

Lancaster County, South Carolina

Comprehensive Annual Financial Report



For the Year Ended June 30, 2013

***LANCASTER COUNTY,
SOUTH CAROLINA***

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

***For the Fiscal Year Ended
June 30, 2013***

Issued By
Lancaster County Finance Department

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**LANCASTER COUNTY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2013**

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INTRODUCTORY SECTION



Lancaster County

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

Telephone:
803-285-1565

November 25, 2013

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, 2013.

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, Schwartz, 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, 2013, 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, 2013. 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 2012 estimated population of 79,089, the County was established in 1785 and includes three incorporated municipalities: Lancaster, Kershaw, and Heath Springs. The City of Lancaster, the county seat, is located 37 miles south of Charlotte, North Carolina and 60 miles north of Columbia, South Carolina, the state capital. The mission of Lancaster County government is to continuously strive to provide progressive quality public services in a timely fashion and in a cost effective manner.

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

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

Budgeting is an essential element of the financial planning, control, and evaluation process of the County. The annual budget process begins with the County Administrator receiving requests for appropriations from all County Departments and Agencies. On the basis of the Administrator's recommendations, the Finance Director prepares a draft budget. The appropriated budget is prepared by fund and function. The recommended budget is presented to the County Council for review and approval. The Council holds three readings, a public hearing and adopts the budget no later than June 30.

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

Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. For the general and major special revenue funds, this comparison is presented on pages 53 through 55 as part of the basic financial statements. Other special revenue funds budget-to-actual comparisons are presented as supplementary information on pages 61 through 70. For the debt service fund, the comparison is presented on page 71.

Local Economy

The County's unemployment rate was 10.8% in June 2013, an improvement from 12.9% in June 2012. According to the SC Department of Revenue, retail sales for the County totaled \$1,176,084,750 in 2012. Sales as of July 2013 have already reached \$1,181,494,030. The County began experiencing an increase in permitting activity for housing and commercial in the third quarter of fiscal year 2013. The value of single family home permits increased 46% from calendar year 2011 to 2012. For the third and fourth quarters of fiscal year 2013, the value of single family permits was \$146,268,321. Commercial permits for the third and fourth quarters of fiscal year 2013 have already exceeded the calendar year of 2012. Most permits were issued for the "panhandle" area of the County, which is one of the fastest growing parts of the Charlotte region.

Major industries include:

- Duracell USA, a leading energy company and one of the world's leading manufacturers of high-performance alkaline batteries that employs 405.

- 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 University of South Carolina at Lancaster is an accredited two year public university located in the County. The college is a regional campus of the University of South Carolina located in Columbia, South Carolina. USC-L's enrollment is estimated to be 1,800 students. A \$7.5 million dollar classroom and faculty office facility is currently under construction and is expected to open in spring 2014.

Long-term Financial Planning

County Council utilizes its Strategic Plan as a mechanism for budgetary and operational planning. The strategic plan includes six strategic priorities and can be found on the County's website at www.mylanastersc.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. This is being achieved by conservative budgeting and closely monitoring revenues and expenditures. Also, a ten year CIP (Capital Improvement Plan) was adopted in fiscal year 2013 and will be used as a valuable planning tool.

Relevant financial policies

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

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

Major Initiatives

Economic Development is an important component of growth in the County. With Build America Bond funding, the County has created an 88-acre Air Rail Business Park located across from the Airport. The park is strategically located on the Lancaster & Chester Railroad line and infrastructure is expected to be completed in fiscal year 2014. Fancy Pokket Corporation, a manufacturer of bakery products, plans to build a gluten-free production facility (\$13M Investment) in the new business park.

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, one of Council's priorities is to provide infrastructure needed to improve public safety. To accomplish this goal, the County began upgrading 911 hardware and software in fiscal year 2013. Building improvements were also made to the 911 center to allow for efficient operations. The projects are expected to be completed in fiscal year 2014.

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, 2012. This is the fourteenth consecutive year the County has received this award. In order to be awarded a Certificate of Achievement, Lancaster County published an easily readable and efficiently organized CAFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

The County received its first Distinguished Budget Presentation Award for the annual budget for fiscal year beginning July 1, 2012. This award signifies that the County prepares a budget document of the highest quality and is used as an operations guide, financial plan, and as a communication device. The award is valid for one year only and the County has submitted the July 1, 2013 for award consideration.



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

Respectfully submitted,



Steve Willis
County Administrator



Veronica C. Thompson
Finance Director



Government Finance Officers Association

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

Presented to

**County of Lancaster
South Carolina**

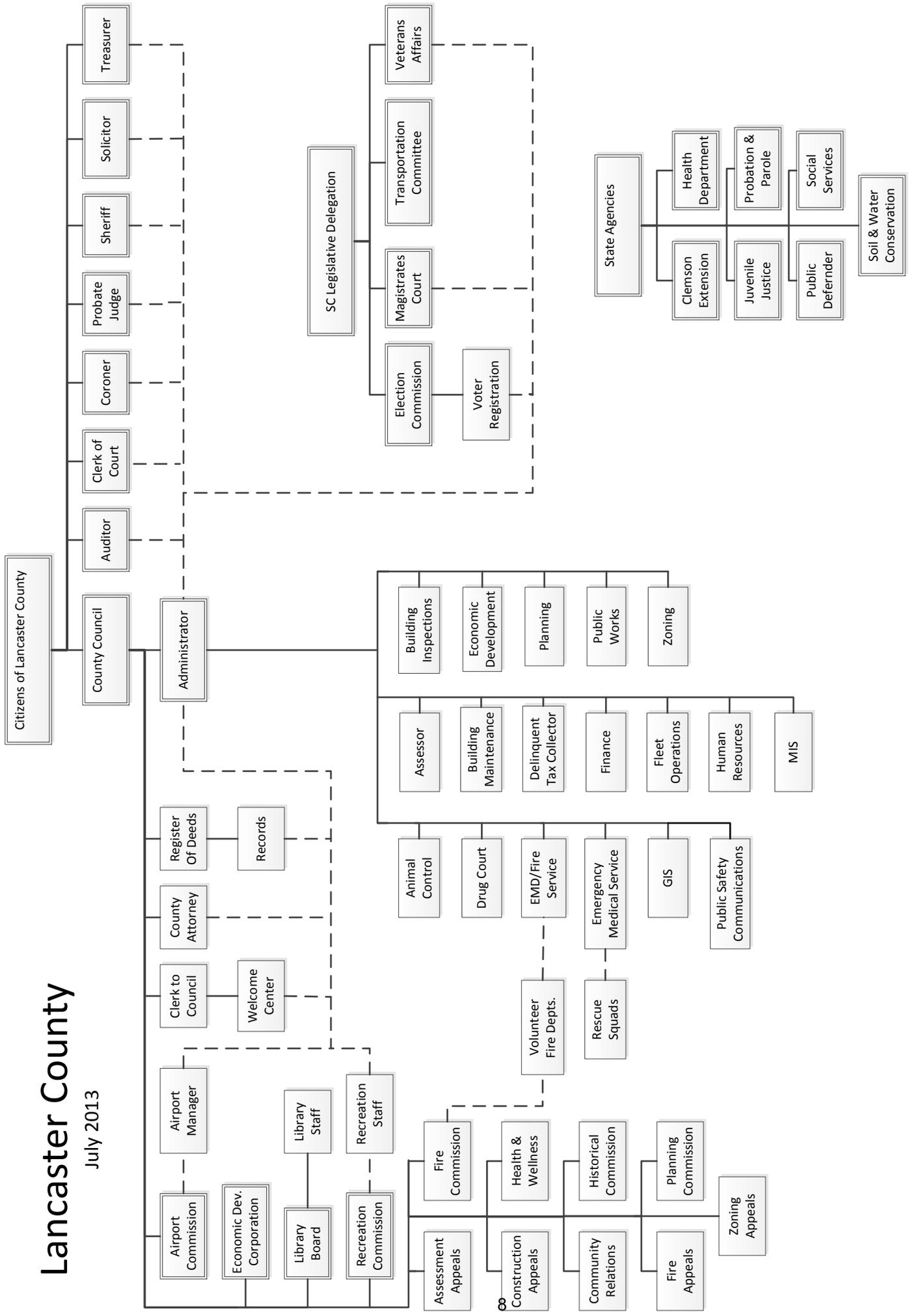
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Lancaster County

