

# Lancaster County, South Carolina

## Comprehensive Annual Financial Report

*For the Year Ended June 30, 2012*

***LANCASTER COUNTY,  
SOUTH CAROLINA***

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

***For the Fiscal Year Ended  
June 30, 2012***

Issued By  
Lancaster County Finance Department

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**LANCASTER COUNTY, SOUTH CAROLINA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2012**

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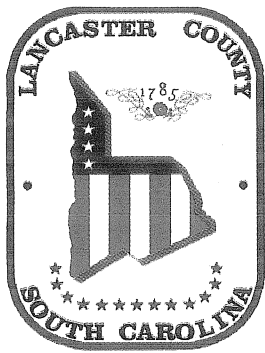
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## **INTRODUCTORY SECTION**



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## Lancaster County

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

Telephone:  
803-285-1565

November 30, 2012

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, 2012.

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 McAbee, Talbert, Halliday, & Co. was selected by the County Council to conduct an audit of the accompanying financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Lancaster County for the fiscal year ended June 30, 2012, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion on the County's financial statement for the year ended June 30, 2012. The independent auditor's report is included at the beginning of the financial section of this report.

In addition to meeting the South Carolina statutory requirements, the audit of the financial statements was designed to meet the federally mandated requirements of the Single Audit Act, as amended by the Single Audit Act of

1996, and the U.S. Office of Management and Budget's Circular A-133. These standards require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements applicable to the administration of federal grants. The independent auditor's reports related specifically to the Single Audit are included in the Single Audit Section.

Generally Accepted Accounting Principles (GAAP) require that management provide Management's Discussion and Analysis (MD&A), which is a narrative introduction, overview, and analysis of the accompanying basic financial statements. This letter of transmittal is designed to complement the MD&A which immediately follows the report of the independent auditor in the financial sections.

### ***PROFILE OF THE GOVERNMENT***

Lancaster County, South Carolina is located in the north central section of the State, and is bounded on the west by the Catawba River and Sugar Creek, on the east by Lynches River, on the South by Kershaw County, and on the north by Mecklenburg and Union counties of North Carolina. Lancaster County's low taxes and close proximity to the Mecklenburg County, the Charlotte Douglas International Airport and Interstate 485 makes it an ideal place to work and live. With a 2011 estimated population of 77,908, the County was established in 1785 and includes three incorporated municipalities: Lancaster, Kershaw, and Heath Springs. The City of Lancaster, the county seat, is located 37 miles south of Charlotte, North Carolina and 60 miles north of Columbia, South Carolina, the state capital. The mission of Lancaster County government is to continuously strive to provide progressive quality public services in a timely fashion and in a cost effective manner.

Major industries include:

- Duracell USA, a leading energy company and one of the world's leading manufacturers of high-performance alkaline batteries.
- Cardinal Health, a global healthcare products and services company, which employs about 600 employees.
- Red Ventures, an internet marketing and sales company, which employs 1,250 employees.
- Springs Memorial Hospital, a 231-bed hospital, employs 584 and was recently named one of the nation's top performers on key quality measures.
- Continental Tire, one of the leading automotive tire suppliers worldwide, employs 400.

The County has a two-year university, the University of South Carolina at Lancaster, located on a 150-acre campus. The college is a regional campus of

the University of South Carolina located in Columbia, SC. USC-L's enrollment is expected to reach 2000.

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

The County provides a number of services such as law enforcement, fire protection, solid waste management, and roads & bridges primarily to residents of its unincorporated areas. The County also provides a variety of administrative services for its residents which includes: voter registration, tax assessment & collection, and health & welfare. In addition, the County is financially accountable for the County Library, County Recreation and County Airport, all of which are reported as special revenue funds in the financial statements.

Lancaster County government strives to maintain financial integrity and accountability in budgetary and internal controls. The objective of these controls is to ensure compliance with legal provisions contained in the annual budget approved by County Council and ensure fiscal accountability to its citizens.

Each year, the budget process requires all County departments and agencies to submit requests for appropriations to the County Administrator. On the basis of the Administrator's recommendations, the Finance Director prepares a draft budget. The proposed budget is presented to the County Council for review and approval. The Council holds three readings, a public hearing and adopts the budget no later than June 30.

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

Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. For the general and major special revenue funds, this comparison is presented on pages 52 through 54 as part of the basic financial statements. Other special revenue funds budget-to-actual comparisons are presented as supplementary information on pages 60 through 69. For the debt service fund, the comparison is presented on page 70.

## ***FACTORS AFFECTING ECONOMIC CONDITION***

### ***Local Economy***

Like most of the Country, the County has experienced some downturn in the new housing market over the past few years. However, the Building & Zoning department is beginning to see a slight increase in permitting activity. The retail market has increased with many store openings in the northern part of Lancaster. We expect the trend to continue through fiscal year 2013 which will bring additional jobs to the area. The County's unemployment was 13.9% in July 2011 and 12.9% in June 2012. As of October 2012, the unemployment rate decreased to 10.8%.

### ***Long-term Financial Planning***

County Council utilizes its Strategic Plan as a mechanism for budgetary and operational planning. The strategic plan includes eight strategic priorities and can be found on the County's website at [www.mylancastersc.org](http://www.mylancastersc.org). Update meetings occur annually in January. One of the strategic initiatives is to maintain financial stability by keeping healthy reserves and positive cash flow.

The County also drafted a ten year CIP (Capital Improvement Plan). The CIP was adopted in fiscal year 2013 and will be used as a valuable planning tool for subsequent budget years.

### ***Relevant financial policies***

The County's financial policies were created with the general purpose of enabling the County to achieve a long-term stable and positive financial condition. Below are some of the relevant financial policies:

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

### ***Major Initiatives***

The County provides law enforcement, fire and emergency medical services for its citizens. In order to provide these services in an effective and efficient

manner, Council's first strategic goal is to align public safety resources to meet the needs of the citizens. To accomplish this goal, the County created a new 911 Director position. The County also created a distinctly separate 911 department which was once under the leadership of the County Sheriff. The County's fiscal year 2013 budget includes eight new telecommunications positions and upgrades to all 911 hardware and software. The County is also relocating its Sheriff's Department which will provide more space for an efficient 911 operations.

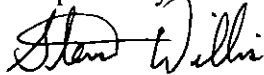
#### ***Awards and Acknowledgements***

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, 2011. This is the thirteenth consecutive year the County has received this award. In order to be awarded a Certificate of Achievement, Lancaster County published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

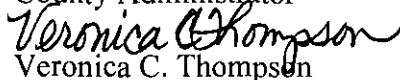
The preparation of the comprehensive annual financial report would not have been possible without the assistance of the Finance Department staff. The hard work and dedication of these individuals significantly contributed to the completion of this document. Moreover, the support and leadership of the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

Respectfully submitted,



Steve Willis

County Administrator



Veronica C. Thompson  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Lancaster  
South Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



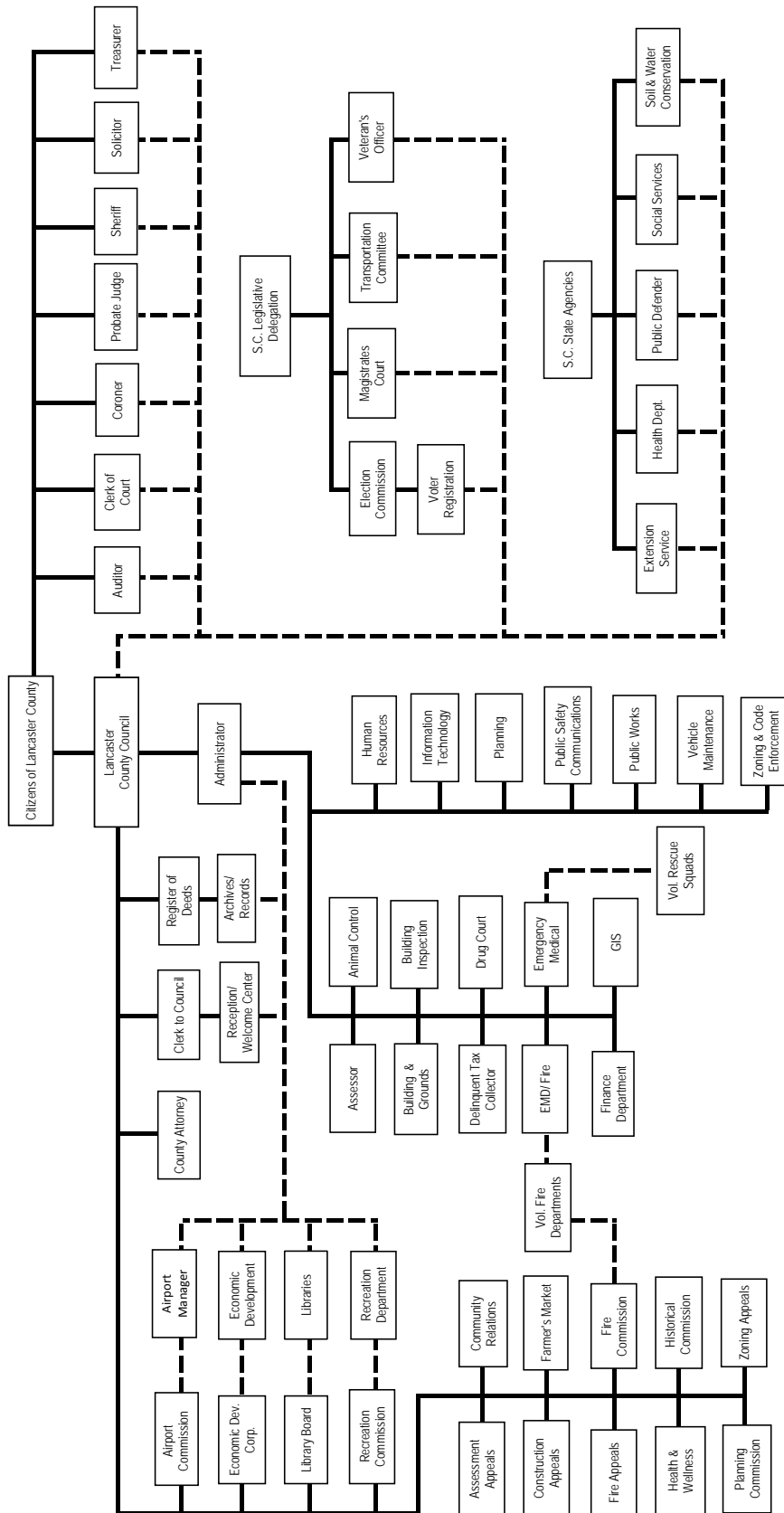
*Linda C. Dandson*

President

*Jeffrey R. Emer*

Executive Director

LANCASTER COUNTY, SOUTH CAROLINA  
ORGANIZATIONAL CHART  
FOR THE YEAR ENDED JUNE 30, 2012



Direct Authority - solid line  
Budgetary and/or Partial Policy Authority - dashed line  
Partial Policy Authority - dotted line



**LANCASTER COUNTY, SOUTH CAROLINA  
PRINCIPAL OFFICIALS**

*For the Year Ended June 30, 2012*

***MEMBERS OF COUNTY COUNCIL***

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

***ELECTED OFFICIALS***

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

***ADMINISTRATIVE OFFICIALS***

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

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Lancaster County Council  
Lancaster County  
Lancaster, South Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lancaster County, South Carolina (the County), as of , and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

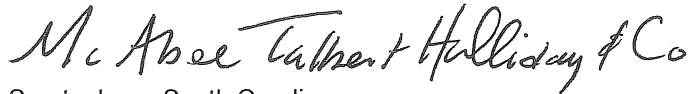
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lancaster County, South Carolina, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and the schedule of funding progress for the retiree health plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Spartanburg, South Carolina  
November 30, 2012

## LANCASTER COUNTY, SOUTH CAROLINA

### Management's Discussion and Analysis

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As management of Lancaster County, South Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal beginning on page 1 and the County's financial statements.

#### *Financial Highlights*

- Lancaster County's assets exceeded its liabilities at the close of the most recent fiscal year by \$67,466,115 in the Statement of Activities. Of that amount, \$13,884,941 was available to meet ongoing obligations.
- The County's combined governmental funds reported ending fund balances of \$36,769,200, a decrease of \$4,436,322 from the prior year.
- Unassigned fund balance for the General Fund was \$13,905,577, which is 42 percent of total general fund expenditures.

#### *Overview of the Financial Statements*

The following discussion and analysis is intended to serve as an introduction to Lancaster County's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

#### **Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. These statements consist of a statement of net assets and a statement of activities, which report information about the overall financial position and activities of Lancaster County government as a whole.

The *statement of net assets* presents information on all the County's assets and liabilities, with the difference between the two reported as net assets. One can think of the County's net assets as a way a measure of financial health. Over time, increases or decreases in the County's net assets are one indicator of whether financial health is improving or deteriorating.

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

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

## LANCASTER COUNTY, SOUTH CAROLINA

### Management's Discussion and Analysis

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Corporation for Lancaster County. The government-wide financial statements can be found on pages 23 and 24 of this report.

#### **Fund financial statements**

The fund financial statements provide more detailed information about the County's most significant funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Lancaster County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

#### *Governmental funds*

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

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

The County maintains twenty-three individual governmental funds. The General Fund, which is considered to be a major fund, accounts for all financial resources except those required to be accounted for in another fund. The Capital Projects Sales Tax Fund, used to account for a voter approved 1 cent sales tax is also considered a major fund. The SCAGO Public Facilities Corporation Debt Service Fund, used to account for installment purchase debt, is the major capital projects fund. The County's remaining twenty funds, (8) capital projects funds, (11) special revenue funds, and (1) debt service funds, are presented as non-major funds.

Lancaster County adopts an annual appropriated budget for its general, debt service and special revenue funds. Project length budgets are adopted for the capital projects fund. Budgetary comparison statements have been provided for the general fund and the special revenue funds as required supplementary information. Budgetary comparisons for the debt service and capital projects funds are included as other supplementary information.

The governmental fund financial statements can be found on pages 25 through 28 of this report.

#### *Fiduciary funds*

Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others. The resources of fiduciary funds are not available to

## **LANCASTER COUNTY, SOUTH CAROLINA**

### **Management's Discussion and Analysis**

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support the County's programs and are therefore excluded from the government-wide financial statements. The statement of fiduciary fund net assets can be found on page 29 of this report.

#### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and government fund financial statements. The notes to the financial statements begin on page 30.

#### **Other information**

To facilitate analysis, in addition to the basic financial statements and accompanying notes, this report presents the previously mentioned budgetary comparisons for the debt service and capital projects funds, a combining schedule of changes in agency fund net assets, information about the County's capital assets, and a schedule required by state law applicable to expenditures on behalf of victims of crime. This supplementary information begins on page 52.

### *Government-wide Financial Analysis*

As noted earlier, the statement of net assets presents the difference between the County's assets and liabilities and over time may serve as an indicator of its financial position. In the case of Lancaster County, assets exceeded liabilities by \$67,466,115 at the close of the most recent fiscal year.



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

The following table presents a summary of the statement of net assets as of June 30, 2012:

<b>Lancaster County's Net Assets</b>		
	<u>Governmental Activities</u>	
	FY 2012	FY 2011
Current and other assets	\$48,202,400	\$52,943,419
Capital assets	83,528,892	83,098,234
<b>Total assets</b>	<b>\$131,731,292</b>	<b>\$136,041,653</b>
Long-term liabilities outstanding	\$59,000,856	\$64,445,181
Other liabilities	5,264,321	5,343,611
<b>Total liabilities</b>	<b>\$64,265,177</b>	<b>\$69,788,792</b>
Net assets:		
Invested in capital assets, net related of debt	\$33,996,194	\$37,890,060
Restricted	19,584,980	13,025,845
Unrestricted	13,884,941	15,336,956
<b>Total net assets</b>	<b>\$67,466,115</b>	<b>\$66,252,861</b>

By far the largest portion (51%) of Lancaster County's **net assets** reflects net assets invested in capital assets less any related outstanding debt which was used to acquire those assets. The restricted portion of Lancaster County's net assets (29%) represents resources that are subject to external restrictions on their use such as funds for property tax reduction and gasoline tax revenue. **Current and other assets** declined from last fiscal year due to activity in the SCAGO Project fund, funded with Installment purchase bonds, is almost complete. **Long-term liabilities outstanding** decreased due to debt payments for the SCAGO Installment Purchase Bond which funded the County's Justice Center. At the end of the current fiscal year, the County is able to report positive balances in all three categories of net assets.

# LANCASTER COUNTY, SOUTH CAROLINA

## Management's Discussion and Analysis

The table below summarizes the change in net assets for the County for the year ended June 30, 2012:

<b>Lancaster County's Changes in Net Assets</b>		
	<u>Governmental Activities</u>	
	<u>FY 2012</u>	<u>FY 2011</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 9,168,131	\$ 8,196,966
Operating grants & contributions	4,163,480	4,556,750
Capital grants & contributions	352,064	2,123,502
General Revenues:		
Property taxes	26,759,326	26,039,328
Other taxes & licenses	1,655,168	1,413,273
Local option sales tax, levied for capital proj.	6,924,788	6,385,293
Unrestricted grants & contributions	3,511,437	3,720,738
Unrestricted interest income	54,753	106,003
Other	(813)	548,821
Total revenues	52,588,334	53,090,674
Expenses:		
General government	13,494,007	10,983,933
Administration of justice	1,932,950	1,577,496
Public safety and law enforcement	13,113,668	11,351,803
Public works	6,741,646	5,880,894
Public health & welfare	6,292,159	6,008,383
Economic development	3,540,574	4,348,071
Culture & recreation	3,397,778	3,285,128
Interest on long-term debt	2,326,543	2,324,729
Total expenses	50,839,325	45,760,437
Increase (Decrease) in net assets before extraordinary item	1,749,009	7,330,237
Extraordinary Item	0	382,983
Increase in net assets	1,749,009	7,713,220
Net assets- beginning of year (restated)	65,717,106	58,539,641
Net assets- end of year	\$67,466,115	\$66,252,861

For fiscal year 2012, the government's net assets increased by \$1,749,009 compared to FY11. Overall, total revenues decreased in fiscal year 2012 by \$502,340 and total expenses increased \$5,078,888 for all governmental activities. Capital grants & contributions declined due to the fact that last fiscal year the County accepted more roads from subdivisions & received land and building donations.

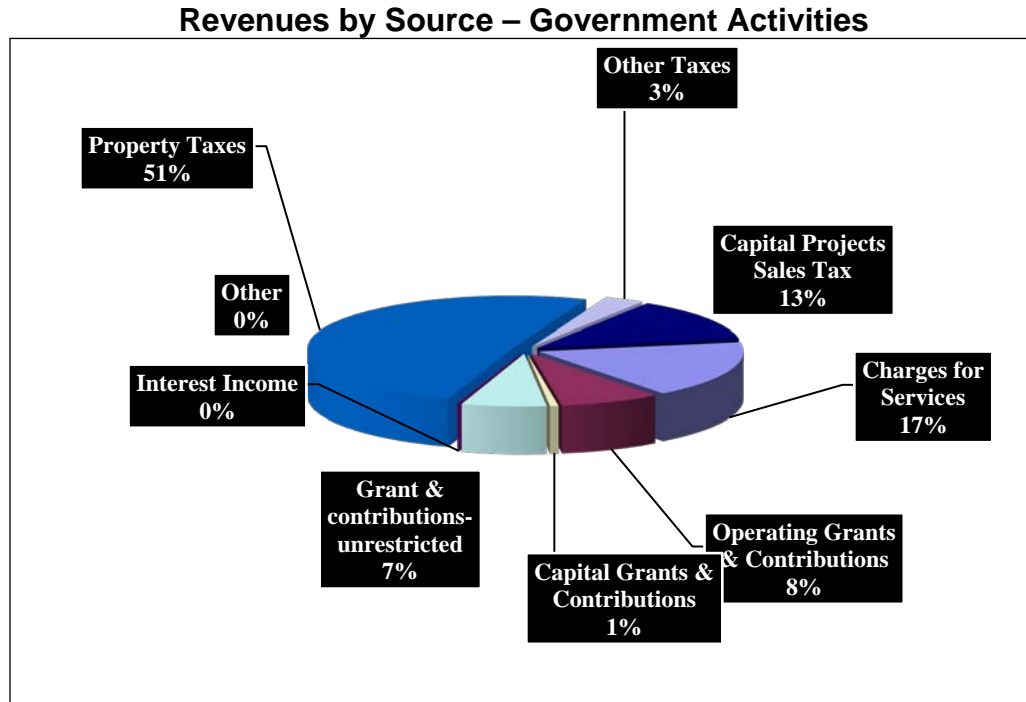
**Property taxes** received increased \$719,998 overall due to a combination of the following: an increase in delinquent collections, a 7% increase in local option rollback revenue and an 8%

## LANCASTER COUNTY, SOUTH CAROLINA

### Management's Discussion and Analysis

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increase in local option revenue. **Local option sales tax levied for capital projects**, specifically the Justice Center, increased \$539,495. This increase is attributed to an overall increase in 1 cent sales tax throughout the County.



