$ 7,154,382</u>	<u>\$ 1,939,178</u>	<u>\$ 9,093,560</u>

Landfill Closure and Post Closure Care Costs

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

During fiscal year 2017, the County expended \$18,344 in landfill closure costs. Remaining post-closure costs are estimated at \$1,156,723 and included with the long-term liabilities in the Statement of Net Position. Post closure care costs are reported in the General Fund and are based on engineering estimates that are subject to change due to inflation, deflation, technology and/or applicable laws and regulations.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Conduit Debt Obligations

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, nor the State of South Carolina, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2017, 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, 2017, the outstanding balance on this debt was \$5,556,000.

In June 2006, the County issued 2006A and 2006B special assessment debt in the amount of \$35,615,000. This debt is applicable to the Edenmoor Improvement District, which is located in the northern part of the County, and will be used to improve the area's infrastructure and to construct a sheriff and EMS substation. In February 2016, the County issued Walnut Creek Improvement District 2016A-1 in the amount of \$8,510,000 and the Endemoor Assessment 2016 A Bonds in the amount of \$14,365,000. In December 2016, the County issued the Walnut Creek Improvement District 2016A-2 in the amount of \$3,380,000. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2017, the outstanding balances on this debt was \$14,060,000, \$8,185,000, and \$3,380,000, respectively.

In March 2006, the County issued \$20,000,000 of special assessment debt. This debt is applicable to the Sun City Carolina Lakes Improvement District, which is located in the northern part of the County, and will be used to improve the area's infrastructure and to construct a library branch. In December 2016, the County issued the Sun City Carolina Lakes Refunding Revenue Bonds 2016 in the amount of \$14,113,000 to refund the 2006 bonds. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2017, the outstanding balance on this debt was \$13,588,000.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Special Assessment Debt Obligations (Continued)

In November 2007, the County issued \$28,880,000 of special assessment debt. This debt is applicable to the Edgewater II Improvement District, which is located in the southern part of the County, and will be used to improve the area's infrastructure. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2017, the outstanding balance on this debt was \$28,602,500.

NOTE 7. SHORT-TERM LIABILITIES

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

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

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Bond anticipation notes	\$ 700,500	\$ -	\$ (700,500)	\$ -
	<u>\$ 700,500</u>	<u>\$ -</u>	<u>\$ (700,500)</u>	<u>\$ -</u>

NOTES TO THE FINANCIAL STATEMENTS

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, 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

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Membership (Continued):

South Carolina Retirement System (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

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Benefits (Continued):

South Carolina Retirement System (Continued) - The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of 1% or \$500 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 1% or \$500 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% of earnable compensation for SCRS and 5% for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of 1% 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 30-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 30-year amortization period; and this increase is not limited to one-half of 1% per year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions (Continued):

Required employee contribution rates for the year ended June 30, 2017, are as follows:

South Carolina Retirement System

Employee Class Two	8.66% of earnable compensation
Employee Class Three	8.66% of earnable compensation

South Carolina Police Officers Retirement System

Employee Class Two	9.24% of earnable compensation
Employee Class Three	9.24% of earnable compensation

Required employer contribution rates for the year ended June 30, 2017, are as follows:

South Carolina Retirement System

Employee Class Two	11.41% of earnable compensation
Employee Class Three	11.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers Retirement System

Employee Class Two	13.84% of earnable compensation
Employee Class Three	13.84% of earnable compensation
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

Net Pension Liability:

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2015. The net pension liability of each defined benefit pension plan was, therefore, determined based on the July 1, 2015 actuarial valuations, using membership data as of July 1, 2015, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2016, 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 GASB No. 67, less that system's fiduciary net position. As of June 30, 2017, the net pension liability amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
SCRS	\$ 60,624,024	\$ 32,074,017	\$ 28,550,007	52.9%
PORS	\$ 40,446,910	\$ 24,448,070	\$ 15,998,839	60.4%

As of June 30, 2017, the change in the net pension liability for the SCRS Plan is calculated as follows:

Total pension liability	
Service cost	\$ 1,020,319
Interest	4,319,383
Difference between actual and expected experience	62,439
Benefit payments	(3,719,463)
Net change in total pension liability	<u>1,682,677</u>
Total pension liability as of June 30, 2016	<u>58,941,347</u>
Total pension liability as of June 30, 2017	<u>60,624,024</u>
 Plan fiduciary net position	
Contributions - employer	1,433,738
Contributions - member	1,008,016
Refunds of contributions to members	(125,234)
Retirement benefits	(3,566,616)
Death benefits	(27,614)
Net investment income	(221,069)
Administrative expense	(17,576)
Net transfers to affiliated systems	(1,332)
Net change in Plan fiduciary net position	<u>(1,517,687)</u>
Plan fiduciary net position as of June 30, 2016	<u>33,591,704</u>
Plan fiduciary net position as of June 30, 2017	<u>32,074,017</u>
 Net pension liability	 <u><u>\$ 28,550,007</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability (Continued):

As of June 30, 2017, the change in the net pension liability for the PORS Plan is calculated as follows:

Total pension liability	
Service cost	\$ 987,550
Interest	2,861,686
Difference between actual and expected experience	73,053
Benefit payments	(2,274,838)
Net change in total pension liability	<u>1,647,451</u>
Total pension liability as of June 30, 2016	<u>38,799,459</u>
Total pension liability as of June 30, 2017	<u>40,446,910</u>
 Plan fiduciary net position	
Contributions - employer	1,105,218
Contributions - member	726,549
Refunds of contributions to members	(120,961)
Retirement benefits	(2,131,481)
Death benefits	(22,396)
Net investment income	(155,392)
Administrative expense	(12,983)
Net transfers to affiliated systems	7,231
Net change in Plan fiduciary net position	<u>(604,215)</u>
Plan fiduciary net position as of June 30, 2016	<u>25,052,285</u>
Plan fiduciary net position as of June 30, 2017	<u>24,448,070</u>
 Net pension liability	 <u><u>\$ 15,998,839</u></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, performed on data through June 30, 2015, is currently underway.

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, 2015 valuations for SCRS and PORS.

	SCRS	PORS
	Entry Age	Entry Age
Actuarial cost method		
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% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.75% inflation component.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total expected real return			5.10%
Inflation for actuarial purposes			2.75%
Total expected nominal return			<u>7.85%</u>

Discount Rate:

The discount rate used to measure the total pension liability was 7.5%. 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.

Sensitivity of the Net Position Liability to Changes in the Discount Rate				
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)	
SCRS	\$ 35,615,351	\$ 28,550,007	\$ 22,668,373	
PORS	\$ 20,967,816	\$ 15,998,839	\$ 11,533,234	

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

For the year ended June 30, 2017, the County recognized pension expense of \$3,485,848 for the SCRS plan and \$1,858,536 for the PORS plan.

At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 295,954	\$ 31,005
Net difference between projected and actual earnings on pension plan investments	2,401,973	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	2,686,839	-
Employer contributions subsequent to the measurement date	1,519,493	-
Total	<u>\$ 6,904,259</u>	<u>\$ 31,005</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

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

PORS	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 237,392	\$ -
Net difference between projected and actual earnings on pension plan investments	1,814,127	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	564,670	-
Employer contributions subsequent to the measurement date	<u>1,205,246</u>	<u>-</u>
Total	<u><u>\$ 3,821,435</u></u>	<u><u>\$ -</u></u>

County contributions subsequent to the measurement date of \$1,519,493 and \$1,205,246 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, 2018. 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:	<u>SCRS</u>	<u>PORS</u>
2018	\$ 3,348,901	\$ 1,026,578
2019	507,364	449,875
2020	957,372	725,823
2021	540,124	413,913

Pension Plan Fiduciary Net Position:

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

NOTES TO THE FINANCIAL STATEMENTS

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)

	2017
Annual Required Contribution	\$ 403,510
Interest on OPEB Obligation	23,185
Adjustment to Annual Required Contribution	(47,132)
Annual OPEB Costs	379,563
Contributions Made	(192,510)
Increase in Net OPEB Obligation	187,053
Net OPEB Obligation - Beginning of Year	618,277
Net OPEB Obligation - End of Year	<u>\$ 805,330</u>

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
2017	\$ 379,563	\$ 192,510	50.72%	\$ 805,330
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

Funding Status and Progress

As of June 30, 2016, 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 \$3,487,459. The covered payroll (annual payroll of active employees covered by the plan) was \$21,864,660; the ratio of the UAAL to the covered payroll was 16.00%.

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

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 2016 actuarial valuation, the projected unit credit actuarial method was used. The actuarial assumptions included a 3.75% 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 7.0% to 4.15% per year over 15 years. General inflation is assumed to be 2.25% 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 14-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, 2017, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	\$ 283,545
General Fund	Nonmajor Governmental Fund	619,814
Capital Project Sales Tax 2 Fund	General Fund	13,965,184
Nonmajor Governmental Funds	General Fund	7,950,156
		<u>\$ 22,818,699</u>

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. INTERFUND ASSETS AND LIABILITIES (CONTINUED)

Any transactions to transfer revenues from the fund budgeted to receive them to the fund budgeted to expend them are reported as transfers from and to other funds. Total transfers during the year ended June 30, 2017, consisted of the following individual amounts:

Transfer in Fund	Transfer Out Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 30,000
General Fund	SCAGO Public Facilities Corporation	
	Debt Service Fund	15
Capital Projects Sales	Capital Projects Sales	
Tax Fund 2	Tax Fund	2,043,951
Airport Fund	General Fund	65,286
Capital Projects Sales		
Tax Fund 2	Nonmajor Governmental Funds	234,690
Debt Service	Nonmajor Governmental Funds	17,819
		<u>\$ 2,391,761</u>

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

NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

The County participates in a number of federal and state assisted grant programs. These programs are subject to audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2017, 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, 2017, totaled approximately \$1,951,829.

NOTE 12. LITIGATION

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. TAX ABATEMENT PROGRAM

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, as of July 1, 2016, through which governments that enter into tax abatement agreements are required to disclose certain information pertaining to the agreement. As of June 30, 2017, the County provides tax abatements through one program – the Economic Development Program.

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

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

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

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

Taxes abated as a result of the agreements under the Economic Development Program totaled \$664,166 for the year ended June 30, 2017.