July 2013



**LANCASTER COUNTY, SOUTH CAROLINA
PRINCIPAL OFFICIALS**

For the Year Ended June 30, 2013

MEMBERS OF COUNTY COUNCIL

Larry McCullough, District 1, Chairman
Bob Bundy, District 3, Vice Chairman
Jack Estridge, District 6, Secretary
Larry Honeycutt, District 4, Member
Charlene McGriff, District 2, Member
Steve Harper, District 5, Member
Brian Carnes, District 7, 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

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FINANCIAL SECTION

To the County Council
of Lancaster County
Lancaster, South Carolina

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lancaster County, South Carolina, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lancaster County, South Carolina's basic financial statements. The introductory section, the combining and individual fund schedules, other schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual fund statements and budgetary schedules, capital asset schedules, schedule of court fines, assessments, and surcharges, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual fund statements and budgetary schedules, capital asset schedules, schedule of court fines, assessments, and surcharges, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reported dated November 25, 2013, on our consideration of Lancaster County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lancaster County, South Carolina's internal control over financial reporting and compliance.

McAbee, Schwartz, Halliday & Co.

Spartanburg, South Carolina
November 25, 2013

LANCASTER COUNTY, SOUTH CAROLINA Management's Discussion and Analysis

As management of Lancaster County, South Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2013. 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 \$77,471,839 in the Statement of Net Position. Of that amount, \$16,314,803 was available to meet ongoing obligations. The ending net position increased by \$10,005,724 from the prior fiscal year.
- The County's combined governmental funds reported ending fund balances of \$35,646,725, a decrease of \$1,122,475 from the prior year.
- Unassigned fund balance for the General Fund was \$14,812,691, which is 45 percent of total general fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

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

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

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 Corporation for Lancaster County. The government-wide financial statements can be found on pages 24 and 25 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-four 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 fund. The County's remaining twenty one funds, (8) capital projects funds, (12) 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.

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

The governmental fund financial statements can be found on pages 26 through 29 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 support the County's programs and are therefore excluded from the government-wide financial statements. The statement of fiduciary fund net position can be found on page 30 of this report.

Notes to the financial statements

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

Other information

To facilitate analysis, in addition to the basic financial statements and accompanying notes, this report presents the previously mentioned budgetary comparisons for the debt service and capital projects funds, a combining schedule of changes in agency fund net position, information about the County's capital assets, and a schedule required by state law applicable to expenditures on behalf of victims of crime. This supplementary information begins on page 57.

Government-wide Financial Analysis

As noted earlier, the statement of net position presents the difference between the County's assets and liabilities and over time may serve as an indicator of its financial position. In the case of Lancaster County, assets exceeded liabilities by \$77,471,839 at the close of the most recent fiscal year.

The following table presents a summary of the statement of net position as of June 30, 2013:

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

Lancaster County's Net position		
	<u>Governmental Activities</u>	
	<u>FY 2013</u>	<u>FY 2012</u>
Current and other assets	\$48,244,762	\$48,202,400
Capital assets	86,924,406	83,528,892
Total assets	<u>\$135,169,168</u>	<u>\$131,731,292</u>
Long-term liabilities outstanding	\$52,188,414	\$59,000,856
Other liabilities	5,508,915	5,264,321
Total liabilities	<u>\$57,697,329</u>	<u>\$64,265,177</u>
Net position:		
Net investment in capital assets	\$36,831,933	\$33,996,194
Restricted	24,325,103	19,584,980
Unrestricted	16,314,803	13,884,941
Total net position	<u>\$77,471,839</u>	<u>\$67,466,115</u>

The largest portion (48%) of Lancaster County's **net position** reflects net position **invested in capital assets**. The **restricted** portion of Lancaster County's net position (32%) 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** stayed neutral while **Capital Assets** increased significantly for the fiscal year. The increase was due to land purchased and donated, along with construction in progress for the Air Rail Park and the Communications department. There were also buildings donated to the County in the Walnut Creek development for EMS and Recreation. **Long-term liabilities outstanding** decreased due to debt payments for the SCAGO Installment Purchase Bond which funded the construction of the County's Justice Center. At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position.

The table below summarizes the change in net position for the County for the year ended June 30, 2013:

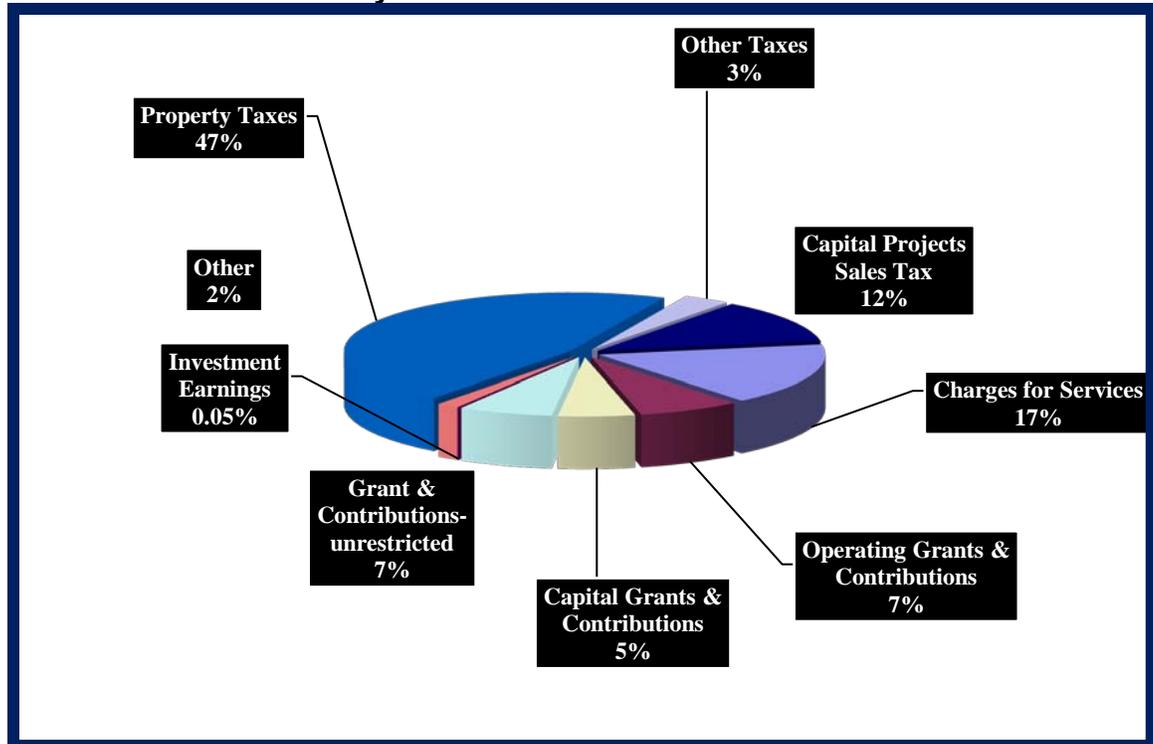
LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

	Governmental Activities	
	FY 2013	FY 2012
Lancaster County's Changes in Net Position		
Revenues:		
Program Revenues:		
Charges for services	\$10,126,412	\$ 9,168,131
Operating grants & contributions	4,346,939	4,163,480
Capital grants & contributions	3,273,685	352,064
General Revenues:		
Property taxes	27,805,777	26,759,326
Other taxes & licenses	1,994,870	1,655,168
Local option sales tax, levied for capital proj.	7,225,680	6,924,788
Unrestricted grants & contributions	4,029,881	3,511,437
Unrestricted interest income	31,753	54,753
Other	936,595	(813)
Total revenues	59,771,592	52,588,344
Expenses:		
General government	14,274,314	13,494,007
Administration of justice	2,034,619	1,932,950
Public safety and law enforcement	13,079,241	13,113,668
Public works	6,514,659	6,741,646
Public health & welfare	6,250,734	6,292,159
Economic development	2,215,207	3,540,574
Culture & recreation	3,360,319	3,397,778
Interest on long-term debt	2,036,775	2,326,543
Total expenses	49,765,868	50,839,325
Increase (Decrease) in net position	10,005,724	1,749,009
Net position- beginning of year	67,466,115	65,717,106
Net position- end of year	\$77,471,389	\$67,466,115

At the close of fiscal year 2013, the government's net position increased by \$10,005,724 compared to FY12. Overall, total revenues increased in fiscal year 2013 by \$7,183,248 and total expenses decreased by \$1,073,457 for all governmental activities. **Charges for Services** increased in response to the rebound of the housing market. The County began to see an increase in building permit activity around the third quarter of the fiscal year. During the fiscal year the County recorded land & buildings donations in the Walnut Creek subdivision. The County also received land donated in the Air Rail Park. These two factors caused the **Capital grants & contributions** to increase significantly.