The total cost of all governmental expense activities for the County increased since FY11. While many expense groups remained relatively unchanged, there were a few groups that either increased or decreased. **General Government** expenses were the largest increase at \$2,510,074. This was partly because of a \$1,020,000 lease purchase agreement with the City of Lancaster. There was also a major legal expense that occurred due to a legal matter.

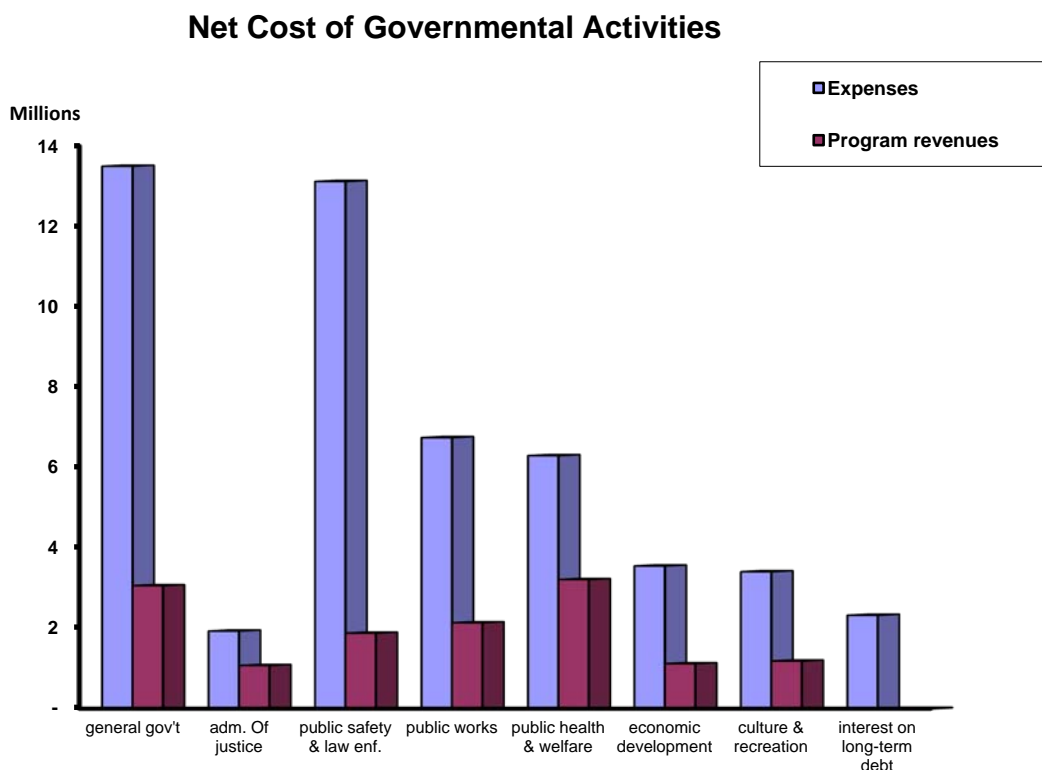
Providing activities for **Public safety and law enforcement** expenses was the next largest expense (26%) for the fiscal year. It increased partially due to funding a Fire Instructor for a program at the high school. There was also additional full time firefighter positions added to the Indian Land Fire District funded by fire fees. Expenses for **Economic Development** declined by \$807,497 compared to FY11. Last year the County received a number of grants to attract companies and this fiscal year there was little grant activity.

## LANCASTER COUNTY, SOUTH CAROLINA

### Management's Discussion and Analysis

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



### *Financial Analysis of the County's Funds*

As noted earlier, Lancaster County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, 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 **General Fund** is the major governmental fund of the County. At the end of the fiscal year, Lancaster County reported an overall decline in fund balances of \$1,306,396. Unassigned fund balance was \$13,905,577 compared to \$15,727,979 last fiscal year. The decline was mostly due to appropriating fund balance to settle a legal matter. The County continues to maintain a healthy fund balance due to conservatively estimating revenues and controlled spending.

The **Capital Projects Sales Tax Fund**, also reported as a major fund, increased its fund balance by \$854,698. This special revenue fund accounts for 1 cent sales tax approved by voters in November 2008 and funds the debt for the new Justice Center. Sales Tax revenue collections have increased since last fiscal year which led to the increase. With new retail and other businesses locating in the County, we expect this upward trend to continue.

## LANCASTER COUNTY, SOUTH CAROLINA

### Management's Discussion and Analysis

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**Other Governmental Funds** include the debt service, capital projects, and other special revenue funds. The decline is due to activity in the Bond Projects Fund, Edenmoor Special Assessments Fund, and the SCAGO Public Facilities Fund. The total fund balance of all the governmental funds reached \$36,769,200.

#### *General Fund Budgetary Highlights*

A budgetary comparison schedule is included for the general fund on pages 52-53. After accounting for other financing uses, the net change in fund balance was a decline of \$1,306,396. As stated earlier, this decrease reflects expenditures for a legal matter. Actual revenues were above budgetary estimates by \$599,830. Actual expenditures were above budgetary appropriations by \$208,655 due to accounting for a lease purchase agreement with the City to acquire a building. The County also transferred \$2,015,259 from the General Fund to provide funding for the following:

- \$954,210 funding for the Library's employees, benefits, & some operating costs;
- \$880,428 funding for the Recreation Fund;
- Support for the Airport operations of \$40,000;
- \$100,000 to the Pleasant Valley Fire Department (fire truck) which will be paid back over five year period;
- \$40,621 restricted for Victims Service was transferred to create a new fund.

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

- **Property Taxes** - While sales tax revenue exceeded budgetary estimates by \$219,104, real & personal property tax collections were \$236,000 below estimates. Delinquent collections were \$387,437 above estimates due to the Edenmoor development being taken over by another developer;
- **Charges for Services** collections were favorable (\$317,561). Delinquent collections costs exceeded estimates again due to the Edenmoor development. EMS charges exceeded estimates due to the volume of services & collections through set off debt;
- **Investment Earnings** ended with an unfavorable variance due to the economy. The estimate for FY13 was lowered significantly to reflect potential modest earnings.

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

- Council (\$1,312,520) - Unpredicted legal expenses for various projects and also entering into a lease purchase with the City to purchase a building in the amount of \$1,020,000;
- Human Resources (\$73,384) - Unforeseen labor attorney costs due to a legal matter;
- Coroner (\$33,525) - An increase in the number of autopsies;
- EMS (\$212,997) - Overtime & part time cost.

## LANCASTER COUNTY, SOUTH CAROLINA

### Management's Discussion and Analysis

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

- Other local taxes and tariffs \$308,000 - Council voted to increase road fees by \$5;
- Direct Assistance to other agencies – Agencies removed from the original budget were funded by an amendment to the budget. Also, Council agreed to fund USCL an additional \$164,177 to assist with building improvements;
- Council (\$654,409) - Legal costs due to a settlement and budget was increased to reflect grant matches in the amount of \$118,326;
- Sheriff's department (\$153,383) - Council approved to bring the department to full staff;
- Voter Registration (\$51,894) – Purchased additional voting machines to prepare for Presidential election;
- Emergency Management - Council approved \$390K to purchase generator & antenna and improve the building purchased from the City;
- Fire Commission (\$111,000) - Brush Truck and other miscellaneous services were not included in the original budget. Council approved to include items at a later date;
- Roads and Bridges - The road fee was increased by \$5 to provide funds for road maintenance;
- EMS - budget amended for legal matter and Council also added \$188,760 to provide coverage for the northern portion of the County;

#### *Capital Assets*

Lancaster County's investment in capital assets for its governmental activities as of June 30, 2012, totaled \$83,528,892, net of accumulated depreciation. This investment in capital assets includes land, buildings and building improvements, vehicles, furniture and equipment. The roads, highways and bridges (i.e., infrastructure assets) added during the fiscal year are also included.

<b>Lancaster County's Capital Assets (net of depreciation)</b>		
	<u>Governmental Activities</u>	
	FY 2012	FY 2011
Land	\$ 5,670,731	\$ 5,460,731
Buildings & Improvements	53,380,471	49,099,532
Vehicles	7,637,170	8,215,314
Furniture & Equipment	7,425,762	7,717,171
Infrastructure	8,805,187	8,914,766
Construction in Progress	609,571	3,690,720
Total	<u>\$83,528,892</u>	<u>\$83,098,234</u>

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

- \$1,538,584 - Purchased land & building from the City of Lancaster. Also made building improvements to the building;

# LANCASTER COUNTY, SOUTH CAROLINA

## Management's Discussion and Analysis

- \$270,045 - Constructed EMS building;
- \$225,006 - Security monitoring system at the Detention Center;
- \$108,967 - Time & Attendance system;
- \$122,733 - HVAC upgrades for the Library paid for with a grant;
- \$262,894 - Administration Building improvements;
- \$121,807 - Fire substation building;
- \$486,908 - Fire truck for PVFD;
- \$87,790 - Activity Bus for Recreation;
- \$229,247 - Subdivision roads accepted by the County from various subdivisions;
- \$347,993- CTC roads paved with restricted funds;
- The Sheriff department purchased vehicles in the amount of \$188,349 paid for with Capital Improvement funds;
- \$343,902 - Construction in Progress and furniture for Sheriff complex funded with bond monies;
- \$2,827,900 - Airport runway rehab funded grant funds;
- \$324,890 - Airport taxilane reconstruction funded with grant funds.

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

### *Debt Administration*

The legal limit on the amount of general obligation bonded indebtedness that the County can incur is 8% of assessed value. The estimated legal debt margin is \$6,581,015 without a referendum. At the end of the current fiscal year, the County had total long-term liabilities outstanding of \$58,125,856. General obligation bonds make up 35% (\$19,840,000) of long-term debt and are backed by the full faith and credit of the government.

<b>Lancaster County's Outstanding Debt General Obligation and Revenue Bonds</b>		
	<u>Governmental Activities</u>	
	<u>FY 2012</u>	<u>FY 2011</u>
General Obligation Bonds	\$19,840,000	\$21,278,707
Special Source Revenue Bonds	2,795,000	2,524,245
SCAGO PFC Installment Purchase RB	29,560,000	34,225,000
Total	<u>\$52,195,000</u>	<u>\$58,027,952</u>

## LANCASTER COUNTY, SOUTH CAROLINA

### Management's Discussion and Analysis

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The County's overall debt decreased due to principal and interest payments made during the fiscal year. The only significant debt entered into during the year was a \$1,020,000 lease purchase with the City to purchase a building. The sharp decline in the SCAGO Revenue bond was due to a large debt service principal payment of \$4,665,000.

The County currently has ratings of A and Aa3 from Standard & Poor's Corporation and Moody's Investors Service, respectively, on general obligation bond issues. Additional information on the County's long-term debt can be found in notes 3.F on pages 41 through 47 of this report.

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

- The unemployment rate for Lancaster County was at a level of 12.9% in June 2012. Statewide unemployment was 9.4%, while the national average was 8.2% during the same period.
- Sales tax receipts for fiscal year were 7% percent higher than fiscal year 2011 for the unincorporated areas of the County.
- A Cost-of-Living Adjustment was appropriated in the FY13 budget which included a \$900 floor and \$1,200 ceiling.
- There was a \$350,000 increase in health insurance for the employer portion included in the FY13 budget.
- There was a 12% increase in regular and police employer contributions. Also worker's compensation costs increased about \$300,000 for FY13.
- An estimated \$118,000 increase in fuel costs was included in FY13 due to the fluctuations of the gas prices.
- A new Public Safety Communications department (911) was created to better serve all public safety needs for the County. Eight new telecommunication positions were added. The cost was about \$630,000 for FY13.
- In FY 12, the Council also increased the road fee to \$20 to pay for \$308,000 additional road maintenance. Council increased the fee to \$25 for FY13.
- Four Desk Sergeants are to be hired mid-year FY13 to serve in the relocated Sheriff's Office.

In order to maintain the County's net assets and fund balances at current levels in the face of increased demand for services, County Council adopted a general fund budget for fiscal year 2013 which includes 71.40 mils. County Council also adopted 4.30 mils for capital replacement needs, 6.10 mils for debt service, and 3.30 mils for Court Security. The FY13 Budget incorporated a number of Council's strategic priorities. The Budget 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 [www.mylancastersc.org](http://www.mylancastersc.org).



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

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*Requests for Information*

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

***Finance Director  
Lancaster County  
P O Box 1809  
Lancaster, SC 29721***

**EXHIBIT A**

**LANCASTER COUNTY, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 14,615,428
Investments	22,612,295
Taxes receivable, net	1,402,464
Other receivables, net	4,645,847
Due from other governmental agencies	3,699,733
Inventories	116,126
Prepaid items	28,570
Bond issue costs, net of amortization	754,636
Land held for resale	327,301
Capital assets not being depreciated	6,280,302
Capital assets being depreciated, net of accumulated depreciation	77,248,590
	<u>\$ 131,731,292</u>
<b>Liabilities</b>	
Accounts payable and other current liabilities	\$ 3,692,685
Other post-employment benefit obligation	385,257
Accrued interest payable	423,786
Unearned revenue	762,593
Non-current liabilities:	
Due within one year	8,742,230
Due in more than one year	50,258,626
Total liabilities	<u>64,265,177</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	33,996,194
Restricted for:	
Property tax reduction	1,480,843
Capital projects	9,653,311
Public safety	1,639,009
Public works	1,657,041
Public health and welfare	240,684
Cultural and recreation	337,813
Debt service	4,576,279
Unrestricted	13,884,941
Total net assets	<u>67,466,115</u>
	<u>\$ 131,731,292</u>

The accompanying notes are an integral part of these statements.

## EXHIBIT B

**LANCASTER COUNTY, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Program Revenue				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and
					Changes in Net Assets
Primary government					Primary Government
Governmental Activities					Governmental Activities
General government	\$ 13,494,007	\$ 2,758,959	\$ 290,467	\$ 15,866	\$ (10,428,715)
Administration of justice	1,932,950	1,069,362	4,725	-	(858,863)
Public safety and law enforcement	13,113,668	883,637	997,887	-	(11,232,144)
Public works	6,741,646	366,241	1,545,811	228,245	(4,601,349)
Public health and welfare	6,292,159	3,066,640	150,842	-	(3,074,677)
Economic development	3,540,574	62,096	1,057,370	-	(2,421,108)
Culture and recreation	3,397,778	961,196	116,378	107,953	(2,212,251)
Interest on long-term debt	2,326,543	-	-	-	(2,326,543)
Total primary government	<u>\$ 50,839,325</u>	<u>\$ 9,168,131</u>	<u>\$ 4,163,480</u>	<u>\$ 352,064</u>	<u>(37,155,650)</u>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes					21,805,055
Debt service					2,800,399
Court mandated security					961,707
Equipment replacement					1,192,165
Other taxes and licenses					1,655,168
Local option sales tax, levied for capital projects					6,924,788
Grants and contributions not restricted to specific programs					3,511,437
Unrestricted investment earnings					54,753
Miscellaneous					(813)
Total general revenues, special items, and transfers					<u>38,904,659</u>
Change in net assets					1,749,009
Net assets - beginning of year					66,252,861
Prior period adjustment					(535,755)
Net assets - beginning of year (restated)					<u>65,717,106</u>
Net assets - end of year					<u>\$ 67,466,115</u>

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

**LANCASTER COUNTY, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	General Fund	Capital Projects Sales Tax Fund	SCAGO Public Facilities Corporation - Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 13,418,111	\$ 13,471	\$ -	\$ 1,183,846	\$ 14,615,428
Investments	15,067,708	-	3,860,435	3,684,152	22,612,295
Taxes receivable, net	153,933	-	-	38,327	192,260
Due from other funds	596,739	4,147,647	-	6,855,920	11,600,306
Due from other governments	1,428,541	1,801,831	-	368,453	3,598,825
Other receivables	545,596	-	-	63,077	608,673
Land held for resale	327,301	-	-	-	327,301
Inventories	63,226	-	-	52,900	116,126
Prepaid items	28,570	-	-	-	28,570
	<u>\$ 31,629,725</u>	<u>\$ 5,962,949</u>	<u>3,860,435</u>	<u>\$ 12,246,675</u>	<u>\$ 53,699,784</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 2,973,085	\$ -	\$ -	\$ 78,711	\$ 3,051,796
Accrued wages payable	640,889	-	-	-	640,889
Bond anticipation note payable	-	-	-	875,000	875,000
Due to other funds	11,003,568	-	-	596,738	11,600,306
Unearned revenue	630,775	-	-	131,818	762,593
	<u>15,248,317</u>	<u>-</u>	<u>-</u>	<u>1,682,267</u>	<u>16,930,584</u>
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Land held for resale	327,301	-	-	-	327,301
Inventories	63,226	-	-	52,900	116,126
Prepaid items	28,570	-	-	-	28,570
<b>Restricted:</b>					
Property tax reduction	1,480,843	-	-	-	1,480,843
DSS IV-D Incentive	240,684	-	-	-	240,684
Victim services	-	-	-	22,761	22,761
Drug task force	203,502	-	-	-	203,502
Capital projects	-	5,962,949	-	7,374,515	13,337,464
Public safety	-	-	-	1,412,746	1,412,746
Cultural and recreation	-	-	-	337,813	337,813
Roads and bridges	-	-	-	1,657,041	1,657,041
Debt service	-	-	3,860,435	715,844	4,576,279
<b>Assigned to:</b>					
Emergency management	16,877	-	-	-	16,877
Public works	24,000	-	-	-	24,000
Subsequent year's budget	90,828	-	-	28,492	119,320
Unassigned	13,905,577	-	-	(1,037,704)	12,867,873
	<u>16,381,408</u>	<u>5,962,949</u>	<u>3,860,435</u>	<u>10,564,408</u>	<u>36,769,200</u>
	<u>\$ 31,629,725</u>	<u>\$ 5,962,949</u>	<u>\$ 3,860,435</u>	<u>\$ 12,246,675</u>	<u>\$ 53,699,784</u>

The accompanying notes are an integral part of these statements.