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, 2017

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
REVENUES:				
Property taxes	\$ 30,268,104	\$ 30,268,104	\$ 30,394,683	\$ 126,579
Other local taxes	2,105,000	2,105,000	2,382,448	277,448
Licenses and permits	4,491,315	4,491,315	6,009,615	1,518,300
Intergovernmental	4,629,998	4,666,955	4,670,820	3,865
Charges for services	4,240,849	4,242,849	4,619,066	376,217
Fines and forfeitures	918,250	918,250	1,051,759	133,509
Interest revenue	25,500	25,500	223,601	198,101
Contributions and donations	53,000	53,000	119,719	66,719
Other revenues	128,713	128,713	202,836	74,123
Budgeted fund balance	3,886,665	3,924,885	-	(3,924,885)
Total revenues	50,747,394	50,824,571	49,674,547	(1,150,024)
EXPENDITURES:				
Current:				
General government:				
Non-departmental expenditures	1,454,205	1,454,205	1,387,368	66,837
Direct assistance to other agencies	989,541	989,541	978,280	11,261
County council	1,290,452	1,295,452	1,042,433	253,019
Administrator	557,720	557,720	522,717	35,003
Legal team	243,927	243,927	233,472	10,455
Finance	664,855	664,855	621,830	43,025
Human resources	214,799	214,799	214,868	(69)
Risk management	206,446	206,446	100,764	105,682
Management information services	1,031,953	1,031,953	1,041,373	(9,420)
GIS	206,019	206,019	133,938	72,081
Building	994,673	994,673	764,558	230,115
Zoning	353,465	353,465	349,388	4,077
Planning	480,093	480,093	502,958	(22,865)
Assessor	886,172	886,172	850,359	35,813
Auditor	392,714	392,714	385,384	7,330
Treasurer	380,715	380,715	370,896	9,819
Delinquent tax collector	322,239	322,239	297,822	24,417
Voter registration and elections	304,893	304,893	371,289	(66,396)
Register of deeds	338,553	338,553	317,520	21,033
Vehicle maintenance	573,244	573,244	528,489	44,755
Building maintenance	1,496,605	1,496,605	1,513,415	(16,810)
Total general government	13,383,283	13,388,283	12,529,121	859,162
Administration of justice:				
Circuit court	82,503	82,503	51,578	30,925
Clerk of court	364,253	364,253	358,334	5,919
Family court	367,568	367,568	341,269	26,299
Probate court	439,804	439,804	426,442	13,362
Magistrate court	883,974	883,974	885,993	(2,019)
Total administration of justice	2,138,102	2,138,102	2,063,616	74,486
Public safety:				
Coroner	436,343	436,343	498,333	(61,990)
Sheriff	8,507,730	8,545,950	8,322,015	223,935
Detention center	2,207,132	2,207,132	2,185,056	22,076
Communications	1,792,733	1,792,733	1,528,904	263,829
Emergency management	415,848	415,848	405,330	10,518
Fire commission	2,288,154	2,288,154	2,266,457	21,697
Total public safety	15,647,940	15,686,160	15,206,095	480,065

(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, 2017

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
EXPENDITURES: (CONTINUED)				
Current: (Continued)				
Public works:				
Roads and bridges	\$ 2,895,205	\$ 2,895,205	\$ 2,409,558	\$ 485,647
Landfill	56,366	56,366	18,344	38,022
Solid waste	3,030,342	3,480,342	3,184,755	295,587
Total public works	5,981,913	6,431,913	5,612,657	819,256
Public health and welfare:				
EMS	6,228,318	6,228,318	6,259,217	(30,899)
Animal control	157,640	186,804	184,478	2,326
Health services	82,600	82,600	83,809	(1,209)
Social services and food stamps	139,210	139,210	40,295	98,915
DSS Family Independence	58,330	58,330	58,508	(178)
Veteran affairs	173,609	173,609	177,554	(3,945)
Total public health and welfare	6,839,707	6,868,871	6,803,861	65,010
Culture and recreation:				
Recreation	2,540,062	2,555,062	2,464,125	90,937
Library	1,228,884	1,265,841	1,241,109	24,732
Total culture and recreation	3,768,946	3,820,903	3,705,234	115,669
Economic development:				
Economic development	410,822	410,822	357,431	53,391
Debt service:				
Principal	385,196	385,196	367,876	17,320
Interest and other charges	61,969	61,969	61,969	-
Total debt service	447,165	447,165	429,845	17,320
Total expenditures	48,617,878	49,192,219	46,707,860	2,484,359
Excess of revenues over expenditures	2,129,516	1,632,352	2,966,687	1,334,335
OTHER FINANCING SOURCES (USES)				
Transfers in	30,000	30,000	30,015	15
Transfers out	(2,159,516)	(1,677,352)	(65,286)	1,612,066
Proceeds from the sale of capital assets	-	15,000	232,575	217,575
Total other financing sources (uses), net	(2,129,516)	(1,632,352)	197,304	1,829,656
Net change in fund balances	\$ -	\$ -	3,163,991	\$ 3,163,991
Fund balances, beginning of year			27,427,996	
Fund balances, end of year			\$ 30,591,987	

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

LANCASTER COUNTY, SOUTH CAROLINA

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2007	\$ -	\$ 3,843,902	\$ 3,843,902	- %	\$ 14,239,968	27.0%
6/30/2010	-	3,886,078	3,886,078	-	15,313,936	25.4%
6/30/2012	-	4,735,113	4,735,113	-	15,419,474	30.7%
6/30/2014	-	3,354,383	3,354,383	-	17,232,907	19.5%
6/30/2016	-	3,487,459	3,487,459	-	21,864,660	16.0%

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

LANCASTER COUNTY, SOUTH CAROLINA

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

South Carolina Retirement System	2017	2016	2015
County's proportion of the net pension liability	0.133662%	0.119621%	0.112016%
County's proportionate share of the net pension liability	\$ 28,550,007	\$ 22,686,700	\$ 19,285,442
County's covered-employee payroll	\$ 10,379,640	\$ 9,019,419	\$ 8,328,188
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	275.1%	251.5%	231.6%
Plan fiduciary net position as a percentage of the total pension liability	52.9%	57.0%	59.9%
 South Carolina Police Officers Retirement System	 2017	 2016	 2015
County's proportion of the net pension liability	0.63075%	0.60504%	0.59357%
County's proportionate share of the net pension liability	\$ 15,998,839	\$ 13,186,911	\$ 11,363,505
County's covered-employee payroll	\$ 6,974,224	\$ 6,515,582	\$ 6,132,698
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	229.4%	202.4%	185.3%
Plan fiduciary net position as a percentage of the total pension liability	60.4%	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

South Carolina Retirement System	2017	2016	2015
Actuarially determined contribution	\$ 1,411,809	\$ 1,211,053	\$ 1,077,980
Contributions in relation to the actuarially determined contribution	1,411,809	1,211,053	1,077,980
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$10,379,640	\$ 9,019,419	\$ 8,328,188
Contributions as a percentage of covered-employee payroll	13.60%	13.43%	12.94%
South Carolina Police Officers Retirement System	2017	2016	2015
Actuarially determined contribution	\$ 1,069,368	\$ 1,005,716	\$ 916,669
Contributions in relation to the actuarially determined contribution	1,069,368	1,005,716	916,669
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 6,974,224	\$ 6,515,582	\$ 6,132,698
Contributions as a percentage of covered-employee payroll	15.33%	15.44%	14.95%

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

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

LANCASTER COUNTY, SOUTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2017

	Special Revenue Funds	Capital Projects Funds	Totals
ASSETS			
Cash and cash equivalents	\$ 9,899	\$ -	\$ 9,899
Investments	-	802	802
Taxes receivable	86,800	110,494	197,294
Accounts receivable, net	160,088	-	160,088
Due from other governments	840,331	-	840,331
Due from other funds	6,962,399	987,757	7,950,156
Total assets	<u>\$ 8,059,517</u>	<u>\$ 1,099,053</u>	<u>\$ 9,158,570</u>
LIABILITIES			
Accounts payable	\$ 294,589	\$ 1,388	\$ 295,977
Due to other funds	619,814	-	619,814
Unearned revenues	515,105	-	515,105
Total liabilities	<u>1,429,508</u>	<u>1,388</u>	<u>1,430,896</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	83,919	106,812	190,731
Total deferred inflows of resources	<u>83,919</u>	<u>106,812</u>	<u>190,731</u>
FUND BALANCES			
Restricted for:			
Victim services	14,025	-	14,025
Public safety	4,383,046	-	4,383,046
Culture and recreation	150,174	-	150,174
Economic development	512,895	-	512,895
Capital projects	-	751,640	751,640
Assigned:			
Subsequent year's budget	1,922,293	239,213	2,161,506
Unassigned	(436,343)	-	(436,343)
Total fund balances	<u>6,546,090</u>	<u>990,853</u>	<u>7,536,943</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,059,517</u>	<u>\$ 1,099,053</u>	<u>\$ 9,158,570</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, 2017

	Special Revenue Funds	Capital Projects Funds	Totals
Revenues:			
Property taxes	\$ 1,345,956	\$ 2,039,143	\$ 3,385,099
Other taxes	915,221	-	915,221
Intergovernmental	5,675,972	-	5,675,972
Charges for services	1,042,125	62,197	1,104,322
Fines and forfeitures	85,592	-	85,592
Interest revenue	14,891	269	15,160
Contributions and donations	1,057,318	-	1,057,318
Total revenues	<u>10,137,075</u>	<u>2,101,609</u>	<u>12,238,684</u>
Expenditures:			
Current:			
General government	640,953	-	640,953
Public safety	3,736,886	-	3,736,886
Public works	4,628,984	-	4,628,984
Public health and welfare	569,804	-	569,804
Culture and recreation	138,908	-	138,908
Economic development	716,667	-	716,667
Capital outlay	-	1,575,524	1,575,524
Debt service:			
Principal	160,189	338,587	498,776
Interest	60,797	7,800	68,597
Fees	806	3,500	4,306
Total expenditures	<u>10,653,994</u>	<u>1,925,411</u>	<u>12,579,405</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(516,919)</u>	<u>176,198</u>	<u>(340,721)</u>
Other financing sources (uses):			
Transfers out	(264,690)	(17,819)	(282,509)
Issuance of bonds	-	650,000	650,000
Total other financing sources (uses)	<u>(264,690)</u>	<u>632,181</u>	<u>367,491</u>
Net change in fund balances	(781,609)	808,379	26,770
Fund balances, beginning of year	<u>7,327,699</u>	<u>182,474</u>	<u>7,510,173</u>
Fund balances, end of year	<u>\$ 6,546,090</u>	<u>\$ 990,853</u>	<u>\$ 7,536,943</u>

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2017

	Local Accommodations Tax Fund	Indian Land Fire Protection District Fund	E-911 Fund	Pleasant Valley Fire District Fund	Court Mandated Security Fund	Victim Services Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,425
Taxes receivable	-	-	-	-	86,800	-
Accounts receivable, net	7,891	-	31,417	-	-	205
Due from other governments	-	-	34,094	-	-	-
Due from other funds	142,283	273,572	1,133,088	472,625	719,886	6,395
Total assets	<u>\$ 150,174</u>	<u>\$ 273,572</u>	<u>\$ 1,198,599</u>	<u>\$ 472,625</u>	<u>\$ 806,686</u>	<u>\$ 14,025</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	-	-	-	-	83,919	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,919</u>	<u>-</u>
FUND BALANCES						
Restricted for:						
Victim services	-	-	-	-	-	14,025
Public safety	-	248,572	1,198,599	472,625	722,767	-
Culture and recreation	150,174	-	-	-	-	-
Economic development	-	-	-	-	-	-
Assigned:						
Subsequent year's budget	-	25,000	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>150,174</u>	<u>273,572</u>	<u>1,198,599</u>	<u>472,625</u>	<u>722,767</u>	<u>14,025</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 150,174</u>	<u>\$ 273,572</u>	<u>\$ 1,198,599</u>	<u>\$ 472,625</u>	<u>\$ 806,686</u>	<u>\$ 14,025</u>

Transportation Fund	Sunday Alcohol Sales Fund	Restricted Grants Fund	Economic Development Fund	Development Agreements Fund	Hospitality Tax Fund	Totals
\$ -	\$ -	\$ 2,474	\$ -	\$ -	\$ -	\$ 9,899
-	-	-	-	-	-	86,800
-	-	30,500	-	-	90,075	160,088
124,435	16,200	665,602	-	-	-	840,331
1,765,447	44,010	-	18,195	1,982,273	404,625	6,962,399
<u>\$ 1,889,882</u>	<u>\$ 60,210</u>	<u>\$ 698,576</u>	<u>\$ 18,195</u>	<u>\$ 1,982,273</u>	<u>\$ 494,700</u>	<u>\$ 8,059,517</u>
\$ 294,589	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 294,589
-	-	619,814	-	-	-	619,814
-	-	515,105	-	-	-	515,105
<u>294,589</u>	<u>-</u>	<u>1,134,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,429,508</u>
-	-	-	-	-	-	83,919
-	-	-	-	-	-	83,919
-	-	-	-	-	-	14,025
-	60,210	-	-	1,680,273	-	4,383,046
-	-	-	-	-	-	150,174
-	-	-	18,195	-	494,700	512,895
1,595,293	-	-	-	302,000	-	1,922,293
-	-	(436,343)	-	-	-	(436,343)
<u>1,595,293</u>	<u>60,210</u>	<u>(436,343)</u>	<u>18,195</u>	<u>1,982,273</u>	<u>494,700</u>	<u>6,546,090</u>
<u>\$ 1,889,882</u>	<u>\$ 60,210</u>	<u>\$ 698,576</u>	<u>\$ 18,195</u>	<u>\$ 1,982,273</u>	<u>\$ 494,700</u>	<u>\$ 8,059,517</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, 2017