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

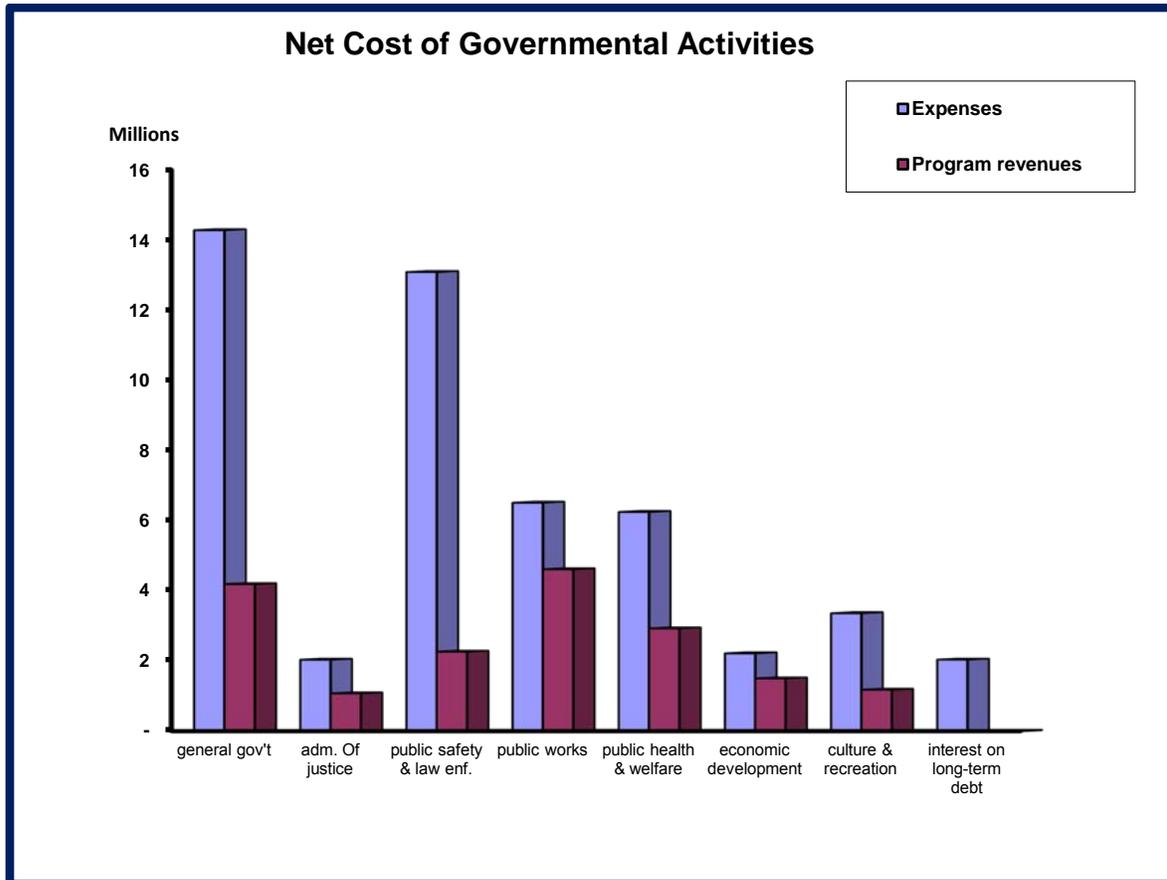
Revenues by Source – Government Activities



Property taxes collections increased \$1,180,580 due to a combination of the following: a small millage increase for the general fund, an increase in vehicle tax revenue due to growth, an increase in homestead exemptions due to an increasing aging population, an increase in delinquent collections, a 6% increase in local option rollback revenue and an 11% increase in local option revenue. **Local option sales tax levied for capital projects**, specifically the Justice Center, increased \$300,892. This increase is attributed to an overall increase in 1 cent sales tax collections throughout the County.

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

LANCASTER COUNTY, SOUTH CAROLINA
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The total cost of all governmental expense activities for the County decreased since FY12. While many expense groups remained relatively unchanged, there were a few groups that either increased or decreased. **General Government** activity is the largest expense for the government at 29%. There was increase in this activity partially due to the creation of the Communications department.

Providing activities for **Public safety and law enforcement** expenses was the next largest expense (27%) for the fiscal year. Expenses for **Economic Development** declined by \$1,325,367 compared to FY12. Last year the County recorded activity for the Edenmoor assessment district, now Walnut Creek, which did not occur this fiscal year.

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 increase in fund balances of \$1,062,886. Unassigned fund balance was \$14,812,691 compared to \$13,905,577 last fiscal year. An increase in Licenses &

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

Permit revenue due to an increase in building permitting activity and register of deeds fees was a major contributor to the increase in unassigned fund balance. The County continues to maintain a healthy fund balance due to conservatively estimating revenues and controlled spending.

The **Capital Projects Sales Tax Fund**, also reported as a major fund, increased its fund balance by \$1,143,935. This special revenue fund accounts for 1 cent sales tax approved by voters in November 2008 and funds the debt for the Justice Center. Sales Tax revenue collections have increased since last fiscal year which led to the increase. With new retail and other businesses locating in the County, we expect this upward trend to continue. **Other Governmental Funds** include the debt service, capital projects, and other special revenue funds. The decline of fund balance (\$3,360,443) in this category is due to the use of bond proceeds received in the prior year. The total fund balance of all the governmental funds was \$35,646,725.

General Fund Budgetary Highlights

A budgetary comparison schedule is included for the general fund on pages 53-54. After accounting for other financing sources and uses, the net change in fund balance was an increase of \$1,062,886. Actual revenues were above budgetary estimates by \$1,317,342 with a significant positive variance (\$1,204,774) in the Licenses and Permits category. Actual expenditures were below budgetary appropriations by \$846,046 due to reasons explained further below. The County also transferred \$1,913,347 from the General Fund to provide funding for the following:

- \$992,919 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.

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

- **Intergovernmental**- State Aid to subdivisions was received \$180,304 below estimates;
- **Licenses & permits**- Permit collections were \$862,982 above estimates which is an indicator of an improving housing market and economy. Register of deeds fees, county portion, were also \$147,228 above estimates;
- **Charges for Services** collections were favorable (\$154,699). EMS charges exceeded estimates due to conservative budgeting;
- **Miscellaneous revenue** ended with a favorable variance due to various miscellaneous revenue, such as insurance claims, that were not expected.

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

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

- Council (\$269,753)- Unpredicted legal expenses for various projects and expenditures for mental health security at the hospital;
- EMS (\$408,603) - Overtime costs due to a change in pay plan.

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

LANCASTER COUNTY, SOUTH CAROLINA
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- Building & Zoning- \$91,838 variance mainly due to not expending entire budget for demolition. Also, employer portion of health insurance was under budget;
- Delinquent Tax Collector- Postage and advertising for delinquent taxes came in under budget;
- Sheriff- (\$143,491) Wages and fringe were under appropriation due to turnover in the department;
- Communications (\$238,055) - This department was created this fiscal year and there was some lag time in hiring employees. Also, the budget included monies to help upfit and remodel building which was not completely spent;
- Roads & Bridges (\$393,270) - The budget included monies for sign compliance & Kirk Airbase road improvements that were not expended. Also, the department utilized a more efficient way to perform maintenance on roads which led to a savings of buying stone and gravel.