**LANCASTER COUNTY, SOUTH CAROLINA  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2012**

<b>Total Governmental Fund Balances</b>	<b>\$ 36,769,200</b>
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*Amounts reported for governmental activities in the statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	83,528,892
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Taxes receivable	1,210,204
Other receivables	4,138,081
Bond issue costs	754,636

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Accrued interest payable	(423,786)
Other post-employments benefit liability	(385,257)
Long-term debt	<u>(58,125,856)</u>

<b>Net Assets of Governmental Activities</b>	<b><u>\$ 67,466,115</u></b>
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The accompanying notes are an integral part of these statements.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Capital Projects Sales Tax Fund	Public Facilities Corporation - Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 22,224,415	\$ -	\$ -	\$ 5,064,196	\$ 27,288,611
Other local taxes and tariffs	1,179,862	6,924,788	-	475,306	8,579,956
Intergovernmental	2,843,967	-	-	3,951,541	6,795,508
Licenses and permits	2,873,627	-	-	-	2,873,627
Charges for services	3,008,911	-	-	1,787,533	4,796,444
Fines, fees and forfeitures	906,290	-	-	157,633	1,063,923
Contributions and donations	126,492	-	-	234,731	361,223
Investment earnings	42,675	3,194	434	6,219	52,522
Miscellaneous	121,650	-	-	41,629	163,279
Total revenues	33,327,890	6,927,982	434	11,718,788	51,975,094
<b>Expenditures</b>					
Current					
General government	11,380,053	11,050	-	1,279,792	12,670,895
Administration of justice	1,527,651	-	-	1,237,734	2,765,385
Public safety and law enforcement	9,465,049	-	-	2,736,951	12,202,000
Public works	4,231,933	-	-	2,003,766	6,235,699
Public health and welfare	6,418,803	-	-	446,671	6,865,474
Economic development	245,509	-	-	3,177,123	3,422,632
Culture and recreation	-	-	-	3,129,091	3,129,091
Debt service					
Principal	328,893	-	4,665,000	1,846,568	6,840,461
Interest and other charges	100,166	-	1,382,213	1,034,862	2,517,241
Bond issuance costs	-	-	-	-	-
Capital outlay	-	-	-	819,921	819,921
Total expenditures	33,698,057	11,050	6,047,213	17,712,479	57,468,799
Excess (deficiency) of revenues over (under) expenditures	(370,167)	6,916,932	(6,046,779)	(5,993,691)	(5,493,705)
<b>Other Financing Sources (Uses)</b>					
Issuance of debt - capital leases	1,020,000	-	-	-	1,020,000
Proceeds from sale of capital assets	34,031	-	-	3,353	37,384
Transfers in	25,000	15,000	6,077,234	2,027,761	8,144,995
Transfers out	(2,015,259)	(6,077,234)	(15,000)	(37,502)	(8,144,995)
Total other financing sources and uses	(936,228)	(6,062,234)	6,062,234	1,993,612	1,057,384
Net Change in Fund Balances	(1,306,396)	854,698	15,455	(4,000,079)	(4,436,322)
Fund Balances, Beginning of Year	17,687,804	5,108,251	3,844,980	14,564,487	41,205,522
Fund Balances, End of Year	\$ 16,381,408	\$ 5,962,949	\$ 3,860,435	\$ 10,564,408	\$ 36,769,200

The accompanying notes are an integral part of these statements.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (4,436,322)</b>
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$6,150,117 exceeded depreciation expense of \$5,346,372 in the current period.	803,745
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the difference between the proceeds received from sale of assets and the loss on sale.	(602,334)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Property taxes	(529,284)
Other receivables	522,251
Donated assets	229,247
Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets.	(1,020,000)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	6,840,461
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	7,081
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Landfill closure and postclosure costs	27,843
Amortization expense	(7,688)
Other post-employment liability	(83,758)
Compensated absences	(2,230)
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 1,749,012</u></b>

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

**EXHIBIT E****LANCASTER COUNTY, SOUTH CAROLINA  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2012**

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 9,213,602
Investments	11,321,539
Property taxes receivable	<u>377,765</u>
	<u>\$ 20,912,906</u>
Liabilities	
Due to other taxing units	\$ 8,004,702
Due to others	<u>12,908,204</u>
	<u>\$ 20,912,906</u>

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



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**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

The County's comprehensive annual financial report includes the accounts of all county operations. The financial statements of Lancaster County, South Carolina, have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the County's accounting policies are described below.

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

**B. Basic Financial Statements - Government-wide Financial Statements**

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this rule are interfund services provided and used, which are not eliminated during the process of consolidation because elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are distinguished from any business type activities in which the government may be engaged and which rely on fees and charges for support.

**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Basic Financial Statements - Government-wide Financial Statements - continued**

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

**C. Basic Financial Statements – Fund Financial Statements**

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

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

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

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

The County reports the following governmental fund types:

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

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

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

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Basic Financial Statements – Fund Financial Statements - continued**

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

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

Additionally, the County reports the following fund type:

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

**D. Measurement Focus and Basis of Accounting**

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

***Revenues, Exchange and Nonexchange Transactions***

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

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**D. Measurement Focus and Basis of Accounting - continued**

*Unearned Revenue*

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

*Expenditures/Expenses*

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**E. Assets, Liabilities and Net Assets or Equity**

*Cash and Investments*

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the primary government and its component units to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its political subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposit collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool. The State Treasurer's Investment Pool is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

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

*Receivables and Payables*

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

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

Taxes on real property are assessed as of January 1, levied the following September, due January 15, and become delinquent March 15. Liens attach to the property at the time the taxes are levied. The levy date for motor vehicle taxes is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

*Inventories and Prepaid Items*

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

*Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Infrastructure expenses are capitalized when exceeding \$25,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

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

*Compensated Absences*

It is the County's policy to permit employees to accumulate earned but unused vacation pay benefits (up to a maximum of 240 hours). All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the governmental activities, compensated absences are generally liquidated by the general fund.

*Long-term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the lives of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

*Fund Equity*

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

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

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

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

*Assigned* - This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be assigned by the County Administrator and Finance Director. 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.

**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

*Fund Equity - continued*

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

*Net Assets*

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

*Restricted Resources*

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

*Use of Estimates*

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Capital Project Sales Tax Fund, Recreation Fund, Airport Fund, Library Fund, 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, Transportation Fund, Debt Service Fund, and Capital Improvement Fund. The legally adopted budgets for the General Fund and the Capital Project Sales Tax Fund, a major special revenue fund, are presented as required supplementary information. All annual appropriations lapse at fiscal year end.



**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued**

**Budgetary Information - continued**

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

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

**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

*Cash*

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

As of June 30, 2012, the County's deposits were as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Demand deposits	\$ 24,422,886	\$ 23,817,909

Of the County's bank balance, \$2,914,513 was covered by FDIC insurance and \$21,508,373 was collateralized by securities held by the pledging bank's trust department or agent in the County's name.

*Investments*

As of June 30, 2012, the County had the following investments:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-5	6-10
State Treasurer's Investment Pool	\$ 13,561,959	\$ 13,561,959	\$ -	\$ -
Money Market Accounts	18,898,145	18,898,145	-	-
US Government Treasuries	323,586	-	206,297	117,289
US Government Agencies	1,150,145	-	624,006	526,139
	<u>\$ 33,933,835</u>	<u>\$ 32,460,104</u>	<u>\$ 830,303</u>	<u>\$ 643,428</u>

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The County's policy is to minimize interest rate risk by investing operating funds in primarily shorter-term securities, money market funds or similar investment pools and limiting the average maturity in accordance with the County's cash requirements.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued**

**A. Cash and Investments - continued**

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's policy is to invest only in those securities allowed by state statute and that are highly rated. The 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 and Poor's and Aaa by Moody's Investor Services. As of June 30, 2012, the County owned \$1,150,145 of government sponsored agency (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 and Poor's and Aaa by Moody's Investor Services. The State Treasurer's Investment Pool is not rated, but generally, investments in the State Treasurer's Investment Pool are collateralized by debt securities in corporate obligations, state or political subdivision obligations of investment grade or higher quality and in federal agency securities.

Custodial credit risk, for an investment, is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The County minimizes credit risk by limiting investments to the types of securities allowed by law.

Concentration of credit risk is the risk of loss attributable to the magnitude of the County's investment in a single issuer. The risk is mitigated by diversifying the investment portfolio so that the impact of potential losses from any one type of security or investor will be minimized. The County places no limits on the amount that may be invested in any one issuer.

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

Unrestricted cash, including time deposits	\$ 14,615,428
Investments	22,612,295
Agency fund cash (not included in government-wide statement)	9,213,602
Agency fund investments (not included in government-wide statement)	11,321,538
Less: Petty cash	<u>(11,119)</u>
	<u><u>\$ 57,751,744</u></u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2012 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 5,460,731	\$ 210,000	\$ -	\$ 5,670,731
Construction in progress	3,690,720	585,912	(3,667,061)	609,571
Total capital assets not being depreciated	<u>9,151,451</u>	<u>795,912</u>	<u>(3,667,061)</u>	<u>6,280,302</u>
Capital assets being depreciated:				
Buildings and improvements	61,408,041	6,507,215	(589,118)	67,326,138
Vehicles	18,250,267	1,006,020	(159,624)	19,096,663
Furniture and equipment	13,585,132	1,160,038	(309,202)	14,435,968
Infrastructure	14,515,076	577,240	-	15,092,316
Total capital assets being depreciated	<u>107,758,516</u>	<u>9,250,513</u>	<u>(1,057,944)</u>	<u>115,951,085</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,308,509)	(1,669,803)	32,645	(13,945,667)
Vehicles	(10,034,953)	(1,573,363)	148,823	(11,459,493)
Furniture and equipment	(5,867,961)	(1,416,387)	274,142	(7,010,206)
Infrastructure	(5,600,310)	(686,819)	-	(6,287,129)
Total accumulated depreciation	<u>(33,811,733)</u>	<u>(5,346,372)</u>	<u>455,610</u>	<u>(38,702,495)</u>
Total capital assets being depreciated, net	<u>73,946,783</u>	<u>3,904,141</u>	<u>(602,334)</u>	<u>77,248,590</u>
Governmental activities capital assets, net	<u>\$ 83,098,234</u>	<u>\$ 4,700,053</u>	<u>\$ (4,269,395)</u>	<u>\$ 83,528,892</u>

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

Governmental activities:	
General government administration	\$ 1,765,702
Economic Development	737
Administration of justice	312,244
Public safety and law enforcement	1,523,035
Public works, including depreciation of infrastructure assets	1,064,801
Public health and welfare	383,209
Culture and recreation	296,644
Total depreciation expense	<u>\$ 5,346,372</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued**

**C. Interfund Balances and Transfers**

Interfund balances arise because the County Treasurer utilizes a cash pool to maximize earnings. Interfund balances at June 30, 2012 were:

Receivable Fund	Payable Fund	Amount
General Fund	Airport Commission	\$ 228,993
General Fund	Capital Projects - SCAGO	192,673
General Fund	Pleasant Valley Fire District	435
General Fund	Restricted Grants	174,637
Bond Projects Fund	General Fund	3,315,772
Brookchase Special Tax District	General Fund	62,111
Capital Improvement	General Fund	626,339
Capital Project Sales Tax	General Fund	4,147,648
Court Mandated Security Fund	General Fund	193,589
E911 Fund	General Fund	842,367
Edgewater Improvement District	General Fund	2,256
Local Accomodations Tax	General Fund	4,249
Recreation Fund	General Fund	10,494
Sun City Special Assessment	General Fund	176
Sun City/Belair Special Tax District	General Fund	232,880
Transportation Fund	General Fund	1,550,022
Victim Services	General Fund	15,665
		<u>\$ 11,600,306</u>

Interfund transfers for the year ended June 30, 2012, consisted of the following:

Transfer from	Transfer to	Purpose	Amount
General Fund	Airport Fund	Airport operations	\$ 40,000
General Fund	Library Fund	Library operations	954,210
General Fund	Pleasant Valley	New fire truck	100,000
General Fund	Recreation Fund	Recreation operations	880,428
General Fund	Victim Services	Transfer to new fund	40,621
Capital Projects Sales Tax	SCAGO Debt Service Fund	Debt payments	6,077,234
Edenmoor Special Tax District	Indian Land Fire District	Consolidated funds	12,502
Local Accomodations Tax	General Fund	Tourism promotions	25,000
SCAGO Debt Service Fund	Capital Project Sales Tax	Debt service admin costs	15,000
			<u>\$ 8,144,995</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 3. DETAILED NOTES ON ALL FUNDS - Continued**

**E. Short-term Obligations**

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

	Balance at June 30, 2011	Additions	Reductions	Balance at June 30, 2012
Bond anticipation notes	<u>\$ 875,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 875,000</u>

The General Obligation Bond Anticipation Note, Series 2010E with an interest of 1.03 percent, was issued on December 20, 2010, for \$875,000 and matured on December 30, 2011. On December 30, 2011, the County refinanced original bond anticipation note and issued General Obligation Bond Anticipation Note, Series 2011 with an interest rate of 1.03 percent and a maturity date of December 28, 2012. The proceeds were used for infrastructure improvements in the Brookchase Special Tax District.

**F. Long-term Obligations**

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Balance at June 30, 2011	Additions	Reductions	Balance at June 30, 2012	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 21,278,707	\$ -	\$ 1,438,707	\$ 19,840,000	\$ 1,515,000
Capital leases	2,793,399	1,020,000	471,753	3,341,646	544,230
SCAGO PFC Installment purchase revenue bonds	34,225,000	-	4,665,000	29,560,000	4,850,000
Special source revenue bonds	2,524,245	535,755	265,000	2,795,000	285,000
Landfill closure and postclosure costs	1,367,645	-	27,843	1,339,802	57,000
Compensated absences	771,973	618,830	616,600	774,203	616,000
Deferred amounts:					
Unamortized discount	(29,735)	-	(2,972)	(26,763)	-
Unamortized loss on advanced refunding	(316,150)	-	(30,447)	(285,703)	-
Unamortized premium	955,098	-	167,427	787,671	-
Long-term liabilities	<u>\$ 63,570,182</u>	<u>\$ 2,174,585</u>	<u>\$ 7,618,911</u>	<u>\$ 58,125,856</u>	<u>\$ 7,867,230</u>

**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued**

**F. Long-term Obligations - Continued**

*General Obligation Bonds*

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

<b>Description</b>	<b>Amount Issued</b>	<b>Interest Rate</b>	<b>Final Maturity</b>	<b>Annual Principal Payments</b>	<b>Amount Outstanding</b>
General obligation bonds, series 2008	5,600,000	3.40%	2015	\$1,050,000 to \$1,190,000	\$ 3,355,000
General obligation refunding bonds, series 2009	4,630,000	3% to 4%	2024	\$240,000 to \$350,000	3,590,000
General obligation bonds, series 2010A	595,000	3%	2016	\$100,000 to \$105,000	410,000
General obligation bonds, taxable series 2010B (Build America Bonds)	1,905,000	4% to 5.8%	2030	\$110,000 to \$170,000	1,905,000
General obligation bonds, taxable series 2010C (Build America Bonds)	7,000,000	3.35% to 4.85%	2025	\$230,000 to \$1,505,000	7,000,000
General obligation refunding bonds, series 2010D	3,660,000	2% to 3.5%	2020	\$95,000 to \$690,000	<u>3,580,000</u>
					<u><u>\$ 19,840,000</u></u>

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

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

**F. Long-term Obligations – Continued**

The amounts required to amortize the general obligation bonds outstanding as of June 30, 2012 are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 1,515,000	\$ 786,354	\$ 2,301,354
2014	1,580,000	738,554	2,318,554
2015	1,660,000	686,104	2,346,104
2016	1,235,000	628,266	1,863,266
2017	1,275,000	589,686	1,864,686
2018 to 2022	7,010,000	2,351,579	9,361,579
2023 to 2027	5,075,000	679,425	5,754,425
2028 to 2030	490,000	57,710	547,710
Total	<u>\$ 19,840,000</u>	<u>\$ 6,517,678</u>	<u>\$ 26,357,678</u>

*Advanced Refunding*

On June 1, 2009, the County issued \$4,630,000 General Obligation Refunding Bonds, Series 2009. The County issued the bonds to advance refund \$525,000 of outstanding General Obligation Bonds, Series 1996, \$3,790,000 of outstanding General Obligation Bonds, Series 1999, and to pay certain issuance costs. In connection with the issuance of the bonds, a premium of \$29,301 was recorded and is being amortized over the life of the bonds. As of June 30, 2012, the unamortized premium was \$23,377. The proceeds of the Series 2009 were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments related to the Series 1996 and Series 1999 bonds being refunded. The advance refunding met the requirements of an in-substance defeasance and the refunded bonds were removed from the County's Statement of Net Assets.

On December 14, 2010, the County issued \$3,660,000 General Obligation Refunding Bonds, Series 2010D. These bonds were issued and the proceeds were used to refund \$3,535,000 of outstanding General Obligation Bonds, Series 2001, and to pay certain issuance costs. In connection with the issuance of the bonds, a premium of \$46,977 was recorded and is being amortized over the life of the bonds. As of June 30, 2012, the unamortized premium was \$39,930.

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, 2012 are shown netted against the related bonds in the Statement of Net Assets. Amortization of \$30,447 has been included in interest expense for the year ended June 30, 2012.

**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

**F. Long-term Obligations – Continued**

*Capital Leases*

The County has entered into various lease agreements as lessee in order to finance acquisition of sanitation vehicles, ambulances and office equipment. These lease agreements include a bargain purchase options and qualify as capital leases for accounting purposes. Buildings, vehicles and equipment totaling \$14,639,725 have been purchased with proceeds from capital lease agreements.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2012 were as follows:

Year Ending June 30,	Amount
2013	\$ 644,829
2014	497,209
2015	211,572
2016	216,094
2017	220,808
2018 to 2022	1,179,175
2023 to 2027	769,488
2028 to 2033	275,165
Total minimum lease payments	4,014,340
Less: amount representing interest	(672,694)
Present value of minimum lease payments	<u>\$ 3,341,646</u>

*Installment Purchase Revenue Bonds*

The SCAGO Public Facilities Corporation for Lancaster County (the Corporation) Installment Purchase Revenue Bonds were issued pursuant to an Installment Purchase and Use Agreement and evidence proportionate interest of owners in certain rental payments to be made by the County under the terms of a Base Lease and Conveyance Agreement between the County and the Corporation dated January 28, 2009. The County leased certain real property and conveyed the improvements to the Corporation so that the Corporation may finance the cost of acquiring, constructing, and equipping a new County Courthouse and renovating, improving and equipping the County Detention Center/Sheriff's Office (the "2009 Projects"), which together with certain improvements (including the conveyed improvements), fixtures and personal property located on the real property (the "2009 Facilities") to be sold to the County pursuant to a Purchase and Use Agreement dated January 28, 2009. The Purchase and Use Agreement, which will obligate the County to make semiannual installment payments of the purchase price to the Corporation in amounts calculated to be sufficient to enable the Corporation to pay the principal and interest on the outstanding bonds; amounts budgeted as reserves for the repair and replacement of the 2009 facilities and the program administrator fees. The financial obligations of the County under the Purchase and Use Agreement do not constitute general obligations of the County to which its full faith and credit or taxing power are pledged, but are subject to and dependent upon lawful appropriations of funds being made from available sources, including but not limited to general fund monies, net collections from the Capital Project Sales Tax Fund and proceeds from general obligation bonds by the County Council to pay the installment payments due in each fiscal year. The County's obligations under the Purchase and Use Agreement are from year to year only and do not constitute a mandatory payment obligation by the County in any fiscal year in which funds are not appropriated by the



**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

**F. Long-term Obligations - Continued**

*Installment Purchase Revenue Bonds – continued*

County to pay the installment payments due in such fiscal year. The County has no continuing obligation to appropriate funds to pay the installment payments under the Purchase and Use Agreement and may terminate its obligations under the Purchase and Use Agreement on an annual basis without penalty. However, the County would forfeit possession of the facilities for the remainder of the lease term.

On January 28, 2009, the Corporation issued \$38,410,000 Installment Purchase Revenue Bonds Series 2009 to finance the cost of acquiring, constructing, and equipping a new County Courthouse and renovating, improving and equipping the County Detention Center/Sheriff's Office (the "2009 Projects"); and the costs of constructing a parking facility. The bonds are due in annual installments ranging from \$4,185,000 to \$8,975,000 beginning December 1, 2010 through December 1, 2016 with interest rates ranging from 3.0% to 5.0%. In connection with the Corporation's 2009 bond issue, a premium of \$1,273,606 was recorded and is being amortized over the life of the bonds. The unamortized premium at June 30, 2012 was \$716,403.

Arbitrage is the difference between the yield on the issuer's tax exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be relayed to the U.S. Treasury. The SCAGO Public Facilities Corporation for Lancaster County (the Corporation) Installment Purchase Revenue Bonds are subject to an arbitrage calculation. As of June 30, 2012, no arbitrage liability exists.

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

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

Year Ending June 30,	Principal	Interest	Total
2013	\$ 4,850,000	\$ 1,193,200	\$ 6,043,200
2014	5,035,000	1,008,038	6,043,038
2015	5,230,000	812,575	6,042,575
2016	5,470,000	571,825	6,041,825
2017	8,975,000	224,375	9,199,375
Total	<u>\$ 29,560,000</u>	<u>\$ 3,810,013</u>	<u>\$ 33,370,013</u>

**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

**F. Long-term Obligations - Continued**

*Special Source Revenue Bonds Payable*

During 2006, the County issued special source revenue bonds payable of \$2,973,658 to finance the infrastructure improvements for the Bailes Ridge project. These bonds are limited obligations of the County and are payable solely from a fee in lieu of tax revenues. The bonds are payable in annual installments beginning in 2010, have an annual interest rate of 5.75%, and will mature in 2020.