	Local Accommodations Tax Fund	Indian Land Fire Protection District Fund	E-911 Fund	Pleasant Valley Fire District Fund	Court Mandated Security Fund	Victim Services Fund
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,330,179	\$ -
Other taxes	78,593	-	342,015	-	-	-
Intergovernmental	-	-	275,324	-	-	-
Charges for services	-	577,200	-	464,925	-	-
Fines and forfeitures	-	2,923	-	2,958	-	79,711
Interest revenue	242	425	3,468	1,203	-	-
Contributions and donations	-	-	-	-	-	-
Total revenues	<u>78,835</u>	<u>580,548</u>	<u>620,807</u>	<u>469,086</u>	<u>1,330,179</u>	<u>79,711</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	542,625	508,012	290,135	1,163,075	81,712
Public works	-	-	-	-	-	-
Public health and welfare	-	-	-	-	-	-
Culture and recreation	31,726	-	-	-	-	-
Economic development	-	-	-	-	-	-
Principal	-	45,189	-	115,000	-	-
Interest	-	2,134	-	58,663	-	-
Fees	-	-	-	806	-	-
Total expenditures	<u>31,726</u>	<u>589,948</u>	<u>508,012</u>	<u>464,604</u>	<u>1,163,075</u>	<u>81,712</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47,109</u>	<u>(9,400)</u>	<u>112,795</u>	<u>4,482</u>	<u>167,104</u>	<u>(2,001)</u>
Other financing uses:						
Transfers out	-	-	-	(30,000)	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	47,109	(9,400)	112,795	(25,518)	167,104	(2,001)
Fund balances (deficit), beginning of year	<u>103,065</u>	<u>282,972</u>	<u>1,085,804</u>	<u>498,143</u>	<u>555,663</u>	<u>16,026</u>
Fund balances (deficit), end of year	<u>\$ 150,174</u>	<u>\$ 273,572</u>	<u>\$ 1,198,599</u>	<u>\$ 472,625</u>	<u>\$ 722,767</u>	<u>\$ 14,025</u>

Transportation Fund	Sunday Alcohol Sales Fund	Restricted Grants Fund	Economic Development Fund	Development Agreements Fund	Hospitality Tax Fund	Totals
\$ -	\$ -	\$ -	\$ 15,777	\$ -	\$ -	\$ 1,345,956
-	-	-	-	-	494,613	915,221
2,470,314	22,230	2,908,104	-	-	-	5,675,972
-	-	-	-	-	-	1,042,125
-	-	-	-	-	-	85,592
9,466	-	-	-	-	87	14,891
-	-	17,318	-	1,040,000	-	1,057,318
<u>2,479,780</u>	<u>22,230</u>	<u>2,925,422</u>	<u>15,777</u>	<u>1,040,000</u>	<u>494,700</u>	<u>10,137,075</u>
-	5,000	635,953	-	-	-	640,953
-	-	1,142,417	-	8,910	-	3,736,886
4,570,096	-	58,888	-	-	-	4,628,984
-	-	569,804	-	-	-	569,804
-	-	107,182	-	-	-	138,908
-	-	716,667	-	-	-	716,667
-	-	-	-	-	-	160,189
-	-	-	-	-	-	60,797
-	-	-	-	-	-	806
<u>4,570,096</u>	<u>5,000</u>	<u>3,230,911</u>	<u>-</u>	<u>8,910</u>	<u>-</u>	<u>10,653,994</u>
<u>(2,090,316)</u>	<u>17,230</u>	<u>(305,489)</u>	<u>15,777</u>	<u>1,031,090</u>	<u>494,700</u>	<u>(516,919)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(234,690)</u>	<u>-</u>	<u>(264,690)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(234,690)</u>	<u>-</u>	<u>(264,690)</u>
<u>(2,090,316)</u>	<u>17,230</u>	<u>(305,489)</u>	<u>15,777</u>	<u>796,400</u>	<u>494,700</u>	<u>(781,609)</u>
<u>3,685,609</u>	<u>42,980</u>	<u>(130,854)</u>	<u>2,418</u>	<u>1,185,873</u>	<u>-</u>	<u>7,327,699</u>
<u>\$ 1,595,293</u>	<u>\$ 60,210</u>	<u>\$ (436,343)</u>	<u>\$ 18,195</u>	<u>\$ 1,982,273</u>	<u>\$ 494,700</u>	<u>\$ 6,546,090</u>

LANCASTER COUNTY, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017**

	Keer Special Sources Fund	Bond Projects Fund	Brookchase Special Tax District Fund	Capital Improvement Fund	Edgewater Improvement District Fund
ASSETS					
Investments	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes receivable	-	-	-	110,494	-
Due from other funds	-	21,405	83,340	881,624	979
Total assets	<u>\$ -</u>	<u>\$ 21,405</u>	<u>\$ 83,340</u>	<u>\$ 992,118</u>	<u>\$ 979</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 979
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>979</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	-	-	-	106,812	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,812</u>	<u>-</u>
FUND BALANCES					
Restricted for:					
Capital projects	-	21,405	83,340	646,093	-
Assigned:					
Subsequent year's budget	-	-	-	239,213	-
Total fund balances	<u>-</u>	<u>21,405</u>	<u>83,340</u>	<u>885,306</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ 21,405</u>	<u>\$ 83,340</u>	<u>\$ 992,118</u>	<u>\$ 979</u>

Edgewater II Improvement District Fund	Sun City Special Assessments Fund	Totals
\$ 802	\$ -	\$ 802
-	-	110,494
-	409	987,757
<u>\$ 802</u>	<u>\$ 409</u>	<u>\$ 1,099,053</u>
\$ -	\$ 409	\$ 1,388
-	409	1,388
-	-	106,812
-	-	106,812
802	-	751,640
-	-	239,213
<u>802</u>	<u>-</u>	<u>990,853</u>
<u>\$ 802</u>	<u>\$ 409</u>	<u>\$ 1,099,053</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, 2017

	Keer Special Sources Fund	Bond Projects Fund	Brookchase Special Tax District Fund	Capital Improvement Fund	Edgewater Improvement District Fund
Revenues:					
Property taxes	\$ 338,587	\$ -	\$ -	\$ 1,700,556	\$ -
Charges for services	-	-	62,197	-	-
Interest revenue	-	56	211	-	-
Total revenues	<u>338,587</u>	<u>56</u>	<u>62,408</u>	<u>1,700,556</u>	<u>-</u>
Expenditures:					
Capital outlay:					
General government	-	-	-	237,927	-
Public safety	-	6,518	-	207,388	-
Public works	-	-	-	597,617	-
Public health and welfare	-	-	-	526,074	-
Debt service:					
Principal	338,587	-	-	-	-
Interest	-	-	7,800	-	-
Fees	-	-	3,500	-	-
Total expenditures	<u>338,587</u>	<u>6,518</u>	<u>11,300</u>	<u>1,569,006</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(6,462)</u>	<u>51,108</u>	<u>131,550</u>	<u>-</u>
Other financing sources (uses):					
Transfers out	-	(17,819)	-	-	-
Issuance of bonds	-	-	650,000	-	-
Total other financing sources (uses)	<u>-</u>	<u>(17,819)</u>	<u>650,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(24,281)	701,108	131,550	-
Fund balances (deficit), beginning of year	<u>-</u>	<u>45,686</u>	<u>(617,768)</u>	<u>753,756</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 21,405</u>	<u>\$ 83,340</u>	<u>\$ 885,306</u>	<u>\$ -</u>

Edgewater II Improvement District Fund	Sun City Special Assessments Fund	Totals
\$ -	\$ -	\$ 2,039,143
-	-	62,197
2	-	269
2	-	2,101,609
-	-	237,927
-	-	213,906
-	-	597,617
-	-	526,074
-	-	338,587
-	-	7,800
-	-	3,500
-	-	1,925,411
2	-	176,198
-	-	(17,819)
-	-	650,000
-	-	632,181
2	-	808,379
800	-	182,474
\$ 802	\$ -	\$ 990,853

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, 2017

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Other taxes	\$ 40,000	\$ 40,000	\$ 78,593	\$ 38,593
Interest revenue	-	-	242	242
Budgeted fund balance	10,000	10,000	-	(10,000)
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>78,835</u>	<u>28,835</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>50,000</u>	<u>50,000</u>	<u>31,726</u>	<u>18,274</u>
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>31,726</u>	<u>18,274</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	47,109	<u>\$ 47,109</u>
FUND BALANCES, beginning of year			<u>103,065</u>	
FUND BALANCES, end of year			<u>\$ 150,174</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, 2017

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services	\$ 546,000	\$ 546,000	\$ 577,200	\$ 31,200
Fines and forfeitures	-	-	2,923	2,923
Investment income	-	-	425	425
Budgeted fund balance	59,936	59,936	-	(59,936)
Total revenues	<u>605,936</u>	<u>605,936</u>	<u>580,548</u>	<u>(25,388)</u>
EXPENDITURES				
Current:				
Public safety	558,611	558,611	542,625	15,986
Debt service:				
Principal	43,977	43,977	45,189	(1,212)
Interest	3,348	3,348	2,134	1,214
Total expenditures	<u>605,936</u>	<u>605,936</u>	<u>589,948</u>	<u>15,988</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(9,400)	<u>\$ (9,400)</u>
FUND BALANCES, beginning of year			<u>282,972</u>	
FUND BALANCES, end of year			<u>\$ 273,572</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, 2017**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Other taxes	\$ 305,150	\$ 305,150	\$ 342,015	\$ 36,865
Intergovernmental	320,000	320,000	275,324	(44,676)
Interest revenue	-	-	3,468	3,468
Total revenues	<u>625,150</u>	<u>625,150</u>	<u>620,807</u>	<u>(4,343)</u>
EXPENDITURES				
Current:				
Public safety	583,434	583,434	508,012	75,422
Budgeted fund balance	41,716	41,716	-	41,716
Total expenditures	<u>625,150</u>	<u>625,150</u>	<u>508,012</u>	<u>117,138</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	112,795	<u>\$ 112,795</u>
FUND BALANCES, beginning of year			<u>1,085,804</u>	
FUND BALANCES, end of year			<u>\$ 1,198,599</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, 2017

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Charges for services	\$ 437,578	\$ 437,578	\$ 464,925	\$ 27,347
Fines and forfeitures	2,500	2,500	2,958	458
Interest revenue	-	-	1,203	1,203
Budgeted fund balance	-	60,000	-	(60,000)
Total revenues	<u>440,078</u>	<u>500,078</u>	<u>469,086</u>	<u>(30,992)</u>
EXPENDITURES				
Current:				
Public safety	236,415	296,415	290,135	6,280
Debt service:				
Principal	144,331	144,331	115,000	29,331
Interest	29,332	29,332	58,663	(29,331)
Fees	-	-	806	(806)
Total expenditures	<u>410,078</u>	<u>470,078</u>	<u>464,604</u>	<u>5,474</u>
Excess of revenues over expenditures	<u>30,000</u>	<u>30,000</u>	<u>4,482</u>	<u>(25,518)</u>
Other financing uses				
Transfers out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Total other financing uses	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(25,518)</u>	<u>\$ (25,518)</u>
FUND BALANCES, beginning of year			<u>498,143</u>	
FUND BALANCES, end of year			<u>\$ 472,625</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, 2017