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

Revenues:

- Contributions & Donations \$300,000- Infrastructure tax contribution received to help improve Quality Drive in a business park;
- Miscellaneous – The budget was amended to record a private donation used to make improvements to Hwy 521 & Corporate Blvd due to a large amount of work traffic caused by a major company.

Expenditures:

- Council (\$76,069)- Encumbrance brought forward from FY12 of \$11,498 & grant matches of \$64,571;
- Sheriff's department (\$335,299)- Budget amendment to purchase \$300K furniture for new Sheriff's office;
- Fire Commission (\$313,268)- Primarily due to budget amendment \$287K to fund one-time costs for new Firefighter Grant that was awarded during the year & also \$26K for unforeseen maintenance costs;
- Roads and Bridges (\$280,000)- Budget amended \$120K for road repairs due to flooding earlier in the fiscal year and \$160K road maintenance for Kirk Airbase road;
- Economic Development (\$553,800)- Budget amended \$228,800 for road improvements to Hwy 521 & Corporate Park and also recorded \$300K for improvements to Quality Business Park;

Capital Assets

Lancaster County's net investment in capital assets for its governmental activities as of June 30, 2013, totaled \$86,924,406, net of accumulated depreciation. This investment in capital assets includes land, buildings and building improvements, vehicles, furniture and equipment. The roads, highways and bridges (i.e., infrastructure assets) added during the fiscal year are also included.

LANCASTER COUNTY, SOUTH CAROLINA
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Lancaster County's Capital Assets (net of depreciation)		
	<u>Governmental Activities</u>	
	FY 2013	FY 2012
Land	\$ 6,977,194	\$ 5,670,731
Buildings & Improvements	54,720,000	53,380,471
Vehicles	7,343,582	7,637,170
Furniture & Equipment	6,979,114	7,425,762
Infrastructure	8,823,929	8,805,187
Construction in Progress	2,080,587	609,571
Total	\$86,924,406	\$83,528,892

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

- \$94,926- Airport Taxiway pavement & lighting paid with FAA grants;
- \$737,826-Building improvements and major software/hardware upgrades in progress for the Communications department;
- \$110,639- Communications computers and software;
- \$1,795,690- Air Rail Industrial Park (construction in progress);
- \$244,700- Walnut Creek EMS building & land donated;
- \$309,726- Two EMS ambulances;
- \$184,624- Five trucks for the new paid Firemen;
- \$986,900- Walnut Creek Recreation buildings & land donated;
- \$695,000- Walnut Creek Recreation playground, ballfields, tennis court, & parking lots donated;
- \$80,074- Recreation bus;
- \$730,938- Subdivision roads accepted by the County from various subdivisions;
- \$76,815- Tractor for Roads & Bridges;
- The Sheriff department purchased vehicles in the amount of \$332,448.

Additional information on the County's capital assets can be found in note 3.B beginning on page 40.

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 \$7,175,491 without a referendum. At the end of the current fiscal year, the County had total long-term liabilities

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

outstanding of \$50,753,928. General obligation bonds make up 37% (\$18,325,000) of long-term debt and are backed by the full faith and credit of the government.

Lancaster County's Outstanding Debt		
General Obligation and Revenue Bonds		
	<u>Governmental Activities</u>	
	FY 2013	FY 2012
General Obligation Bonds	\$18,325,000	\$19,840,000
Special Source Revenue Bonds	2,510,000	2,795,000
SCAGO PFC Installment Purchase RB	24,710,000	29,560,000
Total	\$45,545,000	\$52,195,000

The County's overall debt decreased due to principal payments made during the fiscal year. The County's long term obligations include five general obligation bonds and two refunding bonds. The sharp decline in the SCAGO Revenue bond balance was due to a large debt service principal payment of \$4,850,000 made during the fiscal year. There was no significant debt issue during the year.

The County currently has ratings of A and Aa3 from Standard & Poor's Corporation and Moody's Investors Service, respectively, on general obligation bond issues. Additional information on the County's long-term debt can be found in notes 3.F on pages 42 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 10.8% in June 2013. Statewide unemployment was 8.1%, while the national rate was 7.6% during the same period;
- Local option sales tax revenue was 8% percent higher than fiscal year 2012 for the unincorporated areas of the County;
- A Cost-of-Living Adjustment was appropriated in the FY14 budget which included a 2% raise (\$900 floor and \$1,600 ceiling);
- There was a \$102,000 increase in health insurance for the employer portion included in the FY14 budget;
- An estimated \$145,000 increase in fuel costs was included in FY14 due to the fluctuations of the gas prices;
- Operational funding for the new County Firefighters in the amount of \$113,515;
- For FY 14, the Council increased the road fee to \$30 which will generate an estimated additional \$175K for one half of the fiscal year;

LANCASTER COUNTY, SOUTH CAROLINA
Management's Discussion and Analysis

- Four Patrol Deputies and one custodian for the Sheriff's department in the amount of \$148,832 plus fringe benefits;
- Two Medics for EMS at the cost of \$80,756 plus fringe benefits;
- The County reinstated two Building Inspectors and a Plans reviewer in the Building department at the cost of \$121K plus fringe benefits;
- A permit clerk for the Zoning department and a Transportation Planner in the Planning department at the cost of \$73K plus fringe benefits;
- Reinstated the Road Coordinator position in the Roads and Bridges department;
- Operating costs for the Economic Development department increased from \$274,660 in the prior year to \$368,263;
- \$400,000 to relocate a recycling/convenience center in the northern part of the County.

In order to maintain the County's net position and fund balances at current levels in the face of increased demand for services, County Council adopted a general fund budget for fiscal year 2014 which includes 75.65 mils. County Council also adopted 4.30 mils for capital replacement needs, 7.20 mils for debt service, and 3.30 mils for Court Security. The FY14 Budget incorporated a number of Council's strategic priorities and reflects Council's desire to maintain quality services without substantial tax and fee increases for the citizens. The Budget in its entirety can be found on the County's website at: <http://www.mylanastersc.org>.

Requests for Information

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

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

EXHIBIT A

LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 11,696,409
Investments	22,902,611
Taxes receivable, net	1,568,870
Other receivables, net	5,343,253
Due from other governmental agencies	5,030,860
Inventories	175,537
Prepaid items	25,854
Bond issue costs, net of amortization	612,940
Land held for resale	888,428
Capital assets not being depreciated	9,057,781
Capital assets being depreciated, net of accumulated depreciation	<u>77,866,625</u>
	<u><u>\$ 135,169,168</u></u>
Liabilities	
Accounts payable and other current liabilities	\$ 4,837,202
Accrued interest payable	360,964
Unearned revenue	310,749
Non-current liabilities:	
Due within one year	8,810,439
Due in more than one year	42,930,246
Net OPEB obligation	447,729
Total liabilities	<u>57,697,329</u>
Net Position	
Net investment in capital assets	36,831,933
Restricted for:	
Property tax reduction	1,507,731
Capital projects	14,693,158
Public safety	1,467,105
Public works	1,818,279
Public health and welfare	237,722
Cultural and recreation	115,517
Debt service	4,485,591
Unrestricted	<u>16,314,803</u>
Total net position	<u>77,471,839</u>
	<u><u>\$ 135,169,168</u></u>

The accompanying notes are an integral part of these statements.

**LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

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	\$ 14,274,314	\$ 4,003,901	\$ 96,512	\$ 190,180	\$ (9,983,721)
Administration of justice	2,034,619	1,067,263	4,725	-	(962,631)
Public safety and law enforcement	13,079,241	853,962	1,410,142	-	(10,815,137)
Public works	6,514,659	313,946	1,269,461	743,021	(4,188,231)
Public health and welfare	6,250,734	2,883,399	44,065	244,700	(3,078,570)
Economic development	2,215,207	62,305	1,438,377	-	(714,525)
Culture and recreation	3,360,319	941,636	83,657	2,095,784	(239,242)
Interest on long-term debt	2,036,775	-	-	-	(2,036,775)
Total primary government	<u>\$ 49,765,868</u>	<u>\$ 10,126,412</u>	<u>\$ 4,346,939</u>	<u>\$ 3,273,685</u>	<u>(32,018,832)</u>
General revenues:					
Property taxes levied for:					
General purposes					22,985,635
Debt service					2,539,542
Court mandated security					991,146
Equipment replacement					1,289,454
Other taxes and licenses					1,994,870
Local option sales tax, levied for capital projects					7,225,680
Grants and contributions not restricted to specific programs					4,029,881
Unrestricted investment earnings					31,753
Miscellaneous					936,595
Total general revenues, special items, and transfers					<u>42,024,556</u>
Change in net position					10,005,724
Net position - beginning of year					<u>67,466,115</u>
Net position - end of year					<u>\$ 77,471,839</u>

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

LANCASTER COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>General Fund</u>	<u>Capital Projects Sales Tax Fund</u>	<u>SCAGO Public Facilities Corporation - Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 10,655,218	\$ 15,775	\$ -	\$ 1,025,416	\$ 11,696,409
Investments	15,092,166	-	3,891,581	3,918,864	22,902,611
Taxes receivable, net	195,511	-	-	47,720	243,231
Due from other funds	2,478,568	5,208,080	-	3,762,095	11,448,743
Due from other governments	1,847,366	1,883,029	-	1,189,105	4,919,500
Other receivables	744,047	-	-	64,560	808,607
Land held for resale	327,301	-	-	561,127	888,428
Inventories	124,382	-	-	51,155	175,537
Prepaid items	14,193	-	-	11,661	25,854
	<u>\$ 31,478,752</u>	<u>\$ 7,106,884</u>	<u>3,891,581</u>	<u>\$ 10,631,703</u>	<u>\$ 53,108,920</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,072,709	\$ -	\$ -	\$ 49,130	\$ 4,121,839
Accrued wages payable	715,364	-	-	-	715,364
Bond anticipation note payable	-	-	-	865,500	865,500
Due to other funds	8,970,174	-	-	2,478,569	11,448,743
Unearned revenue	276,211	-	-	34,538	310,749
	<u>14,034,458</u>	<u>-</u>	<u>-</u>	<u>3,427,737</u>	<u>17,462,195</u>
Fund Balances:					
Nonspendable:					
Inventories	124,382	-	-	51,155	175,537
Land held for resale	327,301	-	-	561,127	888,428
Prepaid items	14,193	-	-	11,661	25,854
Restricted:					
Property tax reduction	1,507,731	-	-	-	1,507,731
DSS IV-D Incentive	237,722	-	-	-	237,722
Victim services	-	-	-	10,056	10,056
Drug task force	203,945	-	-	-	203,945
Capital projects	-	7,106,884	-	3,682,732	10,789,616
Public safety	-	-	-	1,253,104	1,253,104
Cultural and recreation	-	-	-	115,517	115,517
Roads and bridges	-	-	-	1,818,279	1,818,279
Debt service	-	-	3,891,581	594,010	4,485,591
Assigned to:					
Public works	37,500	-	-	-	37,500
Subsequent year's budget	178,829	-	-	31,427	210,256
Unassigned	14,812,691	-	-	(925,102)	13,887,589
	<u>17,444,294</u>	<u>7,106,884</u>	<u>3,891,581</u>	<u>7,203,966</u>	<u>35,646,725</u>
	<u>\$ 31,478,752</u>	<u>\$ 7,106,884</u>	<u>\$ 3,891,581</u>	<u>\$ 10,631,703</u>	<u>\$ 53,108,920</u>

The accompanying notes are an integral part of these statements.

**LANCASTER COUNTY, SOUTH CAROLINA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013**

Total Governmental Fund Balances	\$ 35,646,725
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	86,924,406
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Taxes receivable	1,325,639
Other receivables	4,646,007
Bond issue costs	612,940
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	(360,964)
Other post-employments benefit liability	(447,729)
Long-term debt	<u>(50,875,185)</u>
Net Position of Governmental Activities	<u>\$ 77,471,839</u>

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, 2013

	General Fund	Capital Projects Sales Tax Fund	Public Facilities Corporation - Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 22,884,474	\$ -	\$ -	\$ 4,805,863	\$ 27,690,337
Sales and miscellaneous taxes	1,525,959	7,225,680	-	468,912	9,220,551
Intergovernmental	3,303,561	-	-	3,980,058	7,283,619
Licenses and permits	4,160,774	-	-	-	4,160,774
Charges for services	2,816,174	-	-	1,828,677	4,644,851
Fines, fees and forfeitures	893,708	-	-	162,495	1,056,203
Contributions and donations	376,585	-	-	149,351	525,936
Investment earnings	15,669	7,360	436	5,746	29,211
Miscellaneous	439,108	-	-	47,288	486,396
Total revenues	<u>36,416,012</u>	<u>7,233,040</u>	<u>436</u>	<u>11,448,390</u>	<u>55,097,878</u>
Expenditures					
Current					
General government	9,817,196	15,195	-	1,787,326	11,619,717
Administration of justice	1,693,101	-	-	16,805	1,709,906
Public safety and law enforcement	10,676,053	-	-	5,688,657	16,364,710
Public works	4,137,879	-	-	1,411,204	5,549,083
Public health and welfare	5,901,040	-	-	390,964	6,292,004
Economic development	828,894	-	-	1,125,678	1,954,572
Culture and recreation	-	-	-	3,196,847	3,196,847
Debt service					
Principal	397,548	-	4,850,000	1,956,181	7,203,729
Interest and other charges	90,861	-	1,193,200	990,221	2,274,282
Bond issuance costs	-	-	-	-	-
Capital outlay	-	-	-	133,297	133,297
Total expenditures	<u>33,542,571</u>	<u>15,195</u>	<u>6,043,200</u>	<u>16,697,180</u>	<u>56,298,146</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,873,441</u>	<u>7,217,845</u>	<u>(6,042,764)</u>	<u>(5,248,790)</u>	<u>(1,200,268)</u>
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	77,792	-	-	-	77,792
Transfers in	25,000	15,000	6,088,910	1,913,347	8,042,257
Transfers out	(1,913,347)	(6,088,910)	(15,000)	(25,000)	(8,042,257)
Total other financing sources and uses	<u>(1,810,555)</u>	<u>(6,073,910)</u>	<u>6,073,910</u>	<u>1,888,347</u>	<u>77,792</u>
Net Change in Fund Balances	1,062,886	1,143,935	31,146	(3,360,443)	(1,122,476)
Fund Balances, Beginning of Year	<u>16,381,408</u>	<u>5,962,949</u>	<u>3,860,435</u>	<u>10,564,409</u>	<u>36,769,201</u>
Fund Balances, End of Year	<u>\$ 17,444,294</u>	<u>\$ 7,106,884</u>	<u>\$ 3,891,581</u>	<u>\$ 7,203,966</u>	<u>\$ 35,646,725</u>

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, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ (1,122,476)
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 \$6,011,928 exceeded depreciation expense of \$5,600,373 in the current period.	411,555
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.	(36,583)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Property taxes	115,437
Other receivables	507,926
Donated assets	3,020,538
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	7,194,229
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	62,822
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	43,692
Amortization expense	(7,687)
Other post-employment liability	(62,472)
Compensated absences	(121,257)
Change in Net Position of Governmental Activities	<u>\$ 10,005,724</u>

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

EXHIBIT E

**LANCASTER COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013**

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 7,913,496
Investments	21,954,473
Property taxes receivable	510,703
Accounts receivable	611
	<u>\$ 30,379,283</u>
Liabilities	
Due to other taxing units	\$ 23,561,804
Due to others	6,817,479
	<u>\$ 30,379,283</u>

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

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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 position 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, 2013**

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

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Basic Financial Statements – Fund Financial Statements - continued

Debt Service Funds – The debt service fund accounts for and reports 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.