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

Year Ending June 30,	Principal	Interest	Total
2013	\$ 285,000	\$ 152,519	\$ 437,519
2014	300,000	135,700	435,700
2015	320,000	117,875	437,875
2016	335,000	99,044	434,044
2017	355,000	79,206	434,206
2018 to 2020	1,200,000	106,375	1,306,375
Total	<u>\$ 2,795,000</u>	<u>\$ 690,719</u>	<u>\$ 3,485,719</u>

*Closure and Post Closure Costs of Municipal Solid Waste Landfill*

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

During fiscal year 2012, the County expended \$27,843 in landfill closure costs. Remaining post-closure costs are estimated at \$1,339,803 and included with the long-term liabilities in the statement of net assets. 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.

**G. Conduit Debt Obligations**

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, nor the State of South Carolina, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2012, there is one series of Industrial Revenue bonds outstanding with an aggregate principal amount payable of \$24,000,000.

**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS – Continued**

**H. Special Assessment Debt Obligations**

In July 2003, the County issued \$13,760,000 of special assessment debt. This debt is applicable to the Edgewater Improvement District, which is located in the southern part of the County, and will be used to improve the area's infrastructure. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2012, the outstanding balance on this debt was \$6,464,000.

In June 2006, the County issued \$35,615,000 of special assessment debt. This debt is applicable to the Edenmoor Improvement District, which is located in the northern part of the County, and will be used to improve the area's infrastructure and to construct a sheriff and EMS substation. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2012, the outstanding balance on this debt was \$33,174,572.

In March 2006, the County issued \$20,000,000 of special assessment debt. This debt is applicable to the Sun City Carolina Lakes Improvement District, which is located in the northern part of the County, and will be used to improve the area's infrastructure and to construct a library branch. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2012, the outstanding balance on this debt was \$17,120,000.

In November 2007, the County issued \$28,880,000 of special assessment debt. This debt is applicable to the Edgewater II Improvement District, which is located in the southern part of the County, and will be used to improve the area's infrastructure. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2012, the outstanding balance on this debt was \$28,602,500.

**NOTE 4 - OTHER INFORMATION**

**A. Risk Management**

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and job related illnesses and accidents. The County pays premiums to a public entity risk pool for workman's compensation insurance and for property and casualty coverage. The public entity risk pool promises to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accord with insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

The County is also subject to risks of loss from providing health, life, accident, dental, and other medical benefits to employees, retirees, and their dependents. The County has enrolled substantially all its employees in the State's health insurance plans administered by the South Carolina Budget and Control Board.

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 4 - OTHER INFORMATION - Continued**

**B. Employee Retirement Plans**

*Plan Description* - Eligible employees of the County are participants in the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS), both of which are cost-sharing, multiple-employer defined benefit plans administered by the Retirement Division of the State Budget and Control Board. SCRS and PORS provide retirement and disability benefits, annual cost-of-living adjustments life insurance benefits and survivor benefits to plan members and beneficiaries. The plans' provisions are established under Title 9 of the South Carolina Code of Laws. The South Carolina Retirement System issues a publicly available stand-alone report, which may be obtained by writing to South Carolina Retirement Systems, P.O. Box 11960, Columbia, South Carolina 29211 or by calling 803-737-6800.

*Funding Policy* - SCRS and PORS members are required to contribute 6.50% of their annual covered salaries, and the County is required to contribute at an actuarially determined rate. The current rates actuarially determined are 9.30% and 11.3% respectively. The contribution requirements of the plan members and the County are established and may be amended by the South Carolina General Assembly. In addition to the above rates, participating employers of the SCRS contribute .15% of payroll to provide a group life insurance benefit for their participants; and employers of the PORS contribute .20% of payroll to provide a group life insurance benefit and .20% of payroll to provide an accidental death benefit.

The County's contributions (which equaled required contributions) to SCRS and PORS for the last three fiscal years were as follows:

<u>Fiscal Year Ended June 30</u>	<u>SCRS</u>	<u>PORS</u>
2012	\$ 899,448	\$ 617,041
2011	873,915	579,537
2010	853,665	542,682

**C. Deferred Compensation Plans**

The County offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457 and 401(k). Both plans are administered by the South Carolina Deferred Compensation Commission. The plans permit employees to defer a portion of their salary until future years. Amounts deferred are 100% vested and held in trust for the exclusive benefit of participants or their beneficiaries. The County makes no contributions under the terms of these plans.

**D. Post – Employment Health Insurance Benefits**

*Plan Description* - Lancaster County provides a single-employer post-employment health benefits to employees who retire from service or who terminate with at least 20 years of service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally, those who retire must have at least 10 years of retirement service credit under the South Carolina Retirement System to qualify for benefits. Benefits are effective at date of retirement or when the employee is eligible for retirement benefits. The County does not issue separate, audited financial statements for this plan.

**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 4 - OTHER INFORMATION – Continued**

**D. Post - Employment Health Insurance Benefits – Continued**

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

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

Annual required contribution	\$ 345,671
Interest on OPEB obligation	13,567
Adjustment to annual required contribution	<u>(12,570)</u>
Annual OPEB cost (expense)	346,668
Net estimated employer contributions	<u>(262,910)</u>
Increase (decrease) in net OPEB obligation	83,758
Net OPEB obligation, beginning of year	<u>301,499</u>
Net OPEB obligation, end of year	<u><u>\$ 385,257</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2012 and the preceding two fiscal years were as follows:

For the Year Ended June 30	Annual OPEB Cost	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 346,668	\$ 262,910	75.84%	\$ 385,257
2011	336,219	220,847	65.69%	301,499
2010	314,200	221,946	70.64%	186,127
2009	304,748	210,875	69.20%	93,873

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

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

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

**LANCASTER COUNTY, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 4 - OTHER INFORMATION – Continued**

**D. Post - Employment Health Insurance Benefits - Continued**

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

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

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

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

**E. Commitments and Contingencies**

*Grant Programs*

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

**LANCASTER COUNTY, SOUTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

**F. Commitments and Contingencies - continued**

*Litigation*

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

*Contractual Commitments*

Total contractual commitments at June 30, 2012 were as follows:

Project	Contract Amount	Job-to-Date Expenditures	Outstanding Commitments
Sheriff - Thaxton Building	\$ 1,831,104	\$ 259,788	\$ 1,571,316
New Justice Center	26,037,293	25,864,140	173,153
Industrial Park Airport	348,254	93,361	254,893
	<u>\$ 28,216,651</u>	<u>\$ 26,217,289</u>	<u>\$ 1,999,362</u>

**NOTE 5 – PRIOR PERIOD ADJUSTMENT**

The accompanying financial statements reflect adjustments from a restatement of beginning net assets of the governmental activities. The liability for the special source revenue bonds payable did not include accrued interest, resulting in an understatement of the liability and a decrease in net assets of \$537,755.

**NOTE 6 - SUBSEQUENT EVENT**

Management has evaluated subsequent events through November 30, 2012, the date on which the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**



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**SCHEDULE 1**

**LANCASTER COUNTY, SOUTH CAROLINA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 21,260,580	\$ 21,734,225	\$ 22,224,415	\$ 490,190
Other local taxes and tariffs	978,500	1,286,500	1,179,862	(106,638)
Intergovernmental	2,919,875	2,919,875	2,843,967	(75,908)
Licenses and permits	2,972,150	2,972,150	2,873,627	(98,523)
Charges for services	2,691,350	2,691,350	3,008,911	317,561
Fines, fees and forfeitures	875,000	875,000	906,290	31,290
Contributions and donations	23,000	113,460	126,492	13,032
Investment earnings	100,500	100,500	42,675	(57,825)
Miscellaneous	35,000	35,000	121,650	86,650
Total revenues	31,855,955	32,728,060	33,327,890	599,830
<b>Expenditures</b>				
Current:				
General Government				
Non-departmental	1,110,822	1,110,822	1,045,835	64,987
Direct assistance to other agencies	617,115	826,377	843,989	(17,612)
Council	842,469	1,496,878	2,809,398	(1,312,520)
Administrator	579,500	579,500	492,841	86,659
Finance	453,325	459,325	454,058	5,267
Human resources	248,427	248,427	321,811	(73,384)
Management information services	536,700	536,700	470,642	66,058
GIS	160,516	160,516	158,822	1,694
Building and zoning	862,226	862,226	751,033	111,193
Planning	284,525	284,525	274,441	10,084
Assessor	695,550	695,550	658,926	36,624
Auditor	354,335	354,335	333,633	20,702
Treasurer	381,900	381,900	347,594	34,306
Delinquent tax collector	331,015	331,015	278,035	52,980
Voter registration and elections	235,120	287,014	238,756	48,258
Risk management/register of deeds	314,700	314,700	281,746	32,954
Farmers' market	4,600	4,600	4,809	(209)
Vehicle maintenance	380,375	389,875	385,426	4,449
Building maintenance	1,265,507	1,320,507	1,228,256	92,251
	9,658,727	10,644,792	11,380,053	(735,261)
Administration of Justice				
Circuit court	58,052	58,052	32,153	25,899
Clerk of court	200,265	200,265	205,404	(5,139)
Family court	322,804	322,804	272,290	50,514
Probate court	321,890	325,767	328,563	(2,796)
Magistrate court	723,600	723,600	689,242	34,358
	1,626,611	1,630,488	1,527,651	102,837
Public Safety				
Coroner	260,801	260,801	294,326	(33,525)
Sheriff	5,604,670	5,758,053	5,372,303	385,750
Detention center	1,873,976	1,873,976	1,796,256	77,720
Emergency management	301,100	781,560	769,048	12,512
Fire commission	1,056,915	1,167,915	1,181,676	(13,761)

**SCHEDULE 1**

**LANCASTER COUNTY, SOUTH CAROLINA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Rescue squad	26,144	26,144	19,546	6,598
Indian Land rescue squad	40,900	40,900	31,894	9,006
	<u>9,164,506</u>	<u>9,909,349</u>	<u>9,465,049</u>	<u>444,300</u>
Public Works				
Roads and bridges	1,999,930	2,307,930	2,251,751	56,179
Landfill	57,000	57,000	27,842	29,158
Solid waste	2,059,463	2,059,463	1,952,340	107,123
	<u>4,116,393</u>	<u>4,424,393</u>	<u>4,231,933</u>	<u>192,460</u>
Public health and welfare				
EMS	4,233,019	5,477,696	5,714,918	(237,222)
Animal control	253,030	253,030	257,557	(4,527)
Environmental health	5,825	5,825	3,318	2,507
Health services	99,300	99,300	82,367	16,933
Junvenile drug court	105,849	105,849	102,300	3,549
Social services and food stamps	64,210	64,210	60,760	3,450
DSS Family Independence	60,427	60,427	57,775	2,652
Veteran affairs	139,469	139,469	139,807	(338)
	<u>4,961,129</u>	<u>6,205,806</u>	<u>6,418,803</u>	<u>(212,997)</u>
Economic Development				
Economic development commission	245,509	245,509	245,509	-
Debt Service				
Principal	429,065	429,065	328,893	100,172
Interest and other charges	-	-	100,166	(100,166)
	<u>429,065</u>	<u>429,065</u>	<u>429,059</u>	<u>6</u>
Total expenditures	<u>30,201,940</u>	<u>33,489,402</u>	<u>33,698,057</u>	<u>(208,655)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,654,015</u>	<u>(761,342)</u>	<u>(370,167)</u>	<u>391,175</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from capital leases	-	-	1,020,000	1,020,000
Proceeds from sale of capital assets	-	-	34,031	34,031
Transfers in	25,000	25,000	25,000	-
Transfers out	(1,874,638)	(1,874,638)	(2,015,259)	(140,621)
Total other financing sources and uses	<u>(1,849,638)</u>	<u>(1,849,638)</u>	<u>(936,228)</u>	<u>913,410</u>
Net change in fund balances	<u>\$ (195,623)</u>	<u>\$ (2,610,980)</u>	<u>\$ (1,306,396)</u>	<u>\$ 1,304,584</u>
Fund Balances, Beginning of Year			<u>17,687,804</u>	
Fund Balances, End of Year			<u>\$ 16,381,408</u>	

Note: The County's budget is prepared and monitored on a GAAP (generally accepted accounting principles) basis.

**SCHEDULE 2**

**LANCASTER COUNTY, SOUTH CAROLINA  
BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECT SALES TAX FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Other local taxes and tariffs	\$ 5,200,000	\$ 5,200,000	\$ 6,924,788	\$ 1,724,788
Investment earnings	-	-	3,194	3,194
Total revenues	<u>5,200,000</u>	<u>5,200,000</u>	<u>6,927,982</u>	<u>1,727,982</u>
<b>Expenditures</b>				
Current				
Public Safety	-	-	11,050	(11,050)
Total expenditures	<u>-</u>	<u>-</u>	<u>11,050</u>	<u>(11,050)</u>
Excess (deficiency) of revenues over expenditures	<u>5,200,000</u>	<u>5,200,000</u>	<u>6,916,932</u>	<u>1,716,932</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	15,000	15,000
Transfers out	(5,926,226)	(5,926,226)	(6,077,234)	(151,008)
Total other financing sources and uses	<u>(5,926,226)</u>	<u>(5,926,226)</u>	<u>(6,062,234)</u>	<u>(136,008)</u>
Net change in fund balances	<u>\$ (726,226)</u>	<u>\$ (726,226)</u>	854,698	<u>\$ 1,580,924</u>
Fund Balances, Beginning of Year			<u>5,108,251</u>	
Fund Balances, End of Year			<u>\$ 5,962,949</u>	

**SCHEDULE 3**

**LANCASTER COUNTY, SOUTH CAROLINA  
SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN  
JUNE 30, 2012**

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

## **OTHER SUPPLEMENTARY INFORMATION**

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**SCHEDULE 4**

**LANCASTER COUNTY, SOUTH CAROLINA  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<b>Special Revenue Funds</b>	<b>Debt Service Fund</b>	<b>Capital Project Funds</b>	<b>Total Other Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 486,926	\$ 696,920	\$ -	\$ 1,183,846
Investments	-	-	3,684,152	3,684,152
Taxes receivable, net	8,685	18,924	10,718	38,327
Due from other funds	2,849,266	-	4,006,654	6,855,920
Due from other governments	368,453	-	-	368,453
Other receivables	63,077	-	-	63,077
Inventory	52,900	-	-	52,900
	<u>\$ 3,829,307</u>	<u>\$ 715,844</u>	<u>\$ 7,701,524</u>	<u>\$ 12,246,675</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 31,760	\$ -	\$ 43,733	\$ 75,493
Bond anticipation note payable	-	-	875,000	875,000
Due to other funds	404,065	-	192,673	596,738
Unearned revenue	131,818	-	-	131,818
Other accrued expenses	3,218	-	-	3,218
	<u>570,861</u>	<u>-</u>	<u>1,111,406</u>	<u>1,682,267</u>
Fund balances:				
Nonspendable:				
Inventories	52,900	-	-	52,900
Restricted for:				
Victim services	22,761	-	-	22,761
Capital projects	-	-	7,374,515	7,374,515
Public safety	1,412,746	-	-	1,412,746
Cultural and recreation	337,813	-	-	337,813
Roads and bridges	1,657,041	-	-	1,657,041
Debt service	-	715,844	-	715,844
Assigned to:				
Subsequent year's budget	-	-	28,492	28,492
Unassigned	(224,815)	-	(812,889)	(1,037,704)
	<u>3,258,446</u>	<u>715,844</u>	<u>6,590,118</u>	<u>10,564,408</u>
	<u>\$ 3,829,307</u>	<u>\$ 715,844</u>	<u>\$ 7,701,524</u>	<u>\$ 12,246,675</u>



## SCHEDULE 5

**LANCASTER COUNTY, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**OTHER GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Other Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 987,740	\$2,165,744	\$ 1,910,712	\$ 5,064,196
Other taxes	475,306	-	-	475,306
Fees and fines	157,633	-	-	157,633
Intergovernmental	3,837,565	113,976	-	3,951,541
Charges for services	1,725,437	-	62,096	1,787,533
Investment earnings	2,630	636	2,953	6,219
Miscellaneous	41,629	-	-	41,629
Contributions and donations	155,798	-	78,933	234,731
Total revenues	<u>7,383,738</u>	<u>2,280,356</u>	<u>2,054,694</u>	<u>11,718,788</u>
<b>Expenditures</b>				
Current				
General government	421,369	-	858,423	1,279,792
Administration of Justice	-	-	1,237,734	1,237,734
Public safety and law enforcement	2,415,186	-	321,765	2,736,951
Public works	1,882,886	-	120,880	2,003,766
Public health and welfare	13,273	-	433,398	446,671
Culture and recreation	2,971,908	-	157,183	3,129,091
Economic development	978,274	-	2,198,849	3,177,123
Debt service				
Principal	95,000	1,343,708	407,860	1,846,568
Interest and other charges	112,648	724,102	198,112	1,034,862
Capital outlay	819,921	-	-	819,921
Total expenditures	<u>9,710,465</u>	<u>2,067,810</u>	<u>5,934,204</u>	<u>17,712,479</u>
Excess (deficiency) of revenues over expenditures	<u>(2,326,727)</u>	<u>212,546</u>	<u>(3,879,510)</u>	<u>(5,993,691)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	3,353	-	-	3,353
Transfers in	2,027,761	-	-	2,027,761
Transfers out	(37,502)	-	-	(37,502)
Total other financing sources and uses	<u>1,993,612</u>	<u>-</u>	<u>-</u>	<u>1,993,612</u>
Net change in fund balances	(333,115)	212,546	(3,879,510)	(4,000,079)
Fund Balances, Beginning of Year	<u>3,591,561</u>	<u>503,298</u>	<u>10,469,628</u>	<u>14,564,487</u>
Fund Balances, End of Year	<u>\$ 3,258,446</u>	<u>\$ 715,844</u>	<u>\$ 6,590,118</u>	<u>\$ 10,564,408</u>

LANCASTER COUNTY, SOUTH CAROLINA  
COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
JUNE 30, 2012