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 1,283,500	\$ 1,283,500	\$ 1,330,179	\$ 46,679
Budgeted fund balance	24,833	24,833	-	(24,833)
Total revenues	<u>1,308,333</u>	<u>1,308,333</u>	<u>1,330,179</u>	<u>21,846</u>
EXPENDITURES				
Current:				
Public safety	1,308,333	1,308,333	1,163,075	145,258
Total expenditures	<u>1,308,333</u>	<u>1,308,333</u>	<u>1,163,075</u>	<u>145,258</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	167,104	<u>\$ 167,104</u>
FUND BALANCES, beginning of year			<u>555,663</u>	
FUND BALANCES, end of year			<u>\$ 722,767</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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Fines and forfeitures	\$ 86,605	\$ 86,605	\$ 79,711	\$ (6,894)
Total revenues	<u>86,605</u>	<u>86,605</u>	<u>79,711</u>	<u>(6,894)</u>
EXPENDITURES				
Current:				
Public safety	86,605	86,605	81,712	4,893
Total expenditures	<u>86,605</u>	<u>86,605</u>	<u>81,712</u>	<u>4,893</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(2,001)	<u>\$ (2,001)</u>
FUND BALANCES, beginning of year			<u>16,026</u>	
FUND BALANCES, end of year			<u>\$ 14,025</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, 2017**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental	\$ 2,225,000	\$ 2,225,000	\$ 2,470,314	\$ 245,314
Interest revenue	1,200	1,200	9,466	8,266
Budgeted fund balance	2,413,185	2,413,185	-	(2,413,185)
Total revenues	<u>4,639,385</u>	<u>4,639,385</u>	<u>2,479,780</u>	<u>(2,159,605)</u>
EXPENDITURES				
Current:				
Public works	<u>4,639,385</u>	<u>4,639,385</u>	<u>4,570,096</u>	<u>69,289</u>
Total expenditures	<u>4,639,385</u>	<u>4,639,385</u>	<u>4,570,096</u>	<u>69,289</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,090,316)</u>	<u>\$ (2,090,316)</u>
FUND BALANCES, beginning of year			<u>3,685,609</u>	
FUND BALANCES, end of year			<u>\$ 1,595,293</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, 2017

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Contributions and donations	\$ -	\$ -	\$ 1,040,000	\$ 1,040,000
Budgeted fund balance	9,536	244,226	-	(244,226)
Total revenues	<u>9,536</u>	<u>244,226</u>	<u>1,040,000</u>	<u>795,774</u>
EXPENDITURES				
Current:				
Public safety	9,536	9,536	8,910	626
Total expenditures	<u>9,536</u>	<u>9,536</u>	<u>8,910</u>	<u>626</u>
Excess of revenues over expenditures	<u>-</u>	<u>234,690</u>	<u>1,031,090</u>	<u>796,400</u>
Other financing uses				
Transfers out	-	(234,690)	(234,690)	-
Total other financing uses	<u>-</u>	<u>(234,690)</u>	<u>(234,690)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>796,400</u>	<u>\$ 796,400</u>
FUND BALANCES, beginning of year			<u>1,185,873</u>	
FUND BALANCES, end of year			<u>\$ 1,982,273</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, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Property taxes	\$ 2,624,576	\$ 2,624,576	\$ 2,550,572	\$ (74,004)
Interest revenue	700	700	2,456	1,756
Budgeted fund balance	1,578,446	1,578,446	-	(1,578,446)
Total revenues	<u>4,203,722</u>	<u>4,203,722</u>	<u>2,553,028</u>	<u>(1,650,694)</u>
EXPENDITURES				
Debt service:				
Principal	2,681,713	2,681,713	2,681,713	-
Interest	1,517,009	1,517,009	1,517,010	(1)
Fees	5,000	5,000	3,194	1,806
Total expenditures	<u>4,203,722</u>	<u>4,203,722</u>	<u>4,201,917</u>	<u>1,805</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(1,648,889)</u>	<u>(1,648,889)</u>
Other financing sources				
Transfers in	-	-	17,819	17,819
Total other financing sources	<u>-</u>	<u>-</u>	<u>17,819</u>	<u>17,819</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,631,070)</u>	<u>\$ (1,631,070)</u>
FUND BALANCES, beginning of year			<u>3,268,675</u>	
FUND BALANCES, end of year			<u>\$ 1,637,605</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, 2017

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Interest revenue	\$ -	\$ -	\$ 5,496	\$ 5,496
Total revenues	<u>-</u>	<u>-</u>	<u>5,496</u>	<u>5,496</u>
EXPENDITURES				
Current:				
Administration of justice	-	-	4,132	(4,132)
Capital outlay:				
Administration of justice	2,181,789	2,181,789	1,304,684	877,105
Budgeted fund balance	<u>(2,719,898)</u>	<u>(3,347,271)</u>	<u>-</u>	<u>(3,347,271)</u>
Total expenditures	<u>(538,109)</u>	<u>(1,165,482)</u>	<u>1,308,816</u>	<u>(2,474,298)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>538,109</u>	<u>1,165,482</u>	<u>(1,303,320)</u>	<u>(2,468,802)</u>
Other financing uses				
Transfers out	<u>(538,109)</u>	<u>(1,165,482)</u>	<u>(2,043,951)</u>	<u>(878,469)</u>
Total other financing uses	<u>(538,109)</u>	<u>(1,165,482)</u>	<u>(2,043,951)</u>	<u>(878,469)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(3,347,271)</u>	<u>\$ (3,347,271)</u>
FUND BALANCES, beginning of year			<u>3,347,271</u>	
FUND BALANCES, end of year			<u>\$ -</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, 2017**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 1,594,000	\$ 1,594,000	\$ 1,700,556	\$ 106,556
Budgeted fund balance	293,024	293,024	-	(293,024)
Total revenues	<u>1,887,024</u>	<u>1,887,024</u>	<u>1,700,556</u>	<u>(186,468)</u>
EXPENDITURES				
Capital outlay:				
General government	319,000	319,000	237,927	81,073
Public safety	455,000	455,000	207,388	247,612
Public works	613,024	613,024	597,617	15,407
Public health and welfare	500,000	500,000	526,074	(26,074)
Total expenditures	<u>1,887,024</u>	<u>1,887,024</u>	<u>1,569,006</u>	<u>318,018</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	131,550	<u>\$ 131,550</u>
FUND BALANCES, beginning of year			<u>753,756</u>	
FUND BALANCES, end of year			<u>\$ 885,306</u>	

LANCASTER COUNTY, SOUTH CAROLINA
CAPITAL PROJECT SALES TAX FUND 2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Sales and other local taxes	\$ 8,500,000	\$ 8,500,000	\$ 8,591,056	\$ 91,056
Other revenues	-	-	25,215	25,215
Total revenues	<u>8,500,000</u>	<u>8,500,000</u>	<u>8,616,271</u>	<u>116,271</u>
EXPENDITURES				
Current:				
Public works	1,000,000	5,424,915	1,497,285	3,927,630
Capital outlay:				
Public safety	15,000	15,000	4,572,716	(4,557,716)
Budgeted fund balance	<u>8,485,000</u>	<u>4,985,000</u>	-	<u>4,985,000</u>
Total expenditures	<u>9,500,000</u>	<u>10,424,915</u>	<u>6,070,001</u>	<u>4,354,914</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,000,000)</u>	<u>(1,924,915)</u>	<u>2,546,270</u>	<u>4,471,185</u>
Other financing sources				
Transfers in	<u>1,000,000</u>	<u>1,924,915</u>	<u>2,278,641</u>	<u>353,726</u>
Total other financing sources	<u>1,000,000</u>	<u>1,924,915</u>	<u>2,278,641</u>	<u>353,726</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4,824,911</u>	<u>\$ 4,824,911</u>
FUND BALANCES, beginning of year			<u>11,263,267</u>	
FUND BALANCES, end of year			<u>\$ 16,088,178</u>	

AGENCY FUNDS

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	June 30, 2016	Increases	Decreases	June 30, 2017
Education Fund				
ASSETS				
Cash and cash equivalents	\$ 4,873,487	\$ 123,029,013	\$ (102,815,735)	\$ 25,086,765
Investments	7,917,476	121,414,313	(16,397,459)	112,934,330
Taxes receivable	4,621,196	457,626	-	5,078,822
Due from other governments	3,823	1,703	(3,824)	1,702
Total assets	<u>\$ 17,415,982</u>	<u>\$ 244,902,655</u>	<u>\$ (119,217,018)</u>	<u>\$ 143,101,619</u>
LIABILITIES				
Due to school district	\$ 17,317,732	\$ 243,252,562	\$ (117,505,077)	\$ 143,065,217
Due to USC-L	98,250	1,649,793	(1,711,641)	36,402
Total liabilities	<u>\$ 17,415,982</u>	<u>\$ 244,902,355</u>	<u>\$ (119,216,718)</u>	<u>\$ 143,101,619</u>
Clerk of Court				
ASSETS				
Cash and cash equivalents	\$ 1,121,180	\$ 438,210	\$ (333,194)	\$ 1,226,196
Investments	20,398	23	-	20,421
Total assets	<u>\$ 1,141,578</u>	<u>\$ 438,233</u>	<u>\$ (333,194)</u>	<u>\$ 1,246,617</u>
LIABILITIES				
Due to others	\$ 1,141,578	\$ 438,233	\$ (333,194)	\$ 1,246,617
Total liabilities	<u>\$ 1,141,578</u>	<u>\$ 438,233</u>	<u>\$ (333,194)</u>	<u>\$ 1,246,617</u>
Family Court				
ASSETS				
Cash and cash equivalents	\$ 187,706	\$ 6,489,201	\$ (6,522,975)	\$ 153,932
Total assets	<u>\$ 187,706</u>	<u>\$ 6,489,201</u>	<u>\$ (6,522,975)</u>	<u>\$ 153,932</u>
LIABILITIES				
Due to others	\$ 187,706	\$ 6,489,201	\$ (6,522,975)	\$ 153,932
Total liabilities	<u>\$ 187,706</u>	<u>\$ 6,489,201</u>	<u>\$ (6,522,975)</u>	<u>\$ 153,932</u>
Probate Court				
ASSETS				
Cash and cash equivalents	\$ 563	\$ 148,067	\$ (148,249)	\$ 381
Total assets	<u>\$ 563</u>	<u>\$ 148,067</u>	<u>\$ (148,249)</u>	<u>\$ 381</u>
LIABILITIES				
Due to others	\$ 563	\$ 148,067	\$ (148,249)	\$ 381
Total liabilities	<u>\$ 563</u>	<u>\$ 148,067</u>	<u>\$ (148,249)</u>	<u>\$ 381</u>