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, 2013

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 Fund 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 collateralized, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool. The State Treasurer's Investment Pool, established pursuant to Section 6-6-10 of the South Carolina Code, is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any governing body of a political subdivision of the State, may be deposited. The State Treasurer's Investment Pool is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the investment pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1. 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, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities and Fund 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, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Assets, Liabilities and Fund 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.

Net Position and Fund Balances

Net Positions

Net position in the government-wide financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through state statute. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Deferred outflows and inflows of resources

The statement of net position may report deferred outflows of resources following the assets section and deferred inflows of resources following the liabilities section. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an expenditure until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as revenue until that time. The County had no deferred outflows or inflows to report for fiscal year 2013.

Net Position and Fund Balances

In the governmental fund financial statements, fund balance represents amounts that are not appropriable, are legally segregated for a specific purpose or are available for use. Classifications of fund balance represent constraints by which the County is obligated for specified purposes and comprise five categories as follows:

Nonspendable – Amounts that cannot be spent because they are either 1) not in spendable form, such as inventories, prepaid items or land held for resale or 2) legally or contractually required to be maintained intact.

Restricted – 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 – Amounts that are internally constrained by the County's highest level of decision-making authority, County Council. These amounts are committed by County Council ordinance to be used for specified purposes and remain binding unless removed by the same authority.

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Assets, Liabilities and Fund Equity - continued

Net Position and Fund Balances – continued

Assigned - Amounts that are constrained by the County Administrator and/or Finance Director with the intent to be used for a specific purpose. Authorization to assign fund balance is given to these individuals by County Council ordinance. The County Administrator must inform the County Council of assigned resources during the fiscal year. These amounts are neither restricted or unrestricted.

Unassigned – Amounts that are not reportable as nonspendable, restricted, committed or assigned.

The County would typically use restricted fund balances first, followed by committed resources and the assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

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

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, 2013**

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, 2013, the County's deposits were as follows:

	Bank Balance	Carrying Amount
Demand deposits	\$ 20,153,542	\$ 19,601,761

Of the County's bank balance, \$551,381 was covered by FDIC insurance and \$19,602,161 was collateralized by securities held by the pledging bank's trust department or agent in the County's name.

Investments

As of June 30, 2013, 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	\$ 30,727,801	\$ 30,727,801	\$ -	\$ -
Money Market Accounts	12,673,946	12,673,946	-	-
US Government Treasuries	315,754	100,527	103,844	111,383
US Government Agencies	1,139,583	203,983	640,557	295,043
	\$ 44,857,084	\$ 43,706,257	\$ 744,401	\$ 406,426

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

A. Cash and Investments - continued

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.

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, 2013, the County owned \$1,139,583 of government sponsored entity (GSE) debt securities. These bonds are the direct obligation of the FFCB, FHLB, FHLMC, and FNMA which are rated AA+ or equivalent by all rating agencies. The investments are either directly or indirectly guaranteed by the US Treasury. The money market accounts were rated AAA by Standard 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 Position:

Unrestricted cash, including time deposits	\$ 11,696,410
Investments	22,902,611
Agency fund cash (not included in government-wide statement)	7,913,496
Agency fund investments (not included in government-wide statement)	21,954,473
Less: Petty cash	<u>(8,145)</u>
	<u><u>\$ 64,458,845</u></u>

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 - DETAILED NOTES ON ALL FUNDS - Continued

B. Capital Assets

Capital asset activity for the year ended June 30, 2013 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,670,731	\$ 1,306,463	\$ -	\$ 6,977,194
Construction in progress	609,571	1,928,309	(457,293)	2,080,587
Total capital assets not being depreciated	<u>6,280,302</u>	<u>3,234,772</u>	<u>(457,293)</u>	<u>9,057,781</u>
Capital assets being depreciated:				
Buildings and improvements	67,326,138	3,172,009	-	70,498,147
Vehicles	19,096,663	1,423,059	(651,916)	19,867,806
Furniture and equipment	14,435,968	1,200,699	(298,048)	15,338,619
Infrastructure	15,092,316	730,938	-	15,823,254
Total capital assets being depreciated	<u>115,951,085</u>	<u>6,526,705</u>	<u>(949,964)</u>	<u>121,527,826</u>
Less accumulated depreciation for:				
Buildings and improvements	(13,945,667)	(1,832,480)	-	(15,778,147)
Vehicles	(11,459,493)	(1,565,287)	500,556	(12,524,224)
Furniture and equipment	(7,010,206)	(1,490,410)	141,111	(8,359,505)
Infrastructure	(6,287,129)	(712,196)	-	(6,999,325)
Total accumulated depreciation	<u>(38,702,495)</u>	<u>(5,600,373)</u>	<u>641,667</u>	<u>(43,661,201)</u>
Total capital assets being depreciated, net	<u>77,248,590</u>	<u>926,332</u>	<u>(308,297)</u>	<u>77,866,625</u>
Governmental activities capital assets, net	<u>\$ 83,528,892</u>	<u>\$ 4,161,104</u>	<u>\$ (765,590)</u>	<u>\$ 86,924,406</u>

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

Governmental activities:	
General government administration	\$ 1,900,191
Economic Development	825
Administration of justice	350,045
Public safety and law enforcement	1,527,290
Public works, including depreciation of infrastructure assets	1,127,792
Public health and welfare	394,345
Culture and recreation	299,885
Total depreciation expense	<u>\$ 5,600,373</u>

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2013 were:

Receivable Fund	Payable Fund	Amount
General Fund	Airport Commission	\$ 153,486
General Fund	Capital Projects - SCAGO	1,400,536
General Fund	Debt Service Fund	77
General Fund	Pleasant Valley Fire District	1,536
General Fund	Restricted Grants	922,934
Bond Projects Fund	General Fund	916,418
Brookchase Special Tax District	General Fund	90,701
Capital Improvement	General Fund	290,247
Capital Project Sales Tax	General Fund	5,208,080
Court Mandated Security Fund	General Fund	106,514
E911 Fund	General Fund	475,204
Edenmoor Special Assessment	General Fund	5,536
Local Accomodations Tax	General Fund	2,092
Recreation Fund	General Fund	12,524
Sun City Special Assessment	General Fund	1,206
Sun City/Belair Special Tax District	General Fund	148,500
Transportation Fund	General Fund	1,709,131
Victim Services	General Fund	4,022
		<u>\$ 11,448,744</u>

Interfund transfers for the year ended June 30, 2013, consisted of the following:

Transfer from	Transfer to	Purpose	Amount
General Fund	Airport Fund	Airport operations	\$ 40,000
General Fund	Library Fund	Library operations	992,919
General Fund	Recreation Fund	Recreation operations	880,428
Capital Projects Sales Tax	SCAGO Debt Service Fund	Debt payments	6,088,910
Local Accomodations Tax	General Fund	Tourism promotions	15,000
Pleasant Valley	General Fund	New fire truck	10,000
SCAGO Debt Service Fund	Capital Project Sales Tax	Debt service admin costs	15,000
			<u>\$ 8,042,257</u>

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2012	Additions	Reductions	Balance at June 30, 2013
Bond anticipation notes	\$ 875,000	\$ 865,500	\$ 875,000	\$ 865,500

The County issued General Obligation Bond Anticipation Note, Series 2012, with an interest rate of 1.03 percent, for \$875,000 and it matured date of December 28, 2012. On January 25, 2013, the County issued General Obligation Bond Anticipation Note, Series 2013 for \$865,500. This note has an interest rate of 0.93% and matures December 28, 2013. 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, 2013, was as follows:

	Balance at June 30, 2012	Additions	Reductions	Balance at June 30, 2013	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 19,840,000	\$ -	\$ 1,515,000	\$ 18,325,000	\$ 1,580,000
Capital leases	3,341,646	-	544,230	2,797,416	411,939
SCAGO PFC Installment purchase revenue bonds	29,560,000	-	4,850,000	24,710,000	5,035,000
Special source revenue bonds	2,795,000	-	285,000	2,510,000	300,000
Landfill closure and postclosure costs	1,339,802	-	43,692	1,296,110	57,000
Compensated absences	774,203	682,597	561,340	895,460	561,000
Deferred amounts:					
Unamortized discount	(26,763)	-	(2,974)	(23,789)	-
Unamortized loss on advanced refunding	(285,703)	-	(30,447)	(255,256)	-
Unamortized premium	787,671	-	167,427	620,244	-
Long-term liabilities	<u>\$ 58,125,856</u>	<u>\$ 682,597</u>	<u>\$ 7,933,268</u>	<u>\$ 50,875,185</u>	<u>\$ 7,944,939</u>

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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:

Description	Amount Issued	Interest Rate	Final Maturity	Annual Principal Payments	Amount Outstanding
General obligation bonds, series 2008	5,600,000	3.40%	2015	\$1,150,000 to \$1,190,000	\$ 2,305,000
General obligation refunding bonds, series 2009	4,630,000	3% to 4%	2024	\$240,000 to \$350,000	3,320,000
General obligation bonds, series 2010A	595,000	3%	2016	\$100,000 to \$105,000	310,000
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	\$115,000 to \$690,000	<u>3,485,000</u>
					<u><u>\$ 18,325,000</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, 2013**

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, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,315,000	547,649	1,862,649
2019 to 2023	7,235,000	1,945,640	9,180,640
2024 to 2028	3,690,000	435,795	4,125,795
2029 to 2030	335,000	29,250	364,250
Total	<u>\$ 18,325,000</u>	<u>\$ 5,600,944</u>	<u>\$ 23,925,944</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, 2013, the unamortized premium was \$21,455. 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, 2013, the unamortized premium was \$35,232.

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, 2013 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, 2013. As of June 30, 2013, the County's outstanding in-substance defeased debt totaled \$6,055,000.

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2013 were as follows:

Year Ending June 30,	Amount
2014	\$ 492,862
2015	207,429
2016	212,156
2017	217,076
2018	1,163,634
2019 to 2023	759,235
2024 to 2028	270,000
Total minimum lease payments	3,322,392
Less: amount representing interest	(524,976)
Present value of minimum lease payments	\$ 2,797,416

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, 2013**

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, 2013 was \$557,203.

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, 2013, 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
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>\$ 24,710,000</u>	<u>\$ 2,616,813</u>	<u>\$ 27,326,813</u>

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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
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	375,000	69,000	444,000
2019 to 2020	825,000	71,875	896,875
Total	<u>\$ 2,510,000</u>	<u>\$ 572,700</u>	<u>\$ 3,082,700</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 2013, the County expended \$43,692 in landfill closure costs. Remaining post-closure costs are estimated at \$1,296,110 and included with the long-term liabilities in the statement of net position. Post-closure care costs are reported in the general fund and are based on engineering estimates that are subject to change due to inflation, deflation, technology and/or applicable laws and regulations.

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, 2013, there is one series of Industrial Revenue bonds outstanding with an aggregate principal amount payable of \$20,000,000.

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2013, the outstanding balance on this debt was \$6,256,000.

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, 2013, the outstanding balance on this debt was \$25,851,572.

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, 2013, the outstanding balance on this debt was \$16,805,000.

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, 2013, 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, 2013**

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 7.00% of their annual covered salaries, and the County is required to contribute at an actuarially determined rate. The current rates actuarially determined are 10.45% and 11.90% 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:

Fiscal Year Ended June 30	SCRS	PORS
2013	\$ 1,072,816	\$ 724,355
2012	955,391	617,041
2011	873,915	579,537

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, 2013**

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 amount actuarially determined in accordance with the parameter of GASB Statement 45. 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	\$	357,309
Interest on OPEB obligation		17,337
Adjustment to annual required contribution		<u>(16,062)</u>
Annual OPEB cost (expense)		358,584
Net estimated employer contributions		<u>(296,112)</u>
Increase (decrease) in net OPEB obligation		62,472
Net OPEB obligation, beginning of year		<u>385,257</u>
Net OPEB obligation, end of year	\$	<u><u>447,729</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, 2013 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
2011	\$ 336,219	\$ 220,847	65.7%	\$ 301,499
2012	346,668	262,910	75.8%	385,257
2013	358,584	296,112	82.6%	447,729

Funding Status and Progress – The funded status of the County’s retiree health care plan, under GASB Statement 45, as of June 30, 2012 is as follows:

Actuarial Valuation Date as of	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll	Ratio of UAAL to Annual Covered Payroll (b-a)/d
December 31, 2012	\$ -	\$ 4,735,113	\$ 4,735,113	0%	\$ 15,419,474	30.7%

Under the reporting parameters, the County’s retiree health care plan is 0% funded with an estimated actuarial liability exceeding the actuarial assets by \$4,735,113 at June 30, 2012. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to covered payroll is 30.7%.

**LANCASTER COUNTY, SOUTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

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	Initial at 7.25% and decreasing to 4.50% after 11 years
Drug Trend	Initial at 7.75% and decreasing to 4.50% after 11 years

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, 2013**

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, 2013 were as follows:

Project	Contract Amount	Job-to-Date Expenditures	Outstanding Commitments
Industrial Park Airport	1,184,986	1,008,455	176,531
	<u>\$ 1,184,986</u>	<u>\$ 1,008,455</u>	<u>\$ 176,531</u>

NOTE 5 - SUBSEQUENT EVENT

Subsequent to June 30, 2013, the County Council authorized the issuance of General Obligation Bond, Series 2013A in the amount of \$950,000.

Management has evaluated subsequent events through November 25, 2013, the date on which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

LANCASTER COUNTY, SOUTH CAROLINA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$22,927,986	\$22,927,986	\$ 22,884,474	\$ (43,512)
Other local taxes and tariffs	1,578,500	1,578,500	1,525,959	(52,541)
Intergovernmental	3,453,800	3,453,800	3,303,561	(150,239)
Licenses and permits	2,956,000	2,956,000	4,160,774	1,204,774
Charges for services	2,661,475	2,661,475	2,816,174	154,699
Fines, fees and forfeitures	841,750	841,750	893,708	51,958
Contributions and donations	18,000	322,540	376,585	54,045
Investment earnings	52,000	52,000	15,669	(36,331)
Miscellaneous	41,000	304,619	439,108	134,489
Total revenues	<u>34,530,511</u>	<u>35,098,670</u>	<u>36,416,012</u>	<u>1,317,342</u>
Expenditures				
Current:				
General Government				
Non-departmental	1,150,053	1,150,053	1,150,794	(741)
Direct assistance to other agencies	650,209	650,959	622,415	28,544
Council	938,948	1,015,017	1,284,770	(269,753)
Administrator	468,888	420,649	381,559	39,090
Finance	482,080	482,080	464,647	17,433
Human resources/risk management	334,844	334,844	344,312	(9,468)
Management information services	480,135	502,564	429,848	72,716
GIS	170,660	170,660	162,656	8,004
Building and zoning	908,450	908,450	816,612	91,838
Planning	288,480	324,480	318,950	5,530
Assessor	704,650	704,650	695,960	8,690
Auditor	356,470	356,470	345,723	10,747
Treasurer	412,475	412,475	362,721	49,754
Delinquent tax collector	344,065	344,065	261,977	82,088
Voter registration and elections	263,120	263,120	227,220	35,900
Register of deeds	309,500	309,500	304,518	4,982
Farmers' market	4,600	4,600	2,174	2,426
Vehicle maintenance	426,425	426,425	423,425	3,000
Building maintenance	1,233,252	1,253,222	1,216,915	36,307
	<u>9,927,304</u>	<u>10,034,283</u>	<u>9,817,196</u>	<u>217,087</u>
Administration of Justice				
Circuit court	53,552	53,552	28,317	25,235
Clerk of court	267,150	267,150	271,596	(4,446)
Family court	325,332	325,332	296,807	28,525
Probate court	375,453	375,453	355,467	19,986
Magistrate court	750,450	750,450	740,914	9,536
	<u>1,771,937</u>	<u>1,771,937</u>	<u>1,693,101</u>	<u>78,836</u>
Public Safety				
Coroner	381,815	381,815	321,155	60,660
Sheriff	5,375,239	5,710,538	5,567,047	143,491
Detention center	1,858,719	1,873,719	1,818,994	54,725
Communication	1,325,000	1,325,000	1,086,945	238,055
Emergency management	334,875	356,292	344,390	11,902