	Recreation Fund	Airport Fund	Library Fund	Restricted Grants Fund	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	Transportation Fund	Total
<b>Assets</b>												
Cash and cash equivalents	\$ 650	\$ 44,933	\$ 152,463	\$ 771	\$ -	\$ -	\$ -	\$ 288,109	\$ -	\$ -	\$ -	\$ 486,926
Taxes receivable, net	-	-	-	-	-	-	-	-	8,685	-	-	8,685
Due from other funds	10,494	-	-	-	4,249	232,880	842,367	-	193,589	15,665	1,550,022	2,849,266
Due from other governments	-	36,200	-	188,695	-	-	36,539	-	-	-	107,019	368,453
Inventory	-	52,900	-	-	-	-	-	-	-	-	-	52,900
Other receivables	350	955	3,521	-	4,045	-	47,110	-	-	7,096	-	63,077
	<u>\$ 11,494</u>	<u>\$ 134,988</u>	<u>\$ 155,984</u>	<u>\$ 189,466</u>	<u>\$ 8,294</u>	<u>\$ 232,880</u>	<u>\$ 926,016</u>	<u>\$ 288,109</u>	<u>\$ 202,274</u>	<u>\$ 22,761</u>	<u>\$ 1,657,041</u>	<u>\$ 3,829,307</u>
<b>Liabilities and Fund Balances</b>												
Liabilities:												
Accounts payable	\$ -	\$ -	\$ -	\$ 31,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,760
Due to other funds	-	228,993	-	174,637	-	-	-	435	-	-	-	404,065
Unearned revenue	-	14,385	70,839	46,594	-	-	-	-	-	-	-	131,818
Other accrued expenses	-	-	-	-	-	-	-	3,218	-	-	-	3,218
	<u>-</u>	<u>243,378</u>	<u>70,839</u>	<u>252,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570,861</u>
Fund balances:												
Nonspendable:												
Inventories	-	52,900	-	-	-	-	-	-	-	-	-	52,900
Restricted for:												
Victim services	-	-	-	-	-	-	-	-	-	22,761	-	22,761
Public safety	-	-	-	-	-	-	926,016	284,456	202,274	-	-	1,412,746
Cultural and recreation	11,494	-	85,145	-	8,294	232,880	-	-	-	-	1,657,041	337,813
Roads and bridges	-	-	-	-	-	-	-	-	-	-	-	1,657,041
Unassigned, reported in:												
Special revenue funds	-	(161,290)	-	(63,525)	-	-	-	-	-	-	-	(224,815)
	<u>11,494</u>	<u>(108,390)</u>	<u>85,145</u>	<u>(63,525)</u>	<u>8,294</u>	<u>232,880</u>	<u>926,016</u>	<u>284,456</u>	<u>202,274</u>	<u>22,761</u>	<u>1,657,041</u>	<u>3,258,446</u>
	<u>\$ 11,494</u>	<u>\$ 134,988</u>	<u>\$ 155,984</u>	<u>\$ 189,466</u>	<u>\$ 8,294</u>	<u>\$ 232,880</u>	<u>\$ 926,016</u>	<u>\$ 288,109</u>	<u>\$ 202,274</u>	<u>\$ 22,761</u>	<u>\$ 1,657,041</u>	<u>\$ 3,829,307</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Recreation Fund	Airport Fund	Library Fund	Restricted Grants Fund	Local Accommodations Tax Fund	Indian Land Fire Protection District Fund	Edenmoor Special Tax District	E-911 Fund	Pleasant Valley Fire District Fund	Court Mandated Security Fund	Victim Services Fund	Transportation Fund	Total
<b>Revenues</b>													
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 987,740	\$ -	\$ -	\$ 987,740
Sales and miscellaneous taxes	-	-	-	-	47,682	-	-	427,624	-	-	-	-	475,306
Fees and fines	-	-	70,250	-	-	2,006	-	-	2,822	-	82,555	-	157,633
Intergovernmental	107,103	687,530	86,491	1,592,616	-	-	-	75,221	34,124	-	-	1,254,480	3,837,565
Charges for services	875,473	116,439	15,410	-	-	396,740	-	-	321,375	-	-	-	1,725,437
Investment earnings	62	-	224	-	-	94	-	570	395	-	-	1,285	2,630
Miscellaneous	1,674	39,955	-	-	-	-	-	-	-	-	-	-	41,629
Contributions and donations	-	-	14,530	141,268	-	-	-	-	-	-	-	-	155,798
Total revenues	984,312	843,924	186,905	1,733,884	47,682	398,840	-	503,415	358,716	987,740	82,555	1,255,765	7,383,738
<b>Expenditures</b>													
Current													
General government	-	190,175	-	213,892	17,302	-	-	-	-	-	-	-	421,369
Public safety and law enforcement	-	-	-	522,902	-	330,077	-	264,486	213,207	984,099	100,415	-	2,415,186
Public works	-	-	-	13,453	-	-	-	-	-	-	-	1,869,433	1,882,886
Public health and welfare	-	-	-	13,273	-	-	-	-	-	-	-	-	13,273
Culture and recreation	1,788,435	-	1,183,473	-	-	-	-	-	-	-	-	-	2,971,908
Economic development	-	-	-	978,274	-	-	-	-	-	-	-	-	978,274
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	95,000	-	-	-	95,000
Interest and other charges	-	-	-	-	-	-	-	-	112,648	-	-	-	112,648
Capital outlay	51,392	281,621	-	-	-	-	-	-	486,908	-	-	-	819,921
Total expenditures	1,839,827	471,796	1,183,473	1,741,794	17,302	330,077	-	264,486	907,763	984,099	100,415	1,869,433	9,710,465
Excess (deficiency) of revenues over expenditures	(855,515)	372,128	(996,568)	(7,910)	30,380	68,763	-	238,929	(549,047)	3,641	(17,860)	(613,668)	(2,326,727)
<b>Other Financing Sources (Uses)</b>													
Proceeds from sale of capital assets	3,353	-	-	-	-	-	-	-	-	-	-	-	3,353
Transfers in	880,428	40,000	954,210	-	-	12,502	-	-	100,000	-	40,621	-	2,027,761
Transfers out	-	-	-	-	(25,000)	-	(12,502)	-	-	-	-	-	(37,502)
Total Other Financing Sources	883,781	40,000	954,210	-	(25,000)	12,502	(12,502)	-	100,000	-	40,621	-	1,993,612
Net change in fund balances	28,266	412,128	(42,358)	(7,910)	5,380	81,265	(12,502)	238,929	(449,047)	3,641	22,761	(613,668)	(333,115)
Fund Balances, Beginning of Year	(16,772)	(520,518)	127,503	(55,615)	2,914	151,615	12,502	687,087	733,503	198,633	-	2,270,709	3,591,561
Fund Balances, End of Year	\$ 11,494	\$ (108,390)	\$ 85,145	\$ (63,525)	\$ 8,294	\$ 232,880	\$ -	\$ 926,016	\$ 284,456	\$ 202,274	\$ 22,761	\$ 1,657,041	\$ 3,258,446

**SCHEDULE 8**

**LANCASTER COUNTY, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - RECREATION FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental revenue	\$ 107,103	\$ 107,103	\$ 107,103	\$ -
Charges for services	963,057	963,057	875,473	(87,584)
Interest income	-	-	62	62
Miscellaneous revenue	-	-	1,674	1,674
	<u>1,070,160</u>	<u>1,070,160</u>	<u>984,312</u>	<u>(85,848)</u>
<b>Expenditures</b>				
Current				
Culture and recreation - operations	1,843,486	1,843,486	1,788,435	55,051
Capital outlay	107,102	107,102	51,392	55,710
	<u>1,950,588</u>	<u>1,950,588</u>	<u>1,839,827</u>	<u>110,761</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(880,428)</u>	<u>(880,428)</u>	<u>(855,515)</u>	<u>24,913</u>
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	-	-	3,353	3,353
Transfer in	880,428	880,428	880,428	-
	<u>880,428</u>	<u>880,428</u>	<u>883,781</u>	<u>3,353</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>28,266</u>	<u>\$ 28,266</u>
Fund Balance, Beginning of Year			<u>(16,772)</u>	
Fund Balance, End of Year			<u>\$ 11,494</u>	

**SCHEDULE 9**

**LANCASTER COUNTY, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - AIRPORT FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget-Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 687,530	\$ 687,530
Charges for services	200,000	200,000	116,439	(83,561)
Miscellaneous income	23,200	23,200	39,955	16,755
	<u>223,200</u>	<u>223,200</u>	<u>843,924</u>	<u>620,724</u>
Expenditures				
Current				
General government	263,200	263,200	190,175	73,025
Capital outlay				
General	-	-	281,621	(281,621)
	<u>263,200</u>	<u>263,200</u>	<u>471,796</u>	<u>(208,596)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,000)</u>	<u>(40,000)</u>	<u>372,128</u>	<u>412,128</u>
Other Financing Sources (Uses)				
Transfer in	40,000	40,000	40,000	-
	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>412,128</u>	<u>\$ 412,128</u>
Fund Balance, Beginning of Year			<u>(520,518)</u>	
Fund Balance, End of Year			<u>\$ (108,390)</u>	

## SCHEDULE 10

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - LIBRARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental revenue	\$ 85,291	\$ 85,291	\$ 86,491	\$ 1,200
Charges for services	-	-	\$ 15,410	15,410
Fines, fees and copier revenue	64,000	64,000	70,250	6,250
Contributions and donations	28,680	28,680	14,530	(14,150)
Interest income	-	-	224	224
	<u>177,971</u>	<u>177,971</u>	<u>186,905</u>	<u>8,934</u>
<b>Expenditures</b>				
Current				
Culture and recreation	<u>1,184,111</u>	<u>1,184,111</u>	<u>1,183,473</u>	<u>638</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,006,140)</u>	<u>(1,006,140)</u>	<u>(996,568)</u>	<u>9,572</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	<u>954,210</u>	<u>954,210</u>	<u>954,210</u>	-
	<u>954,210</u>	<u>954,210</u>	<u>954,210</u>	-
Net Change in Fund Balance	<u>\$ (51,930)</u>	<u>\$ (51,930)</u>	<u>(42,358)</u>	<u>\$ 9,572</u>
Fund Balance, Beginning of Year			<u>127,503</u>	
Fund Balance, End of Year			<u>\$ 85,145</u>	

SCHEDULE 11

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - LOCAL ACCOMMODATIONS TAX FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues</b>				
Local accomodation tax revenue	\$ 50,000	\$ 50,000	\$ 47,682	\$ (2,318)
Total revenues	50,000	50,000	47,682	(2,318)
<b>Expenditures</b>				
Current				
General government administration	25,000	25,000	17,302	7,698
Total expenditures	25,000	25,000	17,302	7,698
Excess (deficiency) of revenues over expenditures	25,000	25,000	30,380	5,380
<b>Other Financing Sources (Uses)</b>				
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources and uses	(25,000)	(25,000)	(25,000)	-
Net change in fund balances	\$ -	\$ -	5,380	\$ 5,380
Fund Balance, Beginning of Year			2,914	
Fund Balance, End of Year			\$ 8,294	

SCHEDULE 12

LANCASTER COUNTY, SOUTH CAROLINA  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - INDIAN LAND FIRE PROTECTION DISTRICT FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Charges for services	\$ 382,000	\$ 382,000	\$ 396,740	\$ 14,740
Fines, fees and forfeitures	-	-	2,006	2,006
Investment earnings	-	-	94	94
Total revenues	<u>382,000</u>	<u>382,000</u>	<u>398,840</u>	<u>16,840</u>
<b>Expenditures</b>				
Current				
Public safety and law enforcement	<u>367,000</u>	<u>367,000</u>	<u>330,077</u>	<u>36,923</u>
Total expenditures	<u>367,000</u>	<u>367,000</u>	<u>330,077</u>	<u>36,923</u>
Excess (deficiency) of revenues over expenditures	<u>15,000</u>	<u>15,000</u>	<u>68,763</u>	<u>53,763</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>12,502</u>	<u>12,502</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>12,502</u>	<u>12,502</u>
Net change in fund balances	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>81,265</u>	<u>\$ 66,265</u>
Fund Balance, Beginning of Year			<u>151,615</u>	
Fund Balance, End of Year			<u>\$ 232,880</u>	



**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - E-911 FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Other local taxes and tariffs	\$ 400,000	\$ 400,000	\$ 427,624	\$ 27,624
Intergovernmental	450,800	450,800	75,221	(375,579)
Investment earnings	500	500	570	70
Total revenues	<u>851,300</u>	<u>851,300</u>	<u>503,415</u>	<u>(347,885)</u>
<b>Expenditures</b>				
Capital outlay				
Public safety and law enforcement	<u>1,305,450</u>	<u>1,305,450</u>	<u>264,486</u>	<u>1,040,964</u>
Total expenditures	<u>1,305,450</u>	<u>1,305,450</u>	<u>264,486</u>	<u>1,040,964</u>
Excess (deficiency) of revenues over expenditures	<u>(454,150)</u>	<u>(454,150)</u>	<u>238,929</u>	<u>693,079</u>
Net change in fund balances	<u>\$ (454,150)</u>	<u>\$ (454,150)</u>	<u>238,929</u>	<u>\$ 693,079</u>
Fund Balance, Beginning of Year			<u>687,087</u>	
Fund Balance, End of Year			<u>\$ 926,016</u>	

**SCHEDULE 14**

**LANCASTER COUNTY, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - PLEASANT VALLEY FIRE DISTRICT FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ 34,124	\$ 34,124
Charges for services	306,698	306,698	321,375	14,677
Fines, fees and forfeitures	2,000	2,000	2,822	822
Investment earnings	-	-	395	395
Total revenues	<u>308,698</u>	<u>308,698</u>	<u>358,716</u>	<u>50,018</u>
<b>Expenditures</b>				
Current				
Public safety and law enforcement	100,300	100,300	213,207	(112,907)
Capital outlay				
Public safety and law enforcement	-	-	486,908	(486,908)
Debt Service				
Principal	95,000	95,000	95,000	-
Interest and other charges	<u>113,398</u>	<u>113,398</u>	<u>112,648</u>	<u>750</u>
Total expenditures	<u>308,698</u>	<u>308,698</u>	<u>907,763</u>	<u>(599,065)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(549,047)</u>	<u>(549,047)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(449,047)</u>	<u>\$ (449,047)</u>
Fund Balance, Beginning of Year			<u>733,503</u>	
Fund Balance, End of Year			<u>\$ 284,456</u>	

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - COURT MANDATED SECURITY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 984,687	\$ 984,687	\$ 987,740	\$ 3,053
Total revenues	984,687	984,687	987,740	3,053
<b>Expenditures</b>				
Public safety and law enforcement	984,687	984,687	984,099	588
Total expenditures	984,687	984,687	984,099	588
Excess (deficiency) of revenues over expenditures	-	-	3,641	3,641
Net change in fund balances	\$ -	\$ -	3,641	\$ 3,641
Fund Balance, Beginning of Year			198,633	
Fund Balance, End of Year			\$ 202,274	

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - VICTIM SERVICES FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Fines, fees and forfeitures	\$ 106,600	\$ 106,600	\$ 82,555	\$ (24,045)
Total revenues	106,600	106,600	82,555	(24,045)
<b>Expenditures</b>				
Current				
Public Safety	106,600	106,600	100,415	6,185
Total expenditures	106,600	106,600	100,415	6,185
Excess (deficiency) of revenues over expenditures	-	-	(17,860)	(17,860)
<b>Other Financing Sources (Uses)</b>				
Transfers in - general fund	-	-	40,621	40,621
Total other financing sources and uses	-	-	40,621	40,621
Net change in fund balances	\$ -	\$ -	22,761	\$ 22,761
Fund Balances, Beginning of Year			-	
Fund Balances, End of Year			\$ 22,761	

SCHEDULE 17

LANCASTER COUNTY, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - TRANSPORTATION FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
<b>Revenues</b>				
Intergovernmental	\$ 1,275,000	\$ 1,275,000	\$ 1,254,480	\$ (20,520)
Investment earnings	3,000	3,000	1,285	(1,715)
Total revenues	<u>1,278,000</u>	<u>1,278,000</u>	<u>1,255,765</u>	<u>(22,235)</u>
<b>Expenditures</b>				
Current				
Public works	<u>2,051,000</u>	<u>2,551,000</u>	<u>1,869,433</u>	<u>681,567</u>
Total expenditures	<u>2,051,000</u>	<u>2,551,000</u>	<u>1,869,433</u>	<u>681,567</u>
Net change in fund balances	<u>\$ (773,000)</u>	<u>\$ (1,273,000)</u>	<u>(613,668)</u>	<u>\$ 659,332</u>
Fund Balances, Beginning of Year			<u>2,270,709</u>	
Fund Balances, End of Year			<u>\$ 1,657,041</u>	

SCHEDULE 18

**LANCASTER COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget- Positive (Negative)</b>
<b>Revenues</b>				
Property taxes	\$ 2,066,867	\$ 2,066,867	\$ 2,165,744	\$ 98,877
Intergovernmental	-	-	113,976	113,976
Investment earnings	2,500	2,500	636	(1,864)
Total revenues	<u>2,069,367</u>	<u>2,069,367</u>	<u>2,280,356</u>	<u>210,989</u>
<b>Expenditures</b>				
Debt service				
Principal retirement	1,343,708	1,343,708	1,343,708	-
Interest and other charges	725,659	725,659	724,102	1,557
Total expenditures	<u>2,069,367</u>	<u>2,069,367</u>	<u>2,067,810</u>	<u>1,557</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	212,546	<u>\$ 212,546</u>
Fund Balance, Beginning of Year			<u>503,298</u>	
Fund Balance, End of Year			<u>\$ 715,844</u>	

LANCASTER COUNTY, SOUTH CAROLINA  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUNDS  
JUNE 30, 2012

	Bailes Ridge Projects Fund	Bond Projects Fund	Brookchase Special Tax District Fund	Capital Improvement Fund	Edgewater Improvement District Fund	Edgewater II Improvement District Fund	SCAGO Public Facilities Corporation Fund	Sun City Special Assessments Fund	Total
<b>Assets</b>									
Investments	\$ 1,430,778	\$ -	\$ -	\$ -	\$ -	\$ 800	\$ 1,994,365	\$ 258,209	\$ 3,684,152
Taxes receivable, net	-	-	-	10,718	-	-	-	-	10,718
Due from other funds	-	3,315,772	62,111	626,339	2,256	-	-	176	4,006,654
	<u>\$ 1,430,778</u>	<u>\$ 3,315,772</u>	<u>\$ 62,111</u>	<u>\$ 637,057</u>	<u>\$ 2,256</u>	<u>\$ 800</u>	<u>\$ 1,994,365</u>	<u>\$ 258,385</u>	<u>\$ 7,701,524</u>
<b>Liabilities and Fund Balances</b>									
Liabilities:									
Accounts payable	\$ -	\$ 25,979	\$ -	\$ -	\$ 2,256	\$ -	\$ 15,322	\$ 176	\$ 43,733
Bond anticipation note payable	-	-	875,000	-	-	-	-	-	875,000
Due to other funds	-	-	-	-	-	-	192,673	-	192,673
	<u>-</u>	<u>25,979</u>	<u>875,000</u>	<u>-</u>	<u>2,256</u>	<u>-</u>	<u>207,995</u>	<u>176</u>	<u>1,111,406</u>
Fund balances:									
Restricted for:									
Capital projects	1,430,778	3,289,793		608,565	-	800	1,786,370	258,209	7,374,515
Assigned to:									
Subsequent year's budget	-	-	(812,889)	28,492	-	-	-	-	28,492
Unassigned	<u>1,430,778</u>	<u>3,289,793</u>	<u>(812,889)</u>	<u>637,057</u>	<u>-</u>	<u>800</u>	<u>1,786,370</u>	<u>258,209</u>	<u>(812,889)</u>
	<u>\$ 1,430,778</u>	<u>\$ 3,315,772</u>	<u>\$ 62,111</u>	<u>\$ 637,057</u>	<u>\$ 2,256</u>	<u>\$ 800</u>	<u>\$ 1,994,365</u>	<u>\$ 258,385</u>	<u>\$ 7,701,524</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Bailes Ridge Project Fund	Bond Projects Fund	Brookchase Special Tax District Fund	Capital Improvement Fund	Edenmoor Special Assessments Fund	Edgewater II Improvement District Fund	SCAGO Public Facilities Corporation Fund	Sun City Special Assessments Fund	Total
<b>Revenues</b>									
Property Taxes	\$ 690,137	\$ -	\$ -	\$ 1,220,575	\$ -	\$ -	\$ -	\$ -	\$ 1,910,712
Charges for services		-	62,096	-	-	-	-	-	62,096
Investment earnings	138	2,308	15	-	149	-	319	24	2,953
Contributions and donations	-	-	-	-	-	-	-	78,933	78,933
Total revenues	690,275	2,308	62,111	1,220,575	149	-	319	78,957	2,054,694
<b>Expenditures</b>									
Capital outlay									
General government	-	618,772	-	239,651	-	-	-	-	\$ 858,423
Administration of justice	-	-	-	-	-	-	1,237,734	-	1,237,734
Public safety and law enforcement	-	174,049	-	147,716	-	-	-	-	321,765
Public works	-	-	-	120,880	-	-	-	-	120,880
Public health and welfare	-	285,200	-	148,198	-	-	-	-	433,398
Economic development	-	-	-	-	2,198,849	-	-	-	2,198,849
Culture and recreation	-	-	-	157,183	-	-	-	-	157,183
Debt service									
Principal	265,000	-	-	142,860	-	-	-	-	407,860
Interest and other charges	184,696	-	-	13,416	-	-	-	-	198,112
Total expenditures	449,696	1,078,021	-	969,904	2,198,849	-	1,237,734	-	5,934,204
Excess (deficiency) of revenues over expenditures	240,579	(1,075,713)	62,111	250,671	(2,198,700)	-	(1,237,415)	78,957	(3,879,510)
Net Change in Fund Balances	240,579	(1,075,713)	62,111	250,671	(2,198,700)	-	(1,237,415)	78,957	(3,879,510)
Fund Balances, Beginning of Year	1,190,199	4,365,506	(875,000)	386,386	2,198,700	800	3,023,785	179,252	10,469,628
Fund Balances, End of Year	\$ 1,430,778	\$ 3,289,793	\$ (812,889)	\$ 637,057	\$ -	\$ 800	\$ 1,786,370	\$ 258,209	\$ 6,590,118