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	June 30, 2016	Increases	Decreases	June 30, 2017
Tax Collector Property Sold				
ASSETS				
Cash and cash equivalents	\$ 1,562,589	\$ 4,450,999	\$ (3,566,883)	\$ 2,446,705
Total assets	<u>\$ 1,562,589</u>	<u>\$ 4,450,999</u>	<u>\$ (3,566,883)</u>	<u>\$ 2,446,705</u>
LIABILITIES				
Due to others	\$ 1,562,589	\$ 4,450,999	\$ (3,566,883)	\$ 2,446,705
Total liabilities	<u>\$ 1,562,589</u>	<u>\$ 4,450,999</u>	<u>\$ (3,566,883)</u>	<u>\$ 2,446,705</u>
Tax Collector Trust Account				
ASSETS				
Cash and cash equivalents	\$ 216,998	\$ 162,516	\$ (51,472)	\$ 328,042
Total assets	<u>\$ 216,998</u>	<u>\$ 162,516</u>	<u>\$ (51,472)</u>	<u>\$ 328,042</u>
LIABILITIES				
Due to others	\$ 216,998	\$ 162,516	\$ (51,472)	\$ 328,042
Total liabilities	<u>\$ 216,998</u>	<u>\$ 162,516</u>	<u>\$ (51,472)</u>	<u>\$ 328,042</u>
Forfeit Land Commission				
ASSETS				
Cash and cash equivalents	\$ 448,154	\$ 14,123	\$ (16,002)	\$ 446,275
Total assets	<u>\$ 448,154</u>	<u>\$ 14,123</u>	<u>\$ (16,002)</u>	<u>\$ 446,275</u>
LIABILITIES				
Due to others	\$ 448,154	\$ 14,123	\$ (16,002)	\$ 446,275
Total liabilities	<u>\$ 448,154</u>	<u>\$ 14,123</u>	<u>\$ (16,002)</u>	<u>\$ 446,275</u>
Magistrates				
ASSETS				
Cash and cash equivalents	\$ 95,400	\$ 1,381,613	\$ (1,327,831)	\$ 149,182
Total assets	<u>\$ 95,400</u>	<u>\$ 1,381,613</u>	<u>\$ (1,327,831)</u>	<u>\$ 149,182</u>
LIABILITIES				
Due to others	\$ 95,400	\$ 1,381,613	\$ (1,327,831)	\$ 149,182
Total liabilities	<u>\$ 95,400</u>	<u>\$ 1,381,613</u>	<u>\$ (1,327,831)</u>	<u>\$ 149,182</u>

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	June 30, 2016	Increases	Decreases	June 30, 2017
City of Lancaster				
ASSETS				
Cash and cash equivalents	\$ -	\$ 4,383,312	\$ (4,266,533)	\$ 116,779
Taxes receivable	283,609	307,754	(283,609)	307,754
Due from other governments	588	-	(588)	-
Total assets	<u>\$ 284,197</u>	<u>\$ 4,691,066</u>	<u>\$ (4,550,730)</u>	<u>\$ 424,533</u>
LIABILITIES				
Due to other taxing districts and agencies	<u>\$ 284,197</u>	<u>\$ 4,691,066</u>	<u>\$ (4,550,730)</u>	<u>\$ 424,533</u>
Total liabilities	<u>\$ 284,197</u>	<u>\$ 4,691,066</u>	<u>\$ (4,550,730)</u>	<u>\$ 424,533</u>
Town of Kershaw				
ASSETS				
Cash and cash equivalents	\$ -	\$ 173,262	\$ (172,598)	\$ 664
Taxes receivable	19,951	20,998	(19,951)	20,998
Due from other governments	44	-	(44)	-
Total assets	<u>\$ 19,995</u>	<u>\$ 194,260</u>	<u>\$ (192,593)</u>	<u>\$ 21,662</u>
LIABILITIES				
Due to other taxing districts and agencies	<u>\$ 19,995</u>	<u>\$ 194,260</u>	<u>\$ (192,593)</u>	<u>\$ 21,662</u>
Total liabilities	<u>\$ 19,995</u>	<u>\$ 194,260</u>	<u>\$ (192,593)</u>	<u>\$ 21,662</u>
Edgewater Improvement District				
ASSETS				
Investments	<u>\$ 936,923</u>	<u>\$ 621,994</u>	<u>\$ (642,390)</u>	<u>\$ 916,527</u>
Total assets	<u>\$ 936,923</u>	<u>\$ 621,994</u>	<u>\$ (642,390)</u>	<u>\$ 916,527</u>
LIABILITIES				
Due to others	<u>\$ 936,923</u>	<u>\$ 621,994</u>	<u>\$ (642,390)</u>	<u>\$ 916,527</u>
Total liabilities	<u>\$ 936,923</u>	<u>\$ 621,994</u>	<u>\$ (642,390)</u>	<u>\$ 916,527</u>
Edgewater II Improvement District				
ASSETS				
Investments	<u>\$ 529,217</u>	<u>\$ 7,991</u>	<u>\$ (15,146)</u>	<u>\$ 522,062</u>
Total assets	<u>\$ 529,217</u>	<u>\$ 7,991</u>	<u>\$ (15,146)</u>	<u>\$ 522,062</u>
LIABILITIES				
Due to others	<u>\$ 529,217</u>	<u>\$ 7,991</u>	<u>\$ (15,146)</u>	<u>\$ 522,062</u>
Total liabilities	<u>\$ 529,217</u>	<u>\$ 7,991</u>	<u>\$ (15,146)</u>	<u>\$ 522,062</u>

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	June 30, 2016	Increases	Decreases	June 30, 2017
Sun City Improvement District				
ASSETS				
Investments	\$ 1,433,542	\$ 15,072,981	\$ (15,629,999)	\$ 876,524
Total assets	<u>\$ 1,433,542</u>	<u>\$ 15,072,981</u>	<u>\$ (15,629,999)</u>	<u>\$ 876,524</u>
LIABILITIES				
Due to others	\$ 1,433,542	\$ 15,072,981	\$ (15,629,999)	\$ 876,524
Total liabilities	<u>\$ 1,433,542</u>	<u>\$ 15,072,981</u>	<u>\$ (15,629,999)</u>	<u>\$ 876,524</u>
Edenmoor/Walnut Creek Improvement District				
ASSETS				
Investments	\$ 1,536,334	\$ 2,283,315	\$ (1,825,739)	\$ 1,993,910
Total assets	<u>\$ 1,536,334</u>	<u>\$ 2,283,315</u>	<u>\$ (1,825,739)</u>	<u>\$ 1,993,910</u>
LIABILITIES				
Due to others	\$ 1,536,334	\$ 2,283,315	\$ (1,825,739)	\$ 1,993,910
Total liabilities	<u>\$ 1,536,334</u>	<u>\$ 2,283,315</u>	<u>\$ (1,825,739)</u>	<u>\$ 1,993,910</u>
Walnut Creek Improvement District 2				
ASSETS				
Cash and cash equivalents	\$ -	\$ 3,380,402	\$ (3,380,377)	\$ 25
Total assets	<u>\$ -</u>	<u>\$ 3,380,402</u>	<u>\$ (3,380,377)</u>	<u>\$ 25</u>
LIABILITIES				
Due to others	\$ -	\$ 3,380,402	\$ (3,380,377)	\$ 25
Total liabilities	<u>\$ -</u>	<u>\$ 3,380,402</u>	<u>\$ (3,380,377)</u>	<u>\$ 25</u>
Detention Center Inmates				
ASSETS				
Cash and cash equivalents	\$ 1,479	\$ 133,747	\$ (131,939)	\$ 3,287
Total assets	<u>\$ 1,479</u>	<u>\$ 133,747</u>	<u>\$ (131,939)</u>	<u>\$ 3,287</u>
LIABILITIES				
Due to others	\$ 1,479	\$ 133,747	\$ (131,939)	\$ 3,287
Total liabilities	<u>\$ 1,479</u>	<u>\$ 133,747</u>	<u>\$ (131,939)</u>	<u>\$ 3,287</u>
Employee Funds				
ASSETS				
Cash and cash equivalents	\$ 640	\$ 7,015	\$ (7,296)	\$ 359
Total assets	<u>\$ 640</u>	<u>\$ 7,015</u>	<u>\$ (7,296)</u>	<u>\$ 359</u>
LIABILITIES				
Due to others	\$ 640	\$ 7,015	\$ (7,296)	\$ 359
Total liabilities	<u>\$ 640</u>	<u>\$ 7,015</u>	<u>\$ (7,296)</u>	<u>\$ 359</u>

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	June 30, 2016	Increases	Decreases	June 30, 2017
Town of Chester				
ASSETS				
Cash and cash equivalents	\$ 11,197	\$ 18,411	\$ (29,608)	\$ -
Total assets	<u>\$ 11,197</u>	<u>\$ 18,411</u>	<u>\$ (29,608)</u>	<u>\$ -</u>
LIABILITIES				
Due to others	\$ 11,197	\$ 18,411	\$ (29,608)	\$ -
Total liabilities	<u>\$ 11,197</u>	<u>\$ 18,411</u>	<u>\$ (29,608)</u>	<u>\$ -</u>
 Totals				
ASSETS				
Cash and cash equivalents	\$ 8,519,393	\$ 144,209,891	\$ (122,770,692)	\$ 29,958,592
Investments	12,373,890	139,400,617	(34,510,733)	117,263,774
Taxes receivable	4,924,756	786,378	(303,560)	5,407,574
Due from other governments	4,455	1,703	(4,456)	1,702
Total assets	<u>\$ 25,822,494</u>	<u>\$ 284,398,589</u>	<u>\$ (157,589,441)</u>	<u>\$ 152,631,642</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 17,720,174	\$ 249,787,681	\$ (123,960,041)	\$ 143,547,814
Due to others	8,102,320	34,610,608	(33,629,100)	9,083,828
Total liabilities	<u>\$ 25,822,494</u>	<u>\$ 284,398,289</u>	<u>\$ (157,589,141)</u>	<u>\$ 152,631,642</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, 2017

	<u>Collections</u>	<u>Amount Remitted to County Treasurer</u>	<u>Amount Remitted to State Treasurer</u>	<u>Amount Allocated to Victim's Services</u>
Clerk of Court				
Fines and fees	\$ 167,733	\$ 43,266	\$ 124,467	\$ -
Assessments	2,343	1,934	409	1,934
Surcharges	25,203	14,461	10,742	14,461
Totals	<u>\$ 195,279</u>	<u>\$ 59,661</u>	<u>\$ 135,618</u>	<u>\$ 16,395</u>
Magistrate Court				
Fines and fees	\$ 499,488	\$ 461,228	\$ 38,260	\$ -
Assessments	370,706	37,801	332,905	37,801
Surcharges	229,147	24,732	204,415	24,732
Totals	<u>\$ 1,099,341</u>	<u>\$ 523,761</u>	<u>\$ 575,580</u>	<u>\$ 62,533</u>
Solicitor Traffic Education				
Fines and fees	\$ 7,757	\$ -	\$ 7,757	\$ -
Assessments	783	783	-	783
Totals	<u>\$ 8,540</u>	<u>\$ 783</u>	<u>\$ 7,757</u>	<u>\$ 783</u>
Family Court				
Fines and fees	\$ 396,051	\$ 184,420	\$ 206,631	\$ -
Totals	<u>\$ 396,051</u>	<u>\$ 184,420</u>	<u>\$ 206,631</u>	<u>\$ -</u>
Probate Court				
Fines and fees	\$ 139,414	\$ 131,034	\$ 8,380	\$ -
Totals	<u>\$ 139,414</u>	<u>\$ 131,034</u>	<u>\$ 8,380</u>	<u>\$ -</u>
Victims' Assistance				
Balance for victims' assistance - beginning of year				\$ 16,026
Amounts allocated for victims' assistance - July 1, 2016 - June 30, 2017				79,711
Amounts spent for victims' assistance in fiscal year 2017				
from assessments and surcharges				
Salaries and benefits				(62,575)
Operating expenditures				(3,567)
Direct assistance to other agencies				<u>(15,570)</u>
Balance for victims' assistance - end of year				<u>\$ 14,025</u>

STATISTICAL SECTION

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

Contents

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Financial Trends 106 - 114

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

Revenue Capacity..... 115 - 119

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

Debt Capacity..... 120 - 123

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

Demographic and Economic Information..... 124 and 125

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

Operating Information..... 126 - 128

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

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

Note: During fiscal year 2008, it was determined that the Airport, Library, and 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									
	2008 ¹	2009 ²	2010 ³	2011	2012	2013	2014 ⁴	2015	2016	2017
Governmental activities										
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	\$ 28,252,587	\$ 41,708,030	\$ 49,292,814
Restricted	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	19,325,999
Unrestricted	39,197,629	21,506,800	17,985,707	15,336,956	13,884,941	16,314,803	22,458,160	(14,302,454)	6,095,091	(1,842,111)
Total governmental activities 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>\$ 56,734,043</u>	<u>\$ 58,495,216</u>	<u>\$ 66,776,702</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,790,882	\$ 5,460,419	\$ 5,898,351	\$ 5,762,870
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	(124,719)	(165,515)	(147,558)	(181,902)
Total business-type activities net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,666,163</u>	<u>\$ 5,294,904</u>	<u>\$ 5,750,793</u>	<u>\$ 5,580,968</u>
Primary government										
Net investment in capital assets	\$ 27,608,973	\$ 30,319,260	\$ 37,890,060	\$ 33,996,194	\$ 36,831,933	\$ 40,435,476	\$ 44,226,358	\$ 33,713,006	\$ 47,606,381	\$ 55,055,684
Restricted	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	19,325,999
Unrestricted	21,506,800	17,985,707	15,336,956	13,884,941	16,314,803	22,458,160	22,333,441	(14,467,969)	5,947,533	(2,024,013)
Total primary government net position	<u>\$ 52,784,169</u>	<u>\$ 58,539,641</u>	<u>\$ 66,252,861</u>	<u>\$ 67,466,115</u>	<u>\$ 77,471,839</u>	<u>\$ 83,751,863</u>	<u>\$ 87,418,026</u>	<u>\$ 62,028,947</u>	<u>\$ 64,246,009</u>	<u>\$ 72,357,670</u>

(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									
	2008 ¹	2009 ²	2010	2011	2012	2013	2014 ³	2015	2016	2017
Expenses										
Primary government:										
Governmental activities:										
General government	\$ 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	\$ 16,903,372
Public safety	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	21,395,171
Public works	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	11,779,317
Other activities	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	15,798,155
Total governmental activities expenses	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	65,876,015
Business-type activities:										
Airport	-	-	-	-	-	-	437,607	404,801	433,400	406,115
Total business-type activities expenses	-	-	-	-	-	-	437,607	404,801	433,400	406,115
Total primary government expenses	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	66,282,130
Program revenues										
Primary government:										
Governmental activities:										
Charges for services										
General government	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	6,664,079
Administration of justice	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	1,004,613
Public health and welfare	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	3,135,621
Other activities	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	2,614,012
Operating grants and contributions	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	5,324,829
Capital grants and contributions	832,855	5,555,897	946,405	2,123,502	352,064	3,273,685	807,784	1,943,650	3,834,853	3,027,181
Total governmental activities program revenues	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	21,770,335
Business-type activities:										
Charges for services										
Airport	-	-	-	-	-	-	173,727	179,970	150,127	113,511
Capital grants and contributions	-	-	-	-	-	-	50,393	1,873,922	674,876	57,493
Total business-type activities program revenues	-	-	-	-	-	-	224,120	2,053,892	825,003	171,004
Total primary government program revenues	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	21,941,339

(Continued)

LANCASTER COUNTY, SOUTH CAROLINA

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

	Fiscal Year									
	2008 ¹	2009 ²	2010	2011	2012	2013	2014 ³	2015	2016	2017
Net (expense) revenue										
Governmental activities	\$ (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)	\$ (44,105,680)
Business-type activities	-	-	-	-	-	-	(213,487)	1,649,091	391,603	(235,111)
Total primary government	<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>	<u>(44,340,791)</u>
General revenues and other changes in net position										
Primary government:										
Governmental activities:										
Property taxes	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	36,433,675
Other taxes	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	12,628,895
Unrestricted grants and contributions	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	3,117,955
Unrestricted investment earnings	1,254,997	374,332	101,224	106,003	54,753	31,753	57,446	62,046	163,832	271,927
Other	500,844	1,033,880	1,652,252	931,804	(813)	936,595	-	-	-	-
Prior period adjustment	-	-	-	-	(535,755)	-	-	-	-	-
Transfers	-	-	-	-	-	-	(40,000)	(50,000)	(64,286)	(65,286)
Total governmental activities general revenues and other changes in net position	<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>	<u>52,387,166</u>
Business-type activities:										
Unrestricted investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	40,000	50,000	64,286	65,286
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>40,000</u>	<u>50,000</u>	<u>64,286</u>	<u>65,286</u>
Total primary government general revenues and other changes in net position	<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>	<u>\$ 52,452,452</u>
Change in net position										
Governmental activities	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	8,281,486
Business-type activities	-	-	-	-	-	-	(173,487)	1,699,091	455,889	(169,825)
Total primary government change in net position	<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>	<u>\$ 8,111,661</u>

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

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

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

LANCASTER COUNTY, SOUTH CAROLINA

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
2008	\$ 13,952,327	\$ 1,739,865	\$ 3,929,649	\$ -	\$ 939,535	\$ 472,394	\$ 21,033,770
2009	17,724,858	1,876,027	3,774,249	-	959,633	522,663	24,857,430
2010	19,150,376	1,831,426	3,549,460	5,281,993	976,296	470,221	31,259,772
2011	19,991,538	1,810,435	4,237,355	6,385,293	996,417	416,856	33,837,894
2012	20,202,783	2,032,440	4,524,103	6,924,788	1,176,367	478,801	35,339,282
2013	20,732,179	2,223,687	4,849,911	7,225,680	1,522,254	472,616	37,026,327
2014	22,249,229	2,586,810	5,302,815	7,871,762	1,940,220	947,852	40,898,688
2015	23,817,711	2,951,321	5,773,290	8,655,243	2,183,931	997,899	44,379,395
2016	25,395,538	3,356,927	6,165,506	9,264,782	2,286,114	1,031,466	47,500,333
2017	26,277,300	3,520,652	6,635,723	8,591,056	2,382,448	1,655,391	49,062,570

(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									
	2008 ^{1,2}	2009 ³	2010	2011	2012	2013	2014 ⁴	2015	2016	2017
General Fund										
Nonspendable	\$ 1,260,535	\$ 752,723	\$ 1,525,507	\$ 446,265	\$ 419,097	\$ 465,876	\$ 470,608	\$ 1,036,548	\$ 1,260,002	\$ 1,044,264
Restricted	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	1,936,721
Committed	383,204	341,269	-	-	-	-	-	-	-	-
Assigned	1,252,516	327,277	111,903	88,054	131,705	216,329	1,238,174	1,662,673	4,922,022	4,335,491
Unassigned	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	23,275,511
Total General Fund	<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>	<u>\$ 30,591,987</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 55,293	\$ 52,900	\$ 623,943	\$ 561,127	\$ -	\$ -	\$ -
Restricted	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	17,389,278
Assigned	252,947	44,861	430,788	1,950	28,492	31,427	165,520	48,260	17,440,567	8,309,791
Unassigned, reported in:										
Special revenue funds	2,470,311	3,184,088	(3,408,975)	(648,198)	(224,815)	(150,303)	-	(187,507)	(130,854)	(436,343)
Capital projects funds	22,932,726	38,941,499	(1,235,234)	(875,000)	(812,889)	(774,799)	(723,233)	(668,806)	(617,768)	-
Total all other governmental funds	<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>	<u>\$ 25,262,726</u>
Total all governmental funds	<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>	<u>\$ 55,854,713</u>

(1) During fiscal year 2008, it was determined that the Lancaster County Airport Commission, Lancaster County Library, and 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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes	\$ 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	\$ 48,219,079
Licenses and permits	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	6,009,615
Intergovernmental	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	10,346,792
Charges for services	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	5,723,388
Fines, fees, and forfeitures	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	1,137,351
Interest income	1,360,491	383,775	99,235	103,219	52,522	29,211	57,446	62,046	163,832	271,928
Contributions and donations	2,324,810	468,171	218,121	364,502	361,223	525,936	351,666	344,344	2,831,040	1,177,037
Contributions from property owners	26,131,035	16,254	-	-	-	-	-	-	-	-
Other	201,003	163,445	138,702	279,484	163,279	486,396	230,863	247,254	247,577	202,836
Total revenues	<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>	<u>73,088,026</u>
Expenditures:										
General government	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	13,170,074
Administration of justice	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	2,067,748
Public safety and law enforcement	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	18,942,981
Public works	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	11,738,926
Public health and welfare	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	7,373,665
Culture and recreation	-	-	-	-	-	-	3,226,890	3,696,364	3,605,227	3,844,142
Economic development	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	1,074,098
Other	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	7,452,924
Debt service										
Principal retirement	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	3,548,365
Interest	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	1,647,576
Fees	-	-	-	48,081	-	-	7,500	274,560	92,071	7,500
Total expenditures	<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>	<u>70,867,999</u>
Excess (deficiency) of revenues over (under) expenditures	<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>	<u>2,220,027</u>
Other financing sources (uses):										
Transfer in	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	2,326,475
Transfer out	(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)	(2,391,761)
Issuance of debt - capital leases	-	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	650,000
Premium on bond	-	1,302,907	-	50,387	-	-	-	-	686,146	-
Payment to refunded debt escrow agent	-	(4,556,438)	-	(3,658,895)	-	-	-	-	(9,199,375)	-
Sale of capital assets	87,900	38,549	12,751	33,029	37,384	77,792	210,915	89,512	500,000	232,575
Special item - insurance recoveries	-	827,397	227,936	1,251,553	-	-	-	-	-	-
Total other financing sources (uses)	<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>	<u>817,289</u>
Net change in fund balances	<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>	<u>\$ 3,037,316</u>
Debt Service as a Percentage of Noncapital Expenditures	<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>	<u>8.58%</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
2008	\$ 13,895,274	\$ 1,739,865	\$ 3,929,649	\$ -	\$ 939,535	\$ 472,394	\$ 20,976,717
2009	17,156,969	1,876,027	3,774,249	-	959,633	522,663	24,289,541
2010	18,865,784	1,831,426	3,549,460	5,281,993	976,296	470,221	30,975,180
2011	19,649,879	1,810,435	4,237,355	6,385,293	996,417	416,856	33,496,235
2012	20,732,068	2,032,440	4,524,103	6,924,788	1,176,367	478,801	35,868,567
2013	20,616,739	2,223,687	4,849,911	7,225,680	1,522,254	472,617	36,910,888
2014	21,990,985	2,586,810	5,302,815	7,871,762	1,940,220	408,075	40,100,667
2015	23,648,295	2,951,321	5,773,290	8,655,243	2,183,931	379,335	43,591,415
2016	25,289,628	3,356,927	6,165,506	9,264,782	2,286,114	340,483	46,703,440
2017	26,173,979	3,520,652	6,635,723	8,591,056	2,382,448	915,221	48,219,079

(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
2008	\$ 17,283,962	\$ 4,081,807	\$ 4,720,683	\$ 2,441,711	\$ 993,137	\$ 3,486,155	\$ 33,007,455	\$ 87,900	\$ 33,095,355
2009	18,511,312	3,885,211	2,727,033	2,638,151	914,503	1,658,131	30,334,341	2,392,400	32,726,741
2010	19,418,982	3,290,461	2,864,552	2,663,366	1,137,564	1,215,244	30,590,169	642,751	31,232,920
2011	20,838,835	3,046,929	2,872,281	2,746,015	908,198	1,242,945	31,655,203	564,670	32,219,873
2012	22,224,415	2,843,967	2,873,627	3,008,911	906,290	1,470,680	33,327,890	1,079,031	34,406,921
2013	24,410,433	3,303,561	4,160,774	2,816,174	893,708	831,362	36,416,012	102,792	36,518,804
2014	24,653,264	4,226,086	5,191,197	3,999,763	937,975	2,359,029	41,367,314	235,915	41,603,229
2015	26,871,707	4,383,847	5,412,448	4,243,269	930,840	2,609,881	44,451,992	1,115,639	45,567,631
2016	32,394,019	4,541,474	6,248,935	3,977,933	935,942	1,442,395	49,540,698	7,190,762	56,731,460
2017	30,394,683	4,670,820	6,009,615	4,619,066	1,051,759	2,928,604	49,674,547	262,590	49,937,137