**SCHEDULE 21**

**LANCASTER COUNTY, SOUTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Property taxes	\$ 1,094,500	\$ 1,094,500	\$ 1,220,575	\$ 126,075
Miscellaneous	-	-	-	-
Total revenues	<u>1,094,500</u>	<u>1,094,500</u>	<u>1,220,575</u>	<u>126,075</u>
<b>Expenditures</b>				
Capital outlay				
General government administration	540,000	540,000	239,651	300,349
Administration of justice	10,000	10,000	-	10,000
Public safety and law enforcement	150,000	150,000	147,716	2,284
Public works	300,000	267,000	120,880	146,120
Public health and welfare	-	123,000	148,198	(25,198)
Culture and recreation	-	159,036	157,183	1,853
Debt service				
Principal	157,000	157,000	142,860	14,140
Interest and other charges	-	-	13,416	(13,416)
Total expenditures	<u>1,157,000</u>	<u>1,406,036</u>	<u>969,904</u>	<u>436,132</u>
Excess (deficiency) of revenues over expenditures	<u>(62,500)</u>	<u>(311,536)</u>	<u>250,671</u>	<u>562,207</u>
Net change in fund balances	<u>\$ (62,500)</u>	<u>\$ (311,536)</u>	<u>250,671</u>	<u>\$ 562,207</u>
Fund Balance, Beginning of Year			<u>386,386</u>	
Fund Balance, End of Year			<u>\$ 637,057</u>	

**SCHEDULE 22**

**LANCASTER COUNTY, SOUTH CAROLINA  
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
Education Fund				
Assets				
Cash and cash equivalents	\$ 5,105,182	\$ 56,873,094	\$54,371,333	\$ 7,606,943
Accounts receivable	906	-	906	-
Property taxes receivable	261,927	377,765	261,927	377,765
	<u>\$ 5,368,015</u>	<u>\$ 57,250,859</u>	<u>\$54,634,166</u>	<u>\$ 7,984,708</u>
Liabilities				
Due to school district	\$ 5,361,403	\$ 56,142,802	\$53,540,219	\$ 7,963,986
Due to USC-L	6,612	1,108,057	1,093,947	20,722
	<u>\$ 5,368,015</u>	<u>\$ 57,250,859</u>	<u>\$54,634,166</u>	<u>\$ 7,984,708</u>
Clerk of Court				
Assets				
Cash	<u>\$ 589,660</u>	<u>\$ 340,883</u>	<u>\$ 350,269</u>	<u>\$ 580,274</u>
Liabilities				
Due to others	<u>\$ 589,660</u>	<u>\$ 340,883</u>	<u>\$ 350,269</u>	<u>\$ 580,274</u>
Family Court				
Assets				
Cash	<u>\$ 244,937</u>	<u>\$ 5,797,182</u>	<u>\$ 5,802,128</u>	<u>\$ 239,991</u>
Liabilities				
Due to others	<u>\$ 244,937</u>	<u>\$ 5,797,182</u>	<u>\$ 5,802,128</u>	<u>\$ 239,991</u>
Probate Court				
Assets				
Cash	<u>\$ 1,505</u>	<u>\$ 134,309</u>	<u>\$ 134,335</u>	<u>\$ 1,479</u>
Liabilities				
Due to others	<u>\$ 1,505</u>	<u>\$ 134,309</u>	<u>\$ 134,335</u>	<u>\$ 1,479</u>
Tax Collector Property Sold				
Assets				
Cash	<u>\$ 153,466</u>	<u>\$ 999,016</u>	<u>\$ 948,571</u>	<u>\$ 203,911</u>
Liabilities				
Due to others	<u>\$ 153,466</u>	<u>\$ 999,016</u>	<u>\$ 948,571</u>	<u>\$ 203,911</u>
Tax Collector Trust Account				
Assets				
Cash	<u>\$ 45,803</u>	<u>\$ 4,109</u>	<u>\$ 7,702</u>	<u>\$ 42,210</u>
Liabilities				
Due to others	<u>\$ 45,803</u>	<u>\$ 4,109</u>	<u>\$ 7,702</u>	<u>\$ 42,210</u>
Forfeit Land Commission				
Assets				
Cash	<u>\$ 56,429</u>	<u>\$ 8,854,777</u>	<u>\$ 8,497,111</u>	<u>\$ 414,095</u>
Liabilities				
Due to others	<u>\$ 56,429</u>	<u>\$ 8,854,777</u>	<u>\$ 8,497,111</u>	<u>\$ 414,095</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Magistrates				
Assets				
Cash	\$ 89,669	\$ 948,542	\$ 947,344	\$ 90,867
Liabilities				
Due to others	\$ 89,669	\$ 948,542	\$ 947,344	\$ 90,867
City of Lancaster				
Assets				
Cash	\$ 43,089	\$ 4,295,332	\$ 4,319,489	\$ 18,932
Liabilities				
Due to City of Lancaster	\$ 43,089	\$ 4,295,332	\$ 4,319,489	\$ 18,932
Town of Kershaw				
Assets				
Cash	\$ 2,010	\$ 142,164	\$ 143,112	\$ 1,062
Liabilities				
Due to Town of Kershaw	\$ 2,010	\$ 142,164	\$ 143,112	\$ 1,062
Edgewater Improvement District				
Assets				
Investments	\$ 1,184,035	\$ 723,947	\$ 908,161	\$ 999,821
Liabilities				
Due to others	\$ 1,184,035	\$ 723,947	\$ 908,161	\$ 999,821
Edgewater II Improvement District				
Assets				
Investments	\$ 964,863	\$ 6,002	\$ 133,925	\$ 836,940
Liabilities				
Due to others	\$ 964,863	\$ 6,002	\$ 133,925	\$ 836,940
Sun City Improvement District				
Assets				
Investments	\$ 2,214,180	\$ 1,264,219	\$ 1,338,601	\$ 2,139,798
Liabilities				
Due to others	\$ 2,214,180	\$ 1,264,219	\$ 1,338,601	\$ 2,139,798
Edenmoor Improvement District				
Assets				
Investments	\$ 958,518	\$ 8,095,312	\$ 1,708,850	\$ 7,344,980
Liabilities				
Due to others	\$ 958,518	\$ 8,095,312	\$ 1,708,850	\$ 7,344,980
Detention Center Inmates				
Assets				
Cash	\$ 42,754	\$ 95,883	\$ 127,453	\$ 11,184
Liabilities				
Due to others	\$ 42,754	\$ 95,883	\$ 127,453	\$ 11,184

**LANCASTER COUNTY, SOUTH CAROLINA**  
**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Employee Funds				
Assets				
Cash	\$ 2,222	\$ 4,931	\$ 4,499	\$ 2,654
Liabilities				
Due to others	\$ 2,222	\$ 4,931	\$ 4,499	\$ 2,654
<u>ASSETS</u>				
Cash and cash equivalents	\$ 6,376,726	\$ 78,490,222	\$75,653,346	\$ 9,213,602
Investments	5,321,596	10,089,480	4,089,537	11,321,539
Property tax receivable	261,927	377,765	261,927	377,765
Accounts receivable	906	-	906	-
Total assets	<u>\$ 11,961,155</u>	<u>\$ 88,957,467</u>	<u>\$80,005,716</u>	<u>\$ 20,912,906</u>
<u>LIABILITIES</u>				
Due to other taxing units	\$ 5,413,114	\$ 61,688,355	\$59,096,767	\$ 8,004,702
Due to others	6,548,041	27,269,112	20,908,949	\$ 12,908,204
Total liabilities	<u>\$ 11,961,155</u>	<u>\$ 88,957,467</u>	<u>\$80,005,716</u>	<u>\$ 20,912,906</u>

LANCASTER COUNTY, SOUTH CAROLINA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2012

Function and Activity	Land	Construction in Progress	Buildings and Improvements	Vehicles	Furniture and Equipment	Infrastructure	Total
<b>General government administration</b>							
Administration	\$ -	\$ -	\$ -	\$ 33,015	\$ -	\$ -	\$ 33,015
Airport	598,607	-	9,244,893	-	43,950	-	9,887,450
Assessor	-	-	-	98,067	89,431	-	187,498
Auditor	-	-	-	17,525	21,887	-	39,412
Building and Zoning	-	-	-	178,743	22,726	-	201,469
Building and Maintenance	-	-	-	110,821	40,886	-	151,707
Delinquent tax	-	-	-	29,124	-	-	29,124
Finance	-	-	-	-	140,277	-	140,277
GIS	-	-	-	-	43,797	-	43,797
Human Resources	-	-	-	11,999	-	-	11,999
MIS	-	-	-	32,325	279,547	-	311,872
Non-departmental	2,351,024	-	36,457,028	-	3,021,276	-	41,829,328
Planning	-	-	-	-	29,554	-	29,554
Register of Deeds	-	-	-	-	10,451	-	10,451
Vehicle Maintenance	-	-	57,000	132,923	131,581	-	321,504
Voter registration and elections	-	-	-	-	451,798	-	451,798
	<u>2,949,631</u>	<u>-</u>	<u>45,758,921</u>	<u>644,542</u>	<u>4,327,161</u>	<u>-</u>	<u>53,680,255</u>
<b>Administration of justice</b>							
Clerk of Court	-	-	2,895,200	-	1,158,406	-	4,053,606
Family Court	7,690	-	-	-	-	-	7,690
Magistrate Courts	326,300	-	657,699	22,620	15,165	-	1,021,784
Probate Court	-	-	-	-	6,672	-	6,672
	<u>333,990</u>	<u>-</u>	<u>3,552,899</u>	<u>22,620</u>	<u>1,180,243</u>	<u>-</u>	<u>5,089,752</u>
<b>Public safety and law enforcement</b>							
Communications	-	13,948	-	-	-	-	13,948
Coroner	46,900	-	434,039	169,398	15,000	-	665,337
Detention Center	-	-	466,119	20,723	310,990	-	797,832
E-911 Communications	-	-	-	13,200	530,576	-	543,776
Emergency Management	210,000	-	1,193,414	33,121	612,445	-	2,048,980
Fire Service	609,200	-	2,510,234	11,035,726	2,310,822	-	16,465,982
Rescue Squads	-	-	-	320,779	63,884	-	384,663
Sheriff	81,500	294,981	3,562,432	2,744,438	619,575	-	7,302,926
	<u>947,600</u>	<u>308,929</u>	<u>8,166,238</u>	<u>14,337,385</u>	<u>4,463,292</u>	<u>-</u>	<u>28,223,444</u>
<b>Public works</b>							
Roads and Bridges/Solid Waste/Public Works	142,205	-	62,800	1,331,164	3,372,422	15,092,316	20,000,907
<b>Public health and welfare</b>							
Animal Control	5	-	99,000	81,009	77,577	-	257,591
EMS	135,438	-	708,138	2,252,110	646,645	-	3,742,331
Health services	3,333	-	1,043,000	-	-	-	1,046,333
Juvenile Drug Court	-	-	-	-	6,469	-	6,469
	<u>138,776</u>	<u>-</u>	<u>1,850,138</u>	<u>2,333,119</u>	<u>730,691</u>	<u>-</u>	<u>5,052,724</u>
<b>Economic Development</b>	-	300,642	-	-	7,366	-	308,008
<b>Culture and recreation</b>	1,158,529	-	7,935,142	427,833	354,793	-	9,876,297
<b>Total governmental funds capital assets</b>	<u>\$ 5,670,731</u>	<u>\$ 609,571</u>	<u>\$ 67,326,138</u>	<u>\$ 19,096,663</u>	<u>\$ 14,435,968</u>	<u>\$ 15,092,316</u>	<u>\$ 122,231,387</u>

**LANCASTER COUNTY, SOUTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<b>Function and Activity</b>	<b>Beginning of Year</b>	<b>Additions</b>	<b>Transfers In (Out)</b>	<b>Deletions</b>	<b>End of Year</b>
<b>General government administration</b>					
Administration	\$ 15,515	\$ -	\$ 17,500	\$ -	\$ 33,015
Airport	9,605,829	3,152,790	-	(2,871,169)	9,887,450
Assessor	204,998	-	(17,500)	-	187,498
Auditor	39,412	-	-	-	39,412
Building and Zoning	217,348	-	(15,879)	-	201,469
Building Maintenance	145,282	-	12,838	(6,413)	151,707
Delinquent Tax	29,124	-	-	-	29,124
Finance	25,110	115,167	-	-	140,277
GIS	49,906	13,500	(19,609)	-	43,797
Human Resources	11,999	-	-	-	11,999
MIS	254,001	57,871	-	-	311,872
Non-departmental	40,944,094	1,762,826	-	(877,592)	41,829,328
Planning	9,945	-	19,609	-	29,554
Register of Deeds	10,451	-	-	-	10,451
Vehicle Maintenance	255,658	77,788	-	(11,942)	321,504
Voter Registration and Elections	451,798	-	-	-	451,798
	<u>52,270,470</u>	<u>5,179,942</u>	<u>(3,041)</u>	<u>(3,767,116)</u>	<u>53,680,255</u>
<b>Administration of justice</b>					
Clerk of Court	4,063,076	-	(9,470)	-	4,053,606
Family Court	7,690	-	-	-	7,690
Magistrate Courts	1,021,784	-	-	-	1,021,784
Probate Court	6,672	-	-	-	6,672
	<u>5,099,222</u>	<u>-</u>	<u>(9,470)</u>	<u>-</u>	<u>5,089,752</u>
<b>Public safety and law enforcement</b>					
Communications	-	13,948	-	-	13,948
Coroner	555,840	-	109,497	-	665,337
Detention Center	533,984	263,848	-	-	797,832
E-911 Communications	543,776	-	-	-	543,776
Emergency Management	500,971	1,538,539	9,470	-	2,048,980
Fire Service	15,815,327	650,655	-	-	16,465,982
Rescue Squads	493,682	5,727	(95,734)	(19,012)	384,663
Sheriff	7,216,360	532,250	15,879	(461,563)	7,302,926
	<u>25,659,940</u>	<u>3,004,967</u>	<u>39,112</u>	<u>(480,575)</u>	<u>28,223,444</u>
<b>Public works</b>					
Roads and Bridges/Solid Waste/Public Works	19,278,329	840,858	-	(118,280)	20,000,907
<b>Public health and welfare</b>					
Animal Control	301,929	-	(12,838)	(31,500)	257,591
EMS	3,643,533	422,558	(13,763)	(309,997)	3,742,331
Health services	1,046,333	-	-	-	1,046,333
Juvenile Drug Court	6,469	-	-	-	6,469
	<u>4,998,264</u>	<u>422,558</u>	<u>(26,601)</u>	<u>(341,497)</u>	<u>5,052,724</u>
<b>Economic development</b>	<u>7,366</u>	<u>300,642</u>	<u>-</u>	<u>-</u>	<u>308,008</u>
<b>Culture and recreation</b>	<u>9,596,376</u>	<u>297,458</u>	<u>-</u>	<u>(17,537)</u>	<u>9,876,297</u>
<b>Total governmental funds capital assets</b>	<u>\$ 116,909,967</u>	<u>\$ 10,046,425</u>	<u>\$ -</u>	<u>\$ (4,725,005)</u>	<u>\$ 122,231,387</u>

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



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**SCHEDULE 25**

**LANCASTER COUNTY, SOUTH CAROLINA  
SUMMARY SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES  
CLERK OF COURT AND MAGISTRATE COURTS  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Total Collections</b>	<b>Amount Retained by County Treasurer</b>	<b>Amount Remitted to State Treasurer</b>	<b>Amount Allocated to Victims' Services</b>
<b>Clerk of Court:</b>				
Fines and fees	\$ 202,125	\$ 56,836	\$ 145,289	\$ -
Assessments	13,972	3,910	10,062	3,910
Surcharges	30,205	17,220	12,985	17,220
	<u>\$ 246,302</u>	<u>\$ 77,966</u>	<u>\$ 168,336</u>	<u>\$ 21,130</u>
<b>Magistrate Courts:</b>				
Fines and fees	\$ 476,282	\$ 448,052	\$ 28,230	\$ -
Assessments	380,258	37,414	342,844	37,414
Surcharges	187,478	24,011	163,467	24,011
	<u>\$ 1,044,018</u>	<u>\$ 509,477</u>	<u>\$ 534,541</u>	<u>\$ 61,425</u>
<b>Family Court:</b>				
Fines and fees	\$ 389,631	\$ 171,266	\$ 218,365	\$ -
	<u>\$ 389,631</u>	<u>\$ 171,266</u>	<u>\$ 218,365</u>	<u>\$ -</u>
<b>Probate Court:</b>				
Fines and fees	\$ 107,943	\$ 98,493	\$ 9,450	\$ -
	<u>\$ 107,943</u>	<u>\$ 98,493</u>	<u>\$ 9,450</u>	<u>\$ -</u>
<b>Total</b>	<u>\$ 1,787,894</u>	<u>\$ 857,202</u>	<u>\$ 930,692</u>	<u>\$ 82,555</u>
<b>Victim Assistance</b>				
Amount reserved for victim assistance, 6/30/2011				\$ 40,621
Plus: Amount allocated for victim assistance in fiscal year 2012				82,555
Less: Amounts spent for victim assistance in fiscal year 2012				
from assessments and surcharges:				
Salaries and benefits			89,609	
Operating expenditures			10,806	
				(100,415)
Balance reserved for victim assistance, 6/30/2012				<u>\$ 22,761</u>

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## **STATISTICAL SECTION**

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## Statistical Section

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

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***Operating Information - 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.***

Full-time Equivalent County Government Employees by Function	99
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**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

Lancaster County, South Carolina  
Net Assets by Component Unit  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006 (1)	2007	2008 (2)	2009 (3)	2010 (4)	2011	2012
Governmental Activities:										
Primary government										
Invested in capital assets, net of related debt	\$ 7,308,965	\$ 7,619,726	\$ 8,318,341	\$ 9,648,288	\$ 16,075,000	\$ 18,128,925	\$ 27,608,973	\$ 30,319,260	\$ 37,890,060	\$ 33,996,194
Restricted	3,056,345	3,696,532	3,384,709	3,531,482	3,739,087	3,557,298	3,668,396	10,234,674	13,025,845	19,584,980
Unrestricted	4,368,758	5,233,610	6,674,834	42,178,027	25,374,209	39,197,629	21,506,800	17,985,707	15,336,956	13,884,941
Total primary government net assets	\$ 14,734,068	\$ 16,549,868	\$ 18,377,884	\$ 55,357,797	\$ 45,188,296	\$ 60,883,852	\$ 52,784,169	\$ 58,539,641	\$ 66,252,861	\$ 67,466,115

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

(2) The Edgewater II Improvement District is included in net assets beginning in fiscal year 2008.

(3) The SCAGO Public Facilities Corporation is included in net assets beginning in fiscal year 2009.

(4) The Capital Project Sales Tax Fund is included in net assets beginning in fiscal year 2010.