(1) 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
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
2008	\$ 8,707,826	\$ 1,444,667	\$ 9,297,736	\$ 5,132,361	\$ 4,478,572	\$ 1,218,228	\$ 560,022	\$ 30,839,412	\$ 2,397,963	\$ 33,237,375
2009	10,019,189	1,471,056	8,360,088	4,011,450	5,500,232	430,948	240,747	30,033,710	2,437,723	32,471,433
2010	10,186,854	1,496,411	8,302,504	4,155,822	5,747,912	569,246	401,261	30,860,010	1,891,908	32,751,918
2011	8,987,853	1,524,894	8,448,119	3,676,752	5,281,791	547,684	583,152	29,050,245	1,874,638	30,924,883
2012	11,380,053	1,527,651	9,465,049	4,231,933	6,418,803	245,509	429,059	33,698,057	2,015,259	35,713,316
2013	9,817,196	1,693,101	10,676,053	4,137,879	5,901,039	828,894	488,409	33,542,571	1,913,347	35,455,918
2014	9,943,242	1,823,021	12,229,972	4,328,763	6,168,796	3,734,954	492,823	38,721,571	40,000	38,761,571
2015	11,543,862	1,982,265	14,155,303	5,277,991	6,326,950	3,857,890	207,429	43,351,690	416,249	43,767,939
2016	11,827,178	2,108,384	14,145,424	4,805,405	6,919,809	3,787,090	450,489	44,043,779	7,466,400	51,510,179
2017	12,529,121	2,063,616	15,206,095	5,612,657	6,803,861	4,062,665	429,845	46,707,860	65,286	46,773,146

(1) 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		
2008	2007	\$ 172,404,224	\$ 3,448,084,480	\$ 74,291,673	\$ 867,419,977	\$ 246,695,897	\$ 4,315,504,457	5.72 %	75.90 %
2009	2008	201,753,816	4,035,076,320	71,159,910	836,636,602	272,913,726	4,871,712,922	5.60	82.20
2010	2009	211,761,152	4,235,223,040	69,692,917	810,346,262	281,454,069	5,045,569,302	5.58	80.90
2011	2010	215,604,040	4,312,080,800	66,175,793	770,986,505	281,779,833	5,083,067,305	5.54	83.60
2012	2011 ⁽²⁾	221,005,620	4,420,112,400	70,046,034	822,060,950	291,051,654	5,242,173,350	5.55	83.00
2013	2012	223,980,320	4,479,606,400	74,846,481	883,965,916	298,826,801	5,363,572,316	5.57	85.10
2014	2013	231,213,120	4,624,262,400	79,072,239	946,454,939	310,285,359	5,570,717,339	5.57	90.41
2015	2014	241,517,630	4,830,352,600	82,400,776	995,933,689	323,918,406	5,826,286,289	5.56	92.80
2016	2015	255,663,400	5,113,268,000	87,570,084	1,066,887,072	343,233,484	6,180,155,072	5.55	94.30
2017	2016	272,287,050	5,445,741,000	96,647,049	1,166,052,922	368,934,099	6,611,793,922	5.58	91.20

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

(2) Real property was reassessed.

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

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

Levy Year Ended December 31	Fiscal Year Ended June 30	Overlapping Rates (1)											
		Lancaster County				Lancaster County School District							
		County Operating	County Debt	County Capital Improvement and Court Security	Total County	School Operating	School Debt	Total School District	University of S.C. Lancaster	Town of Heath Springs	Town of Kershaw	City of Lancaster	Total Direct and Overlapping Rates
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 ²	68.40	7.20	7.40	83.00	140.00	43.50	183.50	3.60	-	69.90	143.50	483.50
2012	2013	71.40	6.10	7.60	85.10	140.00	47.00	187.00	3.80	-	72.10	149.70	497.70
2013	2014	75.65	7.16	7.60	90.41	145.00	43.00	188.00	3.95	-	75.00	154.70	512.06
2014	2015	78.00	7.00	7.80	92.80	149.50	43.00	192.50	4.10	-	75.00	156.90	521.30
2015	2016	80.80	5.30	8.20	94.30	149.50	53.00	202.50	4.30	-	75.00	164.40	540.50
2016	2017	76.00	7.00	8.20	91.20	149.50	68.00	217.50	4.30	-	77.00	176.40	566.40

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 year 2012.

LANCASTER COUNTY, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2017				2008			
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxes Paid (1)	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxes Paid (1)
Duke Energy	\$ 10,208,750	1	2.77%	\$ 3,262,360	\$ 6,739,110	3	2.73%	\$ 1,701,232
The Gillette Company	4,783,466	2	1.30%	2,027,368	5,294,013	1	2.15%	1,952,428
Lancaster Hospital Corp.	4,241,640	3	1.15%	1,766,693	4,011,730	4	1.63%	1,361,104
Red Ventures	2,297,439	4	0.62%	719,099				
Keer America Corp.	1,885,799	5	0.51%	589,711				
Haile Gold Mine Inc	1,670,140	6	0.45%	518,149				
Springland Associates	1,202,530	7	0.33%	493,326	2,493,760	6	1.01%	836,024
Lennar Carolina LLC	1,638,920	8	0.44%	477,814				
Lynches River Electric	1,301,540	9	0.35%	398,730	1,006,820	10	0.41%	240,525
S&B Charlotte Apartments LLC	1,249,970	10	0.34%	376,699				
Springs Global					8,056,532	2	3.27%	1,872,231
Pulte Home Corp.					4,303,058	5	1.74%	973,259
Lancaster Telephone Co.					1,751,770	7	0.71%	493,003
Craft Development					1,666,800	8	0.68%	389,307
Belden CDT Networking					1,033,593	9	0.42%	254,264
Total assessed value of ten largest taxpayers	<u>\$ 30,480,194</u>		8.26%	<u>\$ 10,629,949</u>	<u>\$ 36,357,186</u>		14.74%	<u>\$ 10,073,377</u>
Total assessed value of all taxpayers	\$ 368,934,099		100%		\$ 246,695,897		100%	

Source: Lancaster County Treasurer

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

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

Levy Year	Original Levy	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 12,413,953	\$ 664,471	\$ 13,078,424	\$ 12,596,199	96.31%	\$ 453,289	\$ 13,049,488	99.78%
2008	16,324,750	(100,440)	16,224,310	15,243,682	93.96%	910,195	16,153,877	99.57%
2009	16,692,282	256,899	16,949,181	15,998,456	94.39%	785,800	16,784,256	99.03%
2010	18,177,916	(33,960)	18,143,956	16,954,909	93.45%	999,426	17,954,335	98.95%
2011	17,717,289	482,943	18,200,232	17,372,203	95.45%	690,002	18,062,205	99.24%
2012	18,086,112	(41,949)	18,044,163	17,297,322	95.86%	587,118	17,884,440	99.11%
2013	19,312,592	539,791	19,852,383	18,975,609	95.58%	687,156	19,662,765	99.04%
2014	20,736,283	453,686	21,189,969	20,418,390	96.36%	562,251	20,980,641	99.01%
2015	22,506,743	370,414	22,877,157	22,135,439	96.76%	489,487	22,624,926	98.90%
2016	23,702,386	173,631	23,876,017	23,149,210	96.96%	-	23,149,210	96.96%

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

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

Levy Year	Original Levy	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 1,270,405	\$ 407,528	\$ 1,677,933	\$ 1,607,309	95.79%	\$ 67,417	\$ 1,674,726	99.81%
2008	1,492,012	285,442	1,777,454	1,694,729	95.35%	78,983	1,773,712	99.79%
2009	1,763,319	233,339	1,996,658	1,916,851	96.00%	76,944	1,993,795	99.86%
2010	1,609,746	91,348	1,701,094	1,630,457	95.85%	68,084	1,698,541	99.85%
2011	1,718,915	256,720	1,975,635	1,903,400	96.34%	67,156	1,970,556	99.74%
2012	1,982,449	116,354	2,098,803	2,018,240	96.16%	77,633	2,095,873	99.86%
2013	2,212,716	175,910	2,388,626	2,275,933	95.28%	109,041	2,384,974	99.85%
2014	2,559,126	343,054	2,902,180	2,709,070	93.35%	101,239	2,810,309	96.83%
2015	2,846,803	423,288	3,270,091	3,030,026	92.66%	132,293	3,162,319	96.70%
2016	3,144,338	502,666	3,647,004	3,381,874	92.73%	-	3,381,874	92.73%

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

LANCASTER COUNTY, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities						Total Outstanding Debt	Percentage of Personal Income	Per Capita
	General Obligation Bonds	SCAGO Public Facilities Installment Purchase Revenue Bonds	Capital Leases	Special Source Revenue Bonds	Mortgages Payable	Unamortized discount/premium on debt			
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
2017	34,589,492	-	2,038,778	7,154,382	-	2,929,225	46,711,877	2.48%	521

Notes:

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

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net G.O. Bonds Outstanding</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Debt Per Capita (2)</u>
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
2017	34,589,492	1,631,995	32,957,497	0.50%	368

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, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable to County</u>	<u>Amount Applicable to County</u>
Direct debt:			
Lancaster County	<u>\$ 46,711,877</u>	100%	<u>\$ 46,711,877</u>
Overlapping debt:			
City of Lancaster	628,997	100%	628,997
Lancaster School District	<u>205,529,822</u>	100%	<u>205,529,822</u>
Total overlapping debt	<u>206,158,819</u>		<u>206,158,819</u>
Total direct and overlapping debt	<u><u>\$ 252,870,696</u></u>		<u><u>\$ 252,870,696</u></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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 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	\$ 27,880,673
Total Net G.O. Debt Applicable to Limit	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	14,737,497
Legal debt margin	\$ 3,147,228	\$ 6,639,466	\$ 8,692,574	\$ 3,128,094	\$ 6,581,015	\$ 7,175,491	\$ 8,761,339	\$ 12,518,561	\$ 9,413,178	\$ 13,143,176
Total Net G.O. Debt Applicable to the to the Limit as a Percentage of Debt Limit	82.96%	68.17%	59.64%	85.46%	71.89%	68.41%	62.84%	49.25%	64.01%	52.86%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value (1)	\$ 346,946,337
Add back: exempt Merchant Inventory (2)	1,562,070
Total assessed value	348,508,407
Debt limit (8% of assessed value) (3)	27,880,673
Debt applicable to limit:	
Total general obligation bonds	34,589,492
Less amount set aside for repayment of GO debt (4)	(1,631,995)
Less G.O. bonds not applicable to 8% debt limit (5)	(18,220,000)
Net G.O. bonds applicable to limit	14,737,497
Legal debt margin without a referendum (6)	\$ 13,143,176

Notes:

- (1) Property value data can be found in the Assessed Value and Estimated Actual Value of Taxable Property schedule. Fee-in-lieu, joint industrial park, and reimbursement assessments are not included in the assessed value for debt limit calculation.
- (2) Business inventory is exempt from tax, but its 1987 assessed value of \$1,562,070 is included in the computation of the legal debt margin.
- (3) The legal debt limit is 8 percent of total assessed value.
- (4) This is the amount available for 8% debt only. The account also has funds from a premium on the \$16.5M referendum bond issue and that amount is not included here.
- (5) GO bonds for the Pleasant Valley Fire District are not subject to the 8% debt limit. Special fire fees are assessed to pay this bond as approved by the voters. Also, a \$16,500,000 referendum bond was issued in FY2015 and is not subject to the 8% debt limit.
- (6) The legal debt margin is the government's available borrowing under SC Code of Laws and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

LANCASTER COUNTY, SOUTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	County Population (1)	Total Personal Income (in thousands) (1)	Per Capita Personal Income *	School Enrollment (2)	County Unemployment Rate (3)
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%
2017	89,594	2,020,076	22,547	12,758	4.6%

Sources:

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

(2) Lancaster County School District.