Lancaster County, South Carolina  
Changes in Net Assets  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2003	2004	2005	2006 (1)	2007 (2)	2008 (3)	2009 (4)	2010	2011	2012
<b>Expenses</b>										
Governmental activities primary government:										
General government administration	\$ 4,889,758	\$ 6,327,430	\$ 6,306,575	\$ 7,483,550	\$ 8,047,777	\$ 9,641,480	\$ 11,004,706	\$ 10,832,346	\$ 10,993,933	\$ 13,494,007
Public safety and law enforcement	6,156,928	7,044,593	7,501,336	7,561,537	8,187,570	10,108,792	10,747,904	11,374,643	11,351,803	13,113,668
Public works	2,280,307	2,930,478	4,073,435	3,952,300	4,710,191	7,463,470	6,050,232	6,065,063	5,880,894	6,741,646
Other activities	8,375,264	13,582,494	7,198,909	26,306,466	39,672,844	25,912,261	26,872,414	18,466,148	17,543,807	17,490,004
Total primary government expenses	21,702,257	29,884,995	25,080,255	45,303,853	60,618,382	53,126,003	54,675,256	46,738,200	45,760,437	50,839,325
<b>Program Revenues</b>										
Governmental activities primary government:										
Charges for services:										
General government administration	1,185,178	1,449,750	1,895,518	4,048,551	5,322,718	4,472,351	2,521,991	2,649,811	2,715,439	2,758,959
Administration of justice	870,445	832,818	851,113	902,749	932,736	1,230,302	1,198,420	1,161,469	1,100,988	1,069,362
Public health and welfare	1,818,974	1,688,930	1,268,397	2,136,481	2,115,531	2,274,497	2,191,295	2,523,597	2,513,973	3,066,640
Other activities	279,844	260,073	374,316	431,714	1,490,708	1,628,022	1,574,402	1,835,658	1,866,566	2,273,170
Operating grants and contributions	1,910,207	2,160,808	2,877,672	49,655,511	8,133,234	31,083,768	2,775,364	6,378,143	4,556,750	4,163,480
Capital grants and contributions	1,932,247	8,455,964	305,907	564,598	2,664,827	832,855	5,555,897	946,405	2,123,502	352,064
Total primary government program revenues	7,996,895	14,848,343	7,572,923	57,739,604	20,659,754	41,521,795	15,817,369	15,495,083	14,877,218	13,683,675
Net (Expense) Revenue	(13,705,362)	(15,036,652)	(17,507,332)	12,435,751	(39,958,628)	(11,604,208)	(38,857,887)	(31,243,117)	(30,883,219)	(37,155,650)
Total primary government net expense										
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities primary government:										
Property taxes	11,745,396	12,796,020	14,174,358	16,682,253	18,007,222	19,646,513	23,375,134	24,531,262	26,039,328	26,759,326
Other taxes and licenses	1,333,365	1,337,740	1,132,826	1,414,470	1,197,417	1,387,257	1,482,296	6,728,510	7,798,566	8,579,966
programs	2,784,032	2,806,318	2,848,762	2,976,711	4,954,683	4,510,153	4,492,562	3,985,341	3,720,738	3,511,437
Unrestricted interest income	73,452	39,615	121,134	322,854	1,657,970	1,254,997	374,332	101,224	106,003	54,753
Other	63,230	9,393	156,735	3,147,874	(396,875)	500,844	1,033,880	1,652,252	931,804	(813)
Prior Period Adjustment	-	(136,632)	901,533	-	2,398,940	-	-	-	-	(535,755)
Total general revenues, special items, and transfers primary government	15,999,475	16,852,454	19,335,348	24,544,162	27,819,357	27,299,764	30,758,204	36,998,589	38,596,439	38,368,904
<b>Changes in Net Assets</b>										
Total primary government changes in net assets	\$ 2,294,113	\$ 1,815,802	\$ 1,828,016	\$ 36,979,913	\$ (12,139,271)	\$ 15,695,556	\$ (8,099,683)	\$ 5,755,472	\$ 7,713,220	\$ 1,213,254

- (1) FY2006 includes Sun City & Edenmoor Improvement Districts & Bailes Ridge Business Park.  
(2) FY2007 includes \$17,312,904 in expenditures for the Edenmoor Improvement District.  
(3) Fiscal year 2008 includes revenues and expenditures related to the Edgewater II Improvement District.  
(4) Fiscal year 2009 includes revenues and expenditures related to SCAGO Public Facilities Corporation.



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

Fiscal Year	Real Property Tax (1)	Vehicle Tax	Local Option Sales Tax Property Tax Relief	Local Option Sales Tax for Capital Projects	Road Improvement Fee Tax	Other Taxes	Total
2003	\$ 7,523,080	\$ 1,510,958	\$ 2,711,358	\$ -	\$ 766,113	\$ 567,252	\$ 13,078,761
2004	8,057,384	1,700,426	3,038,210	-	785,085	552,655	14,133,760
2005	9,221,739	1,730,225	3,222,394	-	808,047	324,779	15,307,184
2006	11,320,315	1,892,385	3,469,553	-	841,164	573,306	18,096,723
2007	12,265,925	1,883,051	3,858,246	-	888,345	309,073	19,204,640
2008	13,952,327	1,739,865	3,929,649	-	939,535	472,394	21,033,770
2009	17,724,858	1,876,027	3,774,249	-	959,633	522,663	24,857,430
2010	19,150,376	1,831,426	3,549,460	5,281,993	976,296	470,221	31,259,772
2011	19,991,538	1,810,435	4,237,355	6,385,293	996,417	416,856	33,837,894
2012	20,202,783	2,032,440	4,524,103	6,924,788	1,176,367	478,801	35,339,282

(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)

	2003	2004	2005	2006 (2)	2007	2008 (3)	2009 (4)	2010	2011	2012
General fund										
Nonspendable	\$ 559,722	\$ 548,803	\$ 905,391	\$ 893,727	\$ 899,882	\$ 1,260,535	\$ 752,723	\$ 1,525,507	\$ 446,265	\$ 419,097
Restricted	1,252,728	1,398,076	1,357,623	1,450,634	1,546,591	1,087,506	1,029,032	814,990	1,425,506	1,925,029
Committed	-	-	-	-	-	383,204	341,269	-	-	-
Assigned	-	-	-	52,794	1,906,949	1,252,516	327,277	111,903	88,054	131,705
Unassigned	4,294,798	4,348,651	5,645,672	10,221,736	13,626,979	13,672,743	15,461,511	13,940,414	15,727,979	13,905,577
Total general fund	6,107,248	6,295,530	7,908,686	12,618,891	17,980,401	17,656,504	17,911,812	16,392,814	17,687,804	16,381,408
All other governmental funds										
Nonspendable									55,293	52,900
Restricted	2,602,788	2,840,720	2,027,086	36,038,635	12,685,898	985,901	5,337,669	37,556,390	24,983,673	21,344,104
Assigned	-	-	-	-	104,795	252,947	44,861	430,788	1,950	28,492
Unassigned, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	(41,937)	(110,512)	2,470,311	3,184,088	(3,408,975)	(648,198)	(224,815)
Capital projects funds	-	537,829	50,981	(865,247)	(127,980)	22,932,726	38,941,499	(1,235,234)	(875,000)	(812,889)
Total all other governmental funds	2,602,788	3,378,549	2,078,067	35,131,451	12,552,201	26,641,885	47,508,117	33,342,969	23,517,718	20,387,792
Total fund balances all governmental funds	\$ 8,710,036	\$ 9,674,079	\$ 9,986,753	\$ 47,750,342	\$ 30,532,602	\$ 44,298,389	\$ 65,419,929	\$ 49,735,783	\$ 41,205,522	\$ 36,769,200

(1) | Property tax revenues increased as a result of tax year 2000 reassessment. The County also increased its debt service millage for capital projects.

(2) | FY 2006 includes Sun City & Edenmoor Improvement Districts & Bailes Ridge Business Park.

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

Fiscal year 2008 includes revenues and expenditures related to the Edgewater II Improvement District.

(4) | Fiscal year 2009 includes net assets related to the SCAGO Public Facilities Corporation.

Lancaster County, South Carolina  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Taxes	\$ 12,768,264	\$ 13,864,651	\$ 15,297,672	\$ 17,986,185	\$ 19,210,716	\$ 20,976,717	\$ 24,289,541	\$ 30,975,180	\$ 33,496,235	\$ 35,868,567
Intergovernmental revenue	6,449,610	5,455,807	5,561,542	5,612,714	7,143,069	7,722,481	6,780,712	6,593,742	10,056,718	6,795,508
Licenses and permits	1,352,225	1,608,618	2,048,755	4,227,204	5,418,167	4,720,683	2,727,033	2,864,552	2,872,281	2,873,627
Charges for services	1,680,700	1,755,095	1,970,615	2,278,912	2,522,904	3,541,004	3,814,421	4,007,195	4,227,841	4,796,444
Fines, fees, and forfeitures	929,355	842,430	950,152	918,949	947,023	1,038,828	964,382	1,202,761	978,975	1,063,923
Contributions and donations	147,153	22,259	393,053	464,458	379,263	2,324,810	468,171	218,121	364,502	361,223
Interest income	75,076	67,655	125,034	544,821	1,964,141	1,360,491	383,775	99,235	103,219	52,522
Contributions from property owners	-	7,794,512	-	46,541,631	(4,988,640)	26,131,035	16,254	-	-	-
Other	10,013	9,393	346,717	829,641	189,725	201,003	163,445	138,702	279,484	163,279
Total revenues	23,412,396	31,420,420	26,693,540	79,404,515	32,766,368	68,017,052	39,607,734	46,099,488	52,379,255	51,975,093
<b>Expenditures</b>										
General government	5,055,697	5,968,263	6,362,781	7,225,795	7,824,858	9,508,392	10,916,594	11,087,906	9,846,699	12,670,895
Administration of justice	1,118,761	1,156,928	1,297,475	1,350,238	1,355,332	2,588,256	4,667,838	15,155,605	18,559,715	2,765,385
Public safety and law enforcement	6,338,620	6,901,684	7,842,458	8,959,935	8,160,736	13,910,070	12,337,057	11,273,954	12,691,671	12,202,000
Public works	2,750,719	3,299,478	4,145,391	4,452,345	5,237,436	7,008,791	5,438,901	5,478,433	5,315,801	6,235,699
Public health and welfare	3,161,380	3,255,273	3,911,090	4,274,274	4,232,343	4,507,153	5,523,364	5,882,288	5,627,899	6,865,474
Economic development	2,303,436	8,022,796	154,973	19,697,038	20,492,644	18,819,783	14,647,485	5,497,672	3,186,407	3,422,632
Other	2,293	465,972	478,482	738,890	738,022	3,564,609	4,570,651	3,025,348	2,952,393	3,129,091
Debt Service										
Principal retirement	761,811	818,029	1,198,520	1,740,020	1,886,886	2,132,673	2,004,577	2,135,256	6,623,744	6,840,461
Interest & other charges	683,557	705,305	723,953	654,713	721,550	621,290	1,370,994	2,538,338	2,582,333	2,517,241
Capital Outlay	1,195,908	94,367	1,284,308	-	-	64,488	-	3,059,750	1,858,927	819,921
Total expenditures	23,372,182	30,688,095	27,399,431	49,093,248	50,649,807	62,725,505	61,477,461	65,134,550	69,245,589	57,468,799
<b>Excess of revenues over (under) expenditures</b>	40,214	732,325	(705,891)	30,311,267	(17,863,439)	5,291,547	(21,869,727)	(19,035,062)	(16,866,334)	(5,493,706)
<b>Other financing sources (uses)</b>										
Special Item - Insurance recoveries							827,397	227,936	1,251,553	
Issuance of debt - capital leases	422,455	366,654	1,203,504	2,152,320	645,700	7,463,709	2,338,851	605,000	10,660,000	1,020,000
Issuance of debt				2,929,053			43,040,000	2,502,721		
Premium on bond							1,302,907		50,387	
Payment to refunded debt escrow agent							(4,556,438)		(3,658,895)	
Sale of capital assets	54,116			2,370,949	116,657	87,900	38,549	12,751	33,029	37,384
Transfer in			(207,310)		(116,657)	2,397,963	2,461,432	2,757,365	8,115,647	8,144,995
Transfer out	(1,008,000)					(2,397,963)	(2,461,432)	(2,757,365)	(8,115,647)	(8,144,995)
Total other financing sources (uses)	(531,429)	366,654	996,194	7,452,322	645,700	7,551,609	42,991,266	3,348,408	8,336,074	1,057,384
<b>Net change in fund balances</b>	\$ (491,215)	\$ 1,098,979	\$ 290,303	\$ 37,763,589	\$ (17,217,739)	\$ 12,843,156	\$ 21,121,539	\$ (15,686,654)	\$ (8,530,260)	\$ (4,436,322)
<b>Debt service as a percentage of noncapital expenditures</b>	7.04%	5.08%	7.78%	5.21%	5.37%	5.30%	6.39%	10.64%	19.35%	18.23%

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

Fiscal Year	Real Property Tax (1)	Vehicle Tax	Local Option Sales Tax Property Tax Relief	Local Option Sales Tax for Capital Projects	Road Improvement Fee Tax	Other Taxes	Total
2003	\$ 7,461,685	\$1,510,958	\$2,711,358	\$ -	\$ 766,113	\$ 318,150	\$ 12,768,264
2004	8,038,116	1,700,426	3,038,210	-	785,085	302,814	13,864,651
2005	9,212,227	1,730,225	3,222,394	-	808,047	324,779	15,297,672
2006	11,232,168	1,892,385	3,469,553	-	841,164	550,915	17,986,185
2007	12,249,611	1,883,051	3,858,246	-	888,345	331,463	19,210,716
2008	13,895,274	1,739,865	3,929,649	-	939,535	472,394	20,976,717
2009	17,156,969	1,876,027	3,774,249	-	959,633	522,663	24,289,541
2010	18,865,784	1,831,426	3,549,460	5,281,993	976,296	470,221	30,975,180
2011	19,649,879	1,810,435	4,237,355	6,385,293	996,417	416,856	33,496,235
2012	20,732,068	2,032,440	4,524,103	6,924,788	1,176,367	478,801	35,868,567

(1) Includes ad valorem, penalties, inventory tax, homestead, manufacturer exemption, and payments in-lieu-of tax.

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

Year Ended June 30	Property Taxes	Inter- governmental	Licenses and Permits	Charges for Services	Fines, Fees, and Forfeitures	Other	Total Revenues	Other Financing Sources	Grand Total Revenues Including Other Financing Sources
2003	\$ 10,849,364	\$ 5,366,165	\$ 1,352,225	\$ 1,680,700	\$ 929,355	\$ 1,285,041	\$ 21,462,850	\$ 476,571	\$ 21,939,421
2004	11,943,317	4,313,555	1,608,618	1,755,095	842,430	1,140,821	21,603,836	366,654	21,970,490
2005	13,182,936	3,936,364	2,048,755	1,970,615	950,152	1,963,282	24,052,104	1,203,504	25,255,608
2006	14,868,221	3,798,382	4,227,204	2,278,912	918,949	2,939,896	29,031,564	2,152,320	31,183,884
2007	16,233,182	3,804,301	5,418,167	2,314,704	944,729	2,364,295	31,079,378	645,700	31,725,078
2008	17,283,962	4,081,807	4,720,683	2,441,711	993,137	3,486,155	33,007,455	87,900	33,095,355
2009	18,511,312	3,885,211	2,727,033	2,638,151	914,503	1,658,131	30,334,341	2,392,400	32,726,741
2010	19,418,982	3,290,461	2,864,552	2,663,366	1,137,564	1,215,244	30,590,169	642,751	31,232,920
2011	20,838,835	3,046,929	2,872,281	2,746,015	908,198	1,242,945	31,655,203	564,670	32,219,873
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

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

Year Ended June 30	General Government	Administration of Justice	Public Safety & Law Enforcement	Public Works	Public Health & Welfare	Other	Debt Service (2)	Total Expenditures	Other Financing Uses	Grand Total Expenditures Including Other Financing Uses
2003	\$ 5,055,697	\$ 1,118,761	\$ 6,338,620	\$ 2,340,051	\$ 3,161,380	\$ 2,303,436	\$ 617,190	\$ 20,935,135	\$ 1,008,000	\$ 21,943,135
2004	5,968,263	1,156,928	6,901,684	2,473,644	3,255,273	1,209,316	682,164	21,647,272	-	21,647,272
2005	6,362,781	1,297,475	7,842,458	2,597,211	3,911,090	633,455	1,020,353	23,664,823	-	23,664,823
2006	7,041,917	1,350,238	8,792,702	3,257,399	4,274,274	845,705	911,444	26,473,679	-	26,473,679
2007	7,237,294	1,355,332	7,996,671	3,543,650	4,158,251	1,125,510	830,203	26,246,911	116,657	26,363,568
2008	8,707,826	1,444,667	9,297,736	5,132,361	4,478,572	1,218,228	560,022	30,839,412	2,397,963	33,237,375
2009	10,019,189	1,471,056	8,360,088	4,011,450	5,500,232	430,948	240,747	30,033,710	2,437,723	32,471,433
2010	10,186,854	1,496,411	8,302,504	4,155,822	5,747,912	569,246	401,261	30,860,010	1,891,908	32,751,918
2011	8,987,853	1,524,894	8,448,119	3,676,752	5,281,791	547,684	583,152	29,050,245	1,874,638	30,924,883
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

(1) Includes only general funds. The E-911 fund was included in general funds for fiscal years 2003-2007.

(2) Does not include G.O. bonds

Lancaster County, South Carolina  
Assessed Value and Estimated Actual Value of Taxable Property (1)  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property				Personal Property				Total	Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
	Levy Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
2003	2002	\$ 94,097,949	\$ 1,881,958,980	\$ 71,348,521	\$ 708,821,402	\$ 165,446,470	\$ 2,590,780,382	6.39%	67.00		
2004	2003	98,185,129	1,963,702,580	70,496,155	720,939,759	168,681,284	2,684,642,339	6.28%	70.73		
2005	2004	103,881,998	2,077,639,960	69,500,928	733,697,829	173,382,926	2,811,337,789	6.17%	76.50		
2006	2005	112,399,925	2,247,998,500	68,955,351	727,381,423	181,355,276	2,975,379,923	6.10%	86.50		
2007	2006 (2)	157,645,060	3,152,901,200	71,731,401	819,867,905	229,376,461	3,972,769,105	5.77%	71.50		
2008	2007	172,404,224	3,448,084,480	74,291,673	867,419,977	246,695,897	4,315,504,457	5.72%	75.90		
2009	2008	201,753,816	4,035,076,320	71,159,910	836,636,302	272,913,726	4,871,712,622	5.60%	82.20		
2010	2009	211,761,152	4,235,223,040	69,692,917	810,346,262	281,454,069	5,045,569,302	5.58%	80.90		
2011	2010	215,604,040	4,312,080,800	66,175,793	770,986,505	281,779,833	5,083,067,305	5.54%	83.60		
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		

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

(2) Real property was reassessed.

Note: Real property in Lancaster County is reassessed once every four years (unless an extension is granted by Council) with a one year lag for implementation, unless there is a physical or legal change affecting the property. The county assesses real property at 4-6% (legal residency is 4%) of the appraised value. Personal property is assessed at 10.5% of market value, except railroads (9.5%), motor homes (6%) and motor vehicles (6%). The motor vehicle assessment ratio declined by .75% each year for the years of 2003 thru 2007.

Lancaster County, South Carolina  
Property Tax Millage Rates of Direct and Overlapping Governments  
Last Ten Fiscal Years

Overlapping Rates (1)														
Lancaster County										Lancaster County School District				
Levy Year Ended December 31	Fiscal Year Ended June 30	County Operating	County Debt	County Security	County Total	County Total	School Operating	School Debt	School District	University of S.C. Lancaster	Town of Heath Springs	Town of Kershaw	City of Lancaster	Total Direct & Overlapping Rates
2002	2003	62.00	5.00	-	67.00	67.00	133.50	38.50	172.00	2.50	-	77.60	142.10	461.20
2003	2004	65.80	4.93	-	70.73	70.73	138.50	38.50	177.00	2.50	-	78.80	144.00	473.03
2004	2005	70.80	5.70	-	76.50	76.50	143.50	38.50	182.00	3.50	-	78.80	147.00	487.80
2005	2006	76.50	5.00	5.00	86.50	86.50	143.50	38.50	182.00	3.50	-	78.80	150.00	500.80
2006	2007 (2)	64.00	3.50	4.00	71.50	71.50	119.00	38.50	157.50	3.00	-	64.80	137.00	433.80
2007	2008	66.50	5.40	4.00	75.90	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	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	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	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	83.00	140.00	43.50	183.50	3.60	-	69.90	143.50	483.50

Source: Lancaster County Auditor

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

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

Lancaster County, South Carolina  
Principal Property Tax Payers  
Current Fiscal Year and Nine Fiscal Years Ago

Fiscal Year 2012					Fiscal Year 2003				
Taxpayers	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxes Paid (1)	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxes Paid (1)	
Duke Energy	\$ 7,480,070	1	2.57%	\$ 2,080,325	\$ 6,531,160	3	3.95%	\$ 1,472,993	
The Gillette Company	5,002,145	2	1.72%	2,046,838	7,623,551	2	4.61%	1,543,310	
Lancaster Hospital Corp.	4,171,620	3	1.43%	1,560,338	3,432,440	4	2.07%	783,177	
Springland Associates	2,217,580	4	0.76%	820,243	1,884,270	5	1.14%	428,786	
Springs Global	2,895,751	5	0.99%	769,972	10,228,481	1	6.18%	2,421,678	
Pulte Home Corp.	2,763,690	6	0.95%	679,239	-	-	0.00%	-	
Lawson Bend LLC	1,667,660	7	0.57%	435,648	-	-	0.00%	-	
Lancaster Telephone Co.	1,310,660	8	0.45%	418,267	1,682,720	6	1.02%	392,963	
Hailes Gold Mine	1,368,937	9	0.47%	364,181	-	-	0.00%	-	
Wells Real Estate	1,321,166	10	0.45%	356,847	-	-	0.00%	-	
Belden Wire & Cable	-	-	0.00%	-	1,449,263	7	0.88%	349,997	
Allegiance Healthcare	-	-	0.00%	-	961,068	8	0.58%	232,098	
Boral Bricks	-	-	0.00%	-	848,860	9	0.51%	184,384	
Lynches River Electric	-	-	0.00%	-	753,240	10	0.46%	175,903	
Total assessed value of ten largest taxpayers	<u>\$ 30,199,279</u>		10.38%	<u>\$ 9,531,898</u>	<u>\$ 35,395,053</u>		21.39%	<u>\$ 7,985,289</u>	
Total assessed value of all taxpayers	291,051,654		100.00%		\$ 165,446,470		100.00%		

Source: Lancaster County Treasurer

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



Lancaster County, South Carolina  
Real Property Tax Levies and Collections  
Last Ten Years

Levy Year	Original Levy	Adjustments	Total Adjusted Levy	Collected within the Fiscal		in Subsequent Years	Total Collections to Date	
				Amount	Percentage Adjusted Levy		Amount	Percentage of Adjusted Levy
2002	\$ 6,220,586	\$ 521,781	\$ 6,742,367	\$ 6,512,732	96.6%	\$ 224,131	\$6,736,863	99.92%
2003	6,681,529	750,827	7,432,356	7,119,362	95.8%	303,236	7,422,598	99.87%
2004	7,317,411	1,139,115	8,456,526	8,140,090	96.3%	302,468	8,442,558	99.83%
2005	9,279,454	1,083,503	10,362,957	10,036,563	96.9%	303,657	10,340,220	99.78%
2006	11,116,412	164,024	11,280,436	10,837,919	96.1%	416,293	11,254,212	99.77%
2007	12,413,953	666,732	13,080,685	12,596,199	96.3%	449,449	13,045,648	99.73%
2008	16,324,750	(105,460)	16,219,290	15,243,682	94.0%	891,903	16,135,585	99.48%
2009	16,692,282	242,499	16,934,781	15,998,456	94.5%	742,057	16,740,513	98.85%
2010	18,177,916	(87,598)	18,090,318	16,954,909	93.7%	846,978	17,801,887	98.41%
2011	17,717,289	444,252	18,161,541	17,372,203	95.7%	-	17,372,203	95.65%

Source: Lancaster County Treasurer

Includes County Ordinary, County Debt, County Capital Improvement, & County Court Security

Lancaster County, South Carolina  
Vehicle Property Tax Levies and Collections  
Last Ten Years

Levy	Original Levy	Adjustments	Total	Collected within the Year		Collections	Total Collections to Date	
				Amount	Percentage		Amount	Percentage
2002	\$ 1,330,090	\$ 370,586	\$ 1,700,676	\$1,695,280	99.7%	\$ 1,475	\$1,696,755	99.77%
2003	1,469,166	231,965	1,701,131	1,693,236	99.5%	3,797	1,697,033	99.76%
2004	1,482,117	323,633	1,805,750	1,716,302	95.0%	86,160	1,802,462	99.82%
2005	1,486,566	298,091	1,784,657	1,703,928	95.5%	76,212	1,780,140	99.75%
2006	1,569,338	464,906	2,034,244	1,942,620	95.5%	87,046	2,029,666	99.77%
2007	1,270,405	407,589	1,677,994	1,607,309	95.8%	67,171	1,674,480	99.79%
2008	1,492,012	285,637	1,777,649	1,694,729	95.3%	78,369	1,773,098	99.74%
2009	1,763,319	233,663	1,996,982	1,916,851	96.0%	76,275	1,993,126	99.81%
2010	1,609,746	149,505	1,759,251	1,630,457	92.7%	66,893	1,697,350	96.48%
2011	1,718,915	313,398	2,032,313	1,903,400	93.7%	-	1,903,400	93.66%

(1) 2002-2004 collected within the year of the levy also includes collections for previous years levies.

Includes County Ordinary, County Debt, County Capital Improvement, & County Court Security

Source: Lancaster County Treasurer

Lancaster County, South Carolina  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Governmental Activities											
Fiscal Year	SCAGO Public Facilities			Special Source Revenue Bonds			Capital Leases		Mortgages Payable		Percentage of Personal Income
	General Obligation Bonds	Installment Purchase Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Revenue Bonds	Leases	Leases	Payable	Payable	
2003	\$ 10,600,000	\$ -	\$ -	\$ 2,307,194	\$ -	\$ -	\$ 2,307,194	\$ 357,500	-	\$ 13,264,694	1.00%
2004	10,325,000	-	-	2,195,499	-	-	2,195,499	292,821	-	12,813,320	0.96%
2005	9,975,000	-	-	2,618,397	-	-	2,618,397	224,907	-	12,818,304	0.91%
2006	9,550,000	-	-	3,532,241	-	2,973,658	3,532,241	153,956	-	16,209,855	1.09%
2007	9,115,000	-	-	2,800,930	-	2,973,658	2,800,930	78,722	-	14,968,310	0.97%
2008	15,737,402	-	-	1,579,739	-	2,973,658	1,579,739	-	-	20,290,799	1.25%
2009	14,764,408	38,410,000	38,410,000	3,202,000	2,973,658	2,973,658	3,202,000	-	-	59,350,066	3.39%
2010	15,778,340	38,410,000	38,410,000	3,397,813	2,733,658	2,733,658	3,397,813	-	-	60,319,811	3.31%
2011	21,278,707	34,225,000	34,225,000	2,793,399	2,524,245	2,524,245	2,793,399	-	875,000	61,696,351	4.25%
2012	19,840,000	29,560,000	29,560,000	3,341,646	2,795,000	2,795,000	3,341,646	-	875,000	56,411,646	3.75%

Notes:

Population data & personal income data can be found in the Schedule of Demographic and Economic Statistics.  
Special Source Revenue Bonds for Bailes Ridge Improvement District were issued in fiscal year 2006.  
SCAGO Public Facilities installment purchase revenue bonds were issued in fiscal year 2009.

Lancaster County, South Carolina  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Debt Per Capita (2)
2003	\$ 10,600,000	\$ 456,360	\$ 10,143,640	0.39%	163
2004	10,325,000	457,175	9,867,825	0.37%	158
2005	9,975,000	547,066	9,427,934	0.34%	149
2006	9,550,000	532,516	9,017,484	0.30%	143
2007	9,115,000	445,571	8,669,429	0.22%	121
2008	15,737,402	410,030	15,327,372	0.36%	209
2009	14,764,408	542,831	14,221,577	0.29%	187
2010	15,778,340	435,498	15,342,842	0.30%	197
2011	21,278,707	488,649	20,790,058	0.41%	271
2012	19,840,000	696,917	19,143,083	0.37%	246

Note:

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

Lancaster County, South Carolina  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2012

Governmental Unit	Debt Outstanding	Percentage Applicable to County	Amount Applicable to County
Direct:			
Lancaster County	\$ 55,714,729	100%	\$ 55,714,729
Overlapping:			
City of Lancaster	290,000	100%	290,000
Lancaster School District	17,805,000	100%	17,805,000
	<u>73,809,729</u>		<u>73,809,729</u>
Total direct and overlapping debt	<u>\$ 73,809,729</u>		<u>\$ 73,809,729</u>

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

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 13,291,536	\$ 13,550,321	\$ 13,926,453	\$ 14,586,682	\$ 18,405,935	\$ 18,474,600	\$ 20,861,043	\$ 21,535,417	\$ 21,508,152	\$ 23,409,098
Total net GO debt applicable to limit	10,143,640	9,867,825	9,427,934	9,017,484	8,669,429	15,327,372	14,221,577	12,842,843	18,380,058	16,828,083
Legal debt margin	\$ 3,147,896	\$ 3,682,496	\$ 4,498,519	\$ 5,569,198	\$ 9,736,506	\$ 3,147,228	\$ 6,639,466	\$ 8,692,574	\$ 3,128,094	\$ 6,581,015

Total net GO debt applicable to the limit as a percentage of debt limit	76.32%	72.82%	67.70%	61.82%	47.10%	82.96%	68.17%	59.64%	85.46%	71.89%
---	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

**Legal Debt Margin Calculation for Fiscal Year 2012**

Assessed value (1)	\$ 291,051,654
Add back: exempt Merchant Inventory (2)	\$ 1,562,070
Total assessed value	292,613,724
Debt limit (8% of assessed value) (3)	23,409,098
Debt applicable to limit:	
Total general obligation bonds	19,840,000
Less amount set aside for repayment of GO debt	(696,917)
Less G.O. bonds not applicable to 8% debt limit (4)	(2,315,000)
Net G.O. bonds applicable to limit	16,828,083
Legal debt margin without a referendum (5)	\$ 6,581,015

Notes:

- (1) Property value data can be found in the Assessed Value and Estimated Actual Value of Taxable Property schedule. Fee-in-lieu, joint industrial park, & reimbursement assessments are not included in the assessed value for debt limit calculation.
- (2) Business inventory is exempt from tax, but its 1987 assessed value of \$1,562,070 is included in the computation of the legal debt margin.
- (3) The legal debt limit is 8 percent of total assessed value.
- (4) GO bonds for the Pleasant Valley Fire District (2010A & 2010B) are not subject to the 8% debt limit. Special fire fees are assessed to pay this bond as approved by the voters.
- (5) The legal debt margin is the government's available borrowing under SC Code of Laws and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

Lancaster County, South Carolina  
Demographic and Economic Statistics  
Last Ten Years

Fiscal Year	County Population (1)*	Total Personal Income (In Thousands) (1)*	Per Capita Income*	School Enrollment (2)	Unemployment Rate (3)
2003	62,220	\$ 1,323,233	\$ 21,267	10,885	12.9%
2004	62,520	1,328,000	21,269	10,888	11.0%
2005	63,135	1,401,000	22,191	10,875	8.2%
2006	63,113	1,486,000	23,545	11,023	9.6%
2007	71,723	1,542,045	21,500	11,171	8.8%
2008	73,393	1,620,517	22,080	11,274	10.1%
2009	75,913	1,752,832	23,090	11,508	19.1%
2010	77,767	1,822,945	23,441	11,401	16.4%
2011	76,652	1,450,946	18,929	11,586	15.3%
2012	77,908	1,504,248	19,308	11,623	13.0%

Sources:

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

(2) Based on 135-Day Enrollment Reports from SC Department of Education

(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	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lancaster County Schools	1,600	1	5.14%	1,374	2	4.95%
Red Ventures	1,250	2	4.02%			0.00%
Lancaster County (1)	743	3	2.39%	426	7	1.53%
Wal-Mart	700	4	2.25%			0.00%
Springs Memorial Hospital	700	5	2.25%	800	3	2.88%
Cardinal Health	680	6	2.19%	700	4	
Continental Tire	400	7	1.29%			
Duracell	395	8	1.27%	601	5	2.16%
Inspiration Ministries	310	9	1.00%			
Founders Federal Credit Union	300	10	0.96%			
Springs Industries				1,400	1	5.04%
Humana				560	6	2.02%
Berkshire Weaving				145	8	0.52%
Joslyn Clark Controls				145	9	0.52%
Virtual Image Technologies				125	10	0.45%
Total	7,078		22.74%	6,276		20.07%
Total Labor Force	31,119			27,776		

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

(1) Fiscal year 2012 includes part-time poll workers as employees, but fiscal year 2003 does not.



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

Function	Full-time Equivalent Employees as of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government Administration	66.50	69.00	70.50	72.50	79.00	84.00	87.00	88.50	91.00	89.00
Administration of Justice	24.50	26.50	27.50	27.00	27.00	27.50	27.50	29.00	29.00	29.00
Culture & Recreation	34.50	36.00	40.50	43.00	43.00	46.00	54.00	57.50	55.00	55.00
Public Safety & Law Enforcement	114.00	130.50	131.50	127.50	135.50	140.00	152.00	165.50	166.00	172.00
Public Works	36.50	37.00	36.00	36.50	38.50	41.50	42.50	39.00	41.00	41.00
Public Health & Welfare	54.50	57.50	64.00	59.00	66.50	74.00	83.00	83.50	73.00	75.00
	330.50	356.50	370.00	365.50	389.50	413.00	446.00	463.00	455.00	461.00

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

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

	Fiscal Year Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Administration of Justice										
Clerk of Court general sessions cases disposed	1,489	1,236	1,824	1,792	1,257	1,591	1,550	2,224	1,654	1,541
Clerk of Court common pleas cases disposed	n/a	n/a	n/a	n/a	n/a	3,306	1,660	1,910	1,811	1,870
Family Court cases disposed	1,261	1,053	980	1,003	1,047	827	975	997	765	907
Magistrate Court										
Criminal Docket total cases filed	2,394	1,859	1,933	2,677	2,881	2,442	2,258	2,623	2,379	2,570
Traffic Docket total cases filed	10,919	5,502	8,082	8,158	10,388	10,162	11,163	9,025	8,402	9,562
Civil Docket total cases filed	2,021	2,408	2,260	2,294	2,371	2,237	2,535	2,314	2,181	2,335
Probate Court										
Estates opened	475	502	489	477	511	518	572	593	589	615
Estates disposed	448	451	415	430	385	474	487	560	492	596
Marriage license issued	478	492	541	589	482	509	509	481	472	476
Guardianship and/or conservatorships opened	36	38	27	35	28	30	25	27	35	19
Guardianship and/or conservatorships disposed	20	30	36	36	29	40	33	20	23	43
Mental and chemical commitment files opened	n/a	n/a	376	279	296	295	295	362	326	329
Mental and chemical hearings held	n/a	90	137	135	118	83	99	145	117	132
Public Safety & Law Enforcement										
Detention Center - Total number incarcerated (1)	3,921	3,457	3,318	3,605	3,594	4,160	3,851	3,519	3,427	2,938
Coroner - Total number of calls (1)	200	250	270	315	300	307	285	270	364	315
Fire Service - Total number of calls (1)	2,478	3,098	2,705	2,914	3,196	3,311	3,246	3,306	3,600	3,612
Sheriff Department (1)										
Criminal arrests	n/a	2,133	588	1,160	799	2,802	1,905	2,374	2,172	2,083
Traffic cases	n/a	3,645	570	1,821	1,145	4,177	4,115	4,405	3,602	1,800
Arrest warrants served	n/a	2,641	2,931	2,749	2,699	2,778	2,920	2,094	1,835	2,452
Fraudulent check warrants served	n/a	469	616	460	600	430	351	277	94	18
Public Works										
Roads & Bridges: # of roads on which potholes were repaired	n/a	248	222	213	173	143	150	154	159	111
Solid Waste										
Tons of household garbage disposed of	n/a	26,186	28,066	28,840	28,903	23,187	30,290	28,507	30,619	23,073
Tons of recyclables collected	n/a	3,482	4,030	4,866	4,400	5,513	6,159	(2) 3,127	2,882	1,500
Public Health & Welfare										
Animal Control										
Number of complaints responded to	2,477	2,626	2,616	2,543	2,575	2,538	2,495	4,503	4,292	4,812
Number of animals through shelter	5,536	5,133	5,332	5,154	5,146	5,042	4,771	4,611	4,462	4,896
EMS - Total number of calls (1)	8,908	9,557	9,946	10,263	11,046	10,637	11,452	12,289	13,334	12,313

Sources: Various county departments.

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

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

(2) FY 2010 had a marked decrease in the amount of tires that were recycled; The formula for calculating recycled scrap metal was changed to provide a more accurate estimate.

Lancaster County, South Carolina  
Capital Asset Statistics by Function  
Last Ten Fiscal Years

	Fiscal Year Ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety and law enforcement										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of police sub-stations	2	2	2	2	2	2	2	2	3	4
Number of police vehicles	68	71	87	96	85	90	112	112	116	111
Number of fire stations	19	19	19	19	19	19	18	18	18	18
Public works										
Miles of unpaved roads maintained (1)	994.0	994.0	992.5	991.5	987.2	984.2	982.6	982.6	976.9	977.5
Miles of paved roads maintained (1)	306.0	306.0	307.5	308.5	312.8	312.4	324.8	330.8	338.8	341.1
Public health and welfare										
Number of EMS stations	6	6	6	7	7	7	7	7	7	8
Number of emergency vehicles	17	18	20	21	21	21	22	22	23	23
Culture & recreation										
Number of parks	8	9	9	10	11	13	13	13	13	13
Number of recreation centers	2	2	3	3	3	4	4	4	4	4
Number of libraries	2	2	2	2	2	2	3	3	3	3

Sources: Various county departments.

Note: Capital asset indicators are not available for the general government function or the administration of justice function.

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

## **COMPLIANCE SECTION**

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Lancaster County Council  
Lancaster County  
Lancaster, South Carolina

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lancaster County, South Carolina, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.


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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

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

This report is intended solely for the information and use of management, County Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Spartanburg, South Carolina  
November 30, 2012

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Lancaster County Council  
Lancaster County  
Lancaster, South Carolina

Compliance

We have audited the compliance of Lancaster County, South Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Lancaster County, South Carolina, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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



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

This report is intended solely for the information and use of management, County Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*McAfee Tullent Holliday & Co.*

Spartanburg, South Carolina  
November 30, 2012

**LANCASTER COUNTY, SOUTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2012**

**Summary of Auditor's Results:**

1. The audit report issued on the financial statements was unqualified.
2. The audit did not disclose any noncompliance which is material to the financial statements.
3. The compliance report for major programs was unqualified.
4. The audit did not disclose any audit findings which were required to be reported.
5. Major federal programs for the County for the fiscal year ended June 30, 2012 are:

<u>Program Name</u>	<u>CFDA Number</u>
Community Development Block Grant	14.228

6. The threshold for determining Type A programs for Lancaster County was \$300,000 for the year.
7. The County did qualify as a low-risk auditee under Section 530 of Circular A-133.

**Generally Accepted Governmental Auditing Standards Findings and Questioned Costs:**

1. None

**Federal Awards Findings and Questioned Costs:**

1. None

**LANCASTER COUNTY, SOUTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal Grantor/Pass-through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Grantor's Number</b>	<b>Expenditures</b>
<b>US Department of Justice Bureau of Justice Assistance</b>			
Enforcement of Protection Orders/Violence Against Women	16.590	2011-WE-AX-0047	\$ 151,284
Recovery Act - Edward Byrne Memorial Justice Assistance Grant			
Program/Grants to Units of Local Government	16.804	2009-SB-B9-2573	7,869
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2400	19,470
<b>US Department of Justice Bureau of Justice Assistance</b>			
***Passed through SC Department of Public Safety			
Bulletproof Vest Partnership Program	16.607	N/A	9,351
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1G11018	111,762
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1G10016	67,083
<b>US Department of Homeland Security</b>			
***Passed through SC Emergency Management Division			
Emergency Management Performance Grant	97.042	11EMPG01	56,668
Emergency Management Performance Grant	97.042	10EMPG01	15,545
Hazardous Materials Training Program	97.020	HMESC8042160	22,167
<b>US Department of Transportation Federal Aviation Administration</b>			
Airport Improvement Program Grant	20.106	3-45-0034-11-2011	261,966
<b>US Department of Housing and Urban Development</b>			
***Passed through SC Department of Commerce			
Community Development Block Grant	14.228	4-RP-10-003	* 59,500
Community Development Block Grant	14.228	4-V-10-013	* 342,861
Community Development Block Grant	14.228	4-CI-0-018	* 240,633
<b>US Department of Energy</b>			
Energy Efficiency and Conservation Block Grant/Recovery Act	81.128	ECA-04	81,329
<b>US Department of Health and Human Services</b>			
***Passed through SC Department of Social Services			
IV-D Child Support Transaction Reimbursement	93.563	N/A	139,325
IV-D Child Support Incentive Payments	93.563	N/A	36,679
IV-D Child Support Filing Fees	93.563	N/A	15,114
IV-D Child Support Service of Process Payments	93.563	N/A	10,428
County Administrative Expense	10.561	N/A	15,186
County Administrative Expense (Promoting Safe and Stable Families)	93.556	N/A	177
County Administrative Expense (Temporary Assistance for Needy Families)	93.558	N/A	20,148
County Administrative Expense (Child Support Enforcement)	93.563	N/A	28
County Administrative Expense (Child Care Development Fund)	93.575	N/A	298
County Administrative Expense (Child Welfare Services- State Grant)	93.645	N/A	844
County Administrative Expense (Foster Care- Title IV E)	93.658	N/A	9,110
County Administrative Expense (Social Services Block Grant)	93.667	N/A	9,365
County Administrative Expense (Medicaid Assistance Program- Administrative)	93.778	N/A	11,513
County Administrative Expense (Non-Federal Food and Nutrition Services)	N/A	N/A	4,225
<b>TOTAL</b>			<b>\$ 1,719,928</b>

\* Major Program

**1. Summary of Significant Accounting Policies**

*Basis of Accounting*

The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.