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

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

LANCASTER COUNTY, SOUTH CAROLINA

PRINCIPAL EMPLOYERS CURRENT YEAR AND NINE YEARS AGO

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Red Ventures	2,300	1	5.95%			
Lancaster County Schools	1,767	2	4.57%	1,600	1	5.33%
Lancaster County	960	3	2.49%	467	5	1.56%
Springs Memorial Hospital	750	4	1.94%	731	2	2.44%
Movement Mortgage	725	5	1.88%			0.00%
Cardinal Health	625	6	1.62%	562	3	
Continental Tire	546	7	1.41%			0.00%
Duracell (Gillette)	405	8	1.05%	400	7	
Founders Federal Credit Union	360	9	0.93%	250	8	
Oceana Gold	327	10	0.85%			
KMG America				500	4	1.67%
Wal-Mart (1)				459	6	1.53%
Springs Industries				200	9	0.67%
City of Lancaster				175	10	0.58%
Total	<u>8,765</u>		<u>22.69%</u>	<u>5,344</u>		<u>13.77%</u>
Total Labor Force	38,630			29,999		

Source: Lancaster County Economic Development Corporation and SC Department of Employment and Workforce
(1) Industry was not included in the 2017 survey

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government Administration	84.00	87.00	88.50	91.00	89.00	90.00	90.00	96.00	102.00	103.00
Administration of Justice	27.50	27.50	29.00	29.00	29.00	31.00	34.00	36.00	38.00	37.00
Culture & Recreation	46.00	54.00	57.50	55.00	55.00	56.00	58.00	62.00	71.00	69.00
Public Safety & Law Enforcement	140.00	152.00	165.50	166.00	172.00	187.00	210.00	226.00	240.00	243.00
Public Works	41.50	42.50	39.00	41.00	41.00	41.00	43.00	45.00	49.00	47.00
Public Health & Welfare	74.00	83.00	83.50	73.00	75.00	80.00	81.00	79.00	85.00	84.00
	<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>	<u>583.00</u>

Source: Lancaster County Payroll Department

LANCASTER COUNTY, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Administration of Justice										
Clerk of Court general sessions cases disposed	1,591	1,550	2,224	1,654	1,541	1,910	1,929	1,977	2,869	2,059
Clerk of Court common pleas cases disposed	3,306	1,660	1,910	1,811	1,870	2,210	2,172	2,533	1,715	1,654
Family Court cases disposed	827	975	997	765	907	820	735	1,034	818	994
Magistrate Court										
Criminal Docket total cases filed	2,442	2,258	2,623	2,379	2,570	2,562	2,493	2,300	2,551	2,671
Traffic Docket total cases filed	10,162	11,163	9,025	8,402	9,562	9,933	11,209	8,604	10,645	11,537
Civil Docket total cases filed	2,237	2,535	2,314	2,181	2,335	2,149	2,348	2,418	2,437	2,536
Public Safety & Law Enforcement										
Detention Center - Total number incarcerated (1)	4,160	3,851	3,519	3,427	2,938	3,477	3,366	3,261	2,997	3,351
Fire Service - Total number of calls (1)	3,311	3,250	3,306	3,600	3,612	3,644	3,533	4,543	5,948	6,368
Sheriff Department (1)										
Criminal arrests	2,802	1,905	2,374	2,284	2,047	3,034	3,493	3,415	4,125	4,651
Traffic cases	4,177	4,115	4,405	3,388	1,977	2,810	3,081	4,481	4,167	3,793
Arrest warrants served	2,778	2,920	2,094	1,855	1,648	2,449	2,492	2,686	2,151	2,591
Fraudulent check warrants served	430	351	277	64	106	116	139	60	64	35
Number of animal complaints responded to	2,538	2,495	4,503	4,292	4,812	5,618	3,634	3,712	4,191	4,658
Public Works										
Road maintenance - total work orders	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,645
Solid Waste										
Tons of household/inert garbage disposed of	n/a	n/a	n/a	n/a	n/a	n/a	11,755	11,679	11,616	11,363
Tons of recyclables collected	n/a	n/a	n/a	n/a	n/a	n/a	735	770	836	709
Public Health & Welfare										
Animal Control										
Number of animals through shelter	5,042	4,771	4,611	4,462	4,896	4,338	3,611	3,992	3,433	3,387
EMS - Total number of calls (1)	10,637	11,452	12,289	13,334	12,313	12,497	12,530	14,891	14,880	15,144

Sources: Various county departments

Note: Indicators are not available for the general government function. Also, statistics were not available for FY08 thru FY13 for solid waste and FY08 thru FY16 for public works.

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

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety and law enforcement										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of police sub-stations	2	2	2	3	4	4	3	3	3	3
Number of police vehicles	90	112	112	116	111	116	123	135	143	135
Number of fire stations	19	18	18	18	18	18	18	18	18	18
Number of fire sub-stations	2	2	2	2	3	3	3	3	3	3
Public works										
Miles of unpaved roads maintained	n/a	n/a	n/a	n/a	n/a	n/a	214.84	215.84	215.84	215.84
Miles of paved roads maintained	n/a	n/a	n/a	n/a	n/a	n/a	164.81	168.76	168.76	200.81
Public health and welfare										
Number of EMS stations	7	7	7	7	8	8	8	8	8	8
Number of emergency vehicles*	21	22	22	23	23	25	25	33	37	31
Culture and recreation										
Number of parks	13	13	13	13	13	15	15	16	16	16
Number of recreation centers	4	4	4	4	4	4	4	4	4	4
Number of libraries	2	3	3	3	3	3	3	3	3	3

Source: Various county departments

Note: Capital asset indicators are not available for the general government function or the administration of justice function. Public works statistics were not available for FY2008 thru FY2013.

*Beginning in FY2015, QRV vehicles are included.

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lancaster County, South Carolina, as of and for the year ended June 30, 2017, 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 24, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lancaster County, South Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Macon, Georgia
November 24, 2017



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

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

Report on Compliance for Each Major Federal Program

We have audited Lancaster County, South Carolina's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2017. The County's major federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Mauldin & Jenkins, LLC

LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Total Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Justice</u>				
(Passed through the SC Department of Public Safety)				
SCDPS Domestic Violence	16.738	1G16004	\$ 78,515	\$ -
Narcotic Investigation Enhanced Unit	16.738	1G5033	65,038	-
Edward Byrne Memorial Assistance Grant Program	16.738	2015-DJ-BX-0193	17,068	-
			<u>160,621</u>	<u>-</u>
Bulletproof Vest Partnership Program	16.607	N/A	2,273	-
Violence Against Women	16.590	2016-WE-AX-0024	82,308	-
Victims Advocate	16.575	1V15211	59,972	-
			<u>305,174</u>	<u>-</u>
Total U.S. Department of Justice				
<u>U.S. Department of Homeland Security</u>				
(Passed through the SC Emergency Management Division)				
Homeland Security Grant Program	97.067	PDMC-PL-04-SC-2015-007	6,225	-
			<u>6,225</u>	<u>-</u>
Emergency Management Performance Grants	97.042	15EMPG01	661	-
Emergency Management Performance Grants	97.042	14EMPG01-Supplemental	15,980	-
Emergency Management Performance Grants	97.042	16EMPG1	58,643	-
			<u>75,284</u>	<u>-</u>
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2014-FF-00085	224,208	-
			<u>224,208</u>	<u>-</u>
			<u>305,717</u>	<u>-</u>
Total U.S. Department of Homeland Security				
<u>U.S. Department of Health and Human Services</u>				
(Passed through the SC Department of Social Services)				
Child Support Enforcement	93.563	N/A	152,604	-
TANF Cluster				
Temporary Assistance for Needy Families - TANF Block Grant	93.558	N/A	22,205	-
CCDF Cluster				
Child Care Development Fund	93.575	N/A	103	-
Medicaid Cluster				
Medicaid Assistance Program	93.778	N/A	2,764	-
Social Services Block Grant Administration	93.667	N/A	3,319	-
Family Preservation (CWS Part II)	93.556	N/A	164	-
Child Welfare Services	93.645	N/A	-	-
ARRA - Foster Care	93.658	N/A	8,485	-
Other	N/A	N/A	14,451	-
			<u>26,419</u>	<u>-</u>
			<u>204,095</u>	<u>-</u>
Total U.S. Department of Health and Human Services				

LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Total Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Agriculture</u>				
(Passed through the SC Department of Social Services)				
SNAP Cluster				
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	N/A	\$ 16,908	\$ -
Total U.S. Department of Agriculture			<u>16,908</u>	<u>-</u>
<u>U.S. Department of Transportation</u>				
Airport Improvement Program	20.106	3-45-0034-017-2014	29,120	-
Airport Improvement Program	20.106	3-45-0034-018-2015	23,324	-
Airport Improvement Program	20.106	3-45-0034-019-2017	17,916	-
			<u>70,360</u>	<u>-</u>
(Passed through the SC Department of Public Safety)				
Highway Safety Cluster				
State and Community Highway Safety Program	20.600	2JC16006	24,264	-
State and Community Highway Safety Program	20.600	PT-2016-HS-33-16	143,575	-
State and Community Highway Safety Program	20.600	PT-2017-HS-33-17	114,239	-
			<u>282,078</u>	<u>-</u>
(Passed through the SC Emergency Management Division)				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0477-15-01-00	4,600	-
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0566-1601-00	40,639	-
			<u>45,239</u>	<u>-</u>
Total U.S. Department of Transportation			<u>397,677</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
(Passed through the SC Department of Commerce)				
Community Development Block Grant	14.228	4NP-14-004	447,716	-
Community Development Block Grant	14.228	4-RP-15-003	52,500	-
Community Development Block Grant	14.228	4-CI-15-021	16,611	-
			<u>516,827</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>516,827</u>	<u>-</u>
<u>U.S. Department of Commerce</u>				
Economic Development Cluster				
Investments for Public Works and Economic Development Facilities	11.300	#04-01-06876	149,325	-
Total U.S. Department of Commerce			<u>149,325</u>	<u>-</u>
<u>U.S. Institute of Museum and Library Services</u>				
Library Services and Technology Program	45.310	IID-16-06	1,132	-
Library Services and Technology Program	45.310	IIIA-16-27	220	-
			<u>1,352</u>	<u>-</u>
Total U.S. Institute of Museum and Library Services			<u>1,352</u>	<u>-</u>
<u>U.S. Department of the Interior</u>				
Civil War Battlefield Land Acquisition	15.928	P16AP00213	302,240	-
Civil War Battlefield Land Acquisition	15.928	P16AP00442	130,399	-
			<u>432,639</u>	<u>-</u>
Total U.S. Department of Interior			<u>432,639</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 2,329,714</u>	<u>\$ -</u>

LANCASTER COUNTY, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2017.

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, 2017

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? ☐ Yes ☒ No

Significant deficiencies identified not considered to be material weaknesses? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal Control over major programs:
Material weaknesses identified? ☐ Yes ☒ No

Significant deficiencies identified not considered to be material weaknesses? ☐ Yes ☒ None Reported

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

Any audit findings disclosed that are required to be reported in
accordance with the Uniform Guidance? ☐ Yes ☒ No

Identification of major programs:

CFDA Number

15.928

Name of Federal Program or Cluster

U.S. Department of Interior – Civil War Battlefield
Land Acquisition

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 ☐ No

LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
SCHEDULE OF PRIOR YEAR FINDINGS

None reported.