SCHEDULE 1

LANCASTER COUNTY, SOUTH CAROLINA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Fire commission	1,185,020	1,498,288	1,481,156	17,132
Rescue squad	26,104	26,104	8,545	17,559
Indian Land rescue squad	40,150	48,784	47,821	963
	<u>10,526,922</u>	<u>11,220,540</u>	<u>10,676,053</u>	<u>544,487</u>
Public Works				
Roads and bridges	2,211,620	2,491,620	2,098,350	393,270
Landfill	57,000	57,000	43,692	13,309
Solid waste	1,991,391	2,015,391	1,995,837	19,554
	<u>4,260,011</u>	<u>4,564,011</u>	<u>4,137,879</u>	<u>426,133</u>
Public health and welfare				
EMS	4,688,100	4,746,156	5,154,759	(408,603)
Animal control	297,795	297,795	293,919	3,876
Environmental health	5,825	5,825	2,294	3,531
Health services	99,300	99,300	82,946	16,354
Junvenile drug court	107,004	107,004	101,596	5,409
Social services and food stamps	64,210	64,210	61,568	2,642
DSS Family Independence	60,427	60,427	58,516	1,911
Veteran affairs	150,260	150,260	145,442	4,818
	<u>5,472,921</u>	<u>5,530,977</u>	<u>5,901,040</u>	<u>(370,063)</u>
Economic Development				
Economic development commission	274,660	828,460	828,894	(434)
Debt Service				
Principal	438,409	438,409	397,548	40,861
Interest and other charges	-	-	90,861	(90,861)
	<u>438,409</u>	<u>438,409</u>	<u>488,409</u>	<u>(50,000)</u>
Total expenditures	<u>32,672,164</u>	<u>34,388,617</u>	<u>33,542,571</u>	<u>846,046</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,858,347</u>	<u>710,053</u>	<u>2,873,441</u>	<u>2,163,388</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	77,792	77,792
Transfers in	10,000	10,000	25,000	15,000
Transfers out	(1,913,347)	(1,913,347)	(1,913,347)	-
Total other financing sources and uses	<u>(1,903,347)</u>	<u>(1,903,347)</u>	<u>(1,810,555)</u>	<u>92,792</u>
Net change in fund balances	<u>\$ (45,000)</u>	<u>\$ (1,193,294)</u>	\$ 1,062,886	<u>\$ 2,256,180</u>
Fund Balances, Beginning of Year			<u>16,381,408</u>	
Fund Balances, End of Year			<u>\$ 17,444,294</u>	

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

LANCASTER COUNTY, SOUTH CAROLINA
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECT SALES TAX FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Other local taxes and tariffs	\$ 6,116,844	\$ 6,116,844	\$ 7,225,680	\$ 1,108,836
Investment earnings	-	-	7,360	7,360
Total revenues	<u>6,116,844</u>	<u>6,116,844</u>	<u>7,233,040</u>	<u>1,116,196</u>
Expenditures				
Current				
General government	15,000	15,000	15,195	(195)
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>15,195</u>	<u>(195)</u>
Excess (deficiency) of revenues over expenditures	<u>6,101,844</u>	<u>6,101,844</u>	<u>7,217,845</u>	<u>1,116,001</u>
Other Financing Sources (Uses)				
Transfers in	-	-	15,000	15,000
Transfers out	(6,101,844)	(6,101,844)	(6,088,910)	12,934
Total other financing sources and uses	<u>(6,101,844)</u>	<u>(6,101,844)</u>	<u>(6,073,910)</u>	<u>27,934</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,143,935</u>	<u>\$ 1,143,935</u>
Fund Balances, Beginning of Year			<u>5,962,949</u>	
Fund Balances, End of Year			<u>\$ 7,106,884</u>	

SCHEDULE 3

LANCASTER COUNTY, SOUTH CAROLINA
 SCHEDULE OF FUNDING PROGRESS FOR RETIREE HEALTH PLAN
 JUNE 30, 2013

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) (B)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (B-A)</u>	<u>Ratio of Funded Obligation (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a % of Covered Payroll ((B-A)/C)</u>
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%
June 30, 2012	\$ -	\$ 4,735,113	\$ 4,735,113	0.00%	\$ 15,419,474	30.71%

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE 4

LANCASTER COUNTY, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 453,643	\$ 571,773	\$ -	\$ 1,025,416
Investments	-	-	3,918,864	3,918,864
Taxes receivable, net	11,307	22,313	14,100	47,720
Due from other funds	2,457,987	-	1,304,108	3,762,095
Due from other governments	1,189,104	1	-	1,189,105
Other receivables	64,560	-	-	64,560
Land held for resale	-	-	561,127	561,127
Inventory	51,155	-	-	51,155
Prepaid expenses	11,661	-	-	11,661
	<u>\$ 4,239,417</u>	<u>\$ 594,087</u>	<u>\$ 5,798,199</u>	<u>\$ 10,631,703</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,385	\$ -	\$ 43,001	\$ 45,386
Bond anticipation note payable	-	-	865,500	865,500
Due to other funds	1,077,956	77	1,400,536	2,478,569
Unearned revenue	34,538	-	-	34,538
Other accrued expenses	3,744	-	-	3,744
	<u>1,118,623</u>	<u>77</u>	<u>2,309,037</u>	<u>3,427,737</u>
Fund balances:				
Nonspendable:				
Inventories	51,155	-	-	51,155
Land held for resale	-	-	561,127	561,127
Prepaid items	11,661	-	-	11,661
Restricted for:				
Victim services	10,056	-	-	10,056
Capital projects	-	-	3,682,732	3,682,732
Public safety	1,253,104	-	-	1,253,104
Cultural and recreation	115,517	-	-	115,517
Roads and bridges	1,818,279	-	-	1,818,279
Debt service	-	594,010	-	594,010
Assigned to:				
Subsequent year's budget	11,325	-	20,102	31,427
Unassigned	(150,303)	-	(774,799)	(925,102)
	<u>3,120,794</u>	<u>594,010</u>	<u>3,489,162</u>	<u>7,203,966</u>
	<u>\$ 4,239,417</u>	<u>\$ 594,087</u>	<u>\$ 5,798,199</u>	<u>\$ 10,631,703</u>

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Other Governmental Funds
Revenues				
Property taxes	\$ 986,390	\$ 1,862,456	\$ 1,957,017	\$ 4,805,863
Sales and miscellaneous taxes	468,912	-	-	468,912
Fees and fines	162,495	-	-	162,495
Intergovernmental	3,866,082	113,976	-	3,980,058
Charges for services	1,766,372	-	62,305	1,828,677
Investment earnings	2,638	721	2,387	5,746
Miscellaneous	42,621	-	4,667	47,288
Contributions and donations	127,770	-	21,581	149,351
Total revenues	<u>7,423,280</u>	<u>1,977,153</u>	<u>2,047,957</u>	<u>11,448,390</u>
Expenditures				
Current				
General government	318,436	-	1,468,890	1,787,326
Administration of Justice	-	-	16,805	16,805
Public safety and law enforcement	3,442,208	-	2,246,449	5,688,657
Public works	1,152,304	-	258,900	1,411,204
Public health and welfare	8,707	-	382,257	390,964
Culture and recreation	3,077,918	-	118,929	3,196,847
Economic development	1,106,612	-	19,066	1,125,678
Debt service				
Principal	100,000	1,415,000	441,181	1,956,181
Interest and other charges	109,798	683,987	196,436	990,221
Capital outlay	133,297	-	-	133,297
Total expenditures	<u>9,449,280</u>	<u>2,098,987</u>	<u>5,148,913</u>	<u>16,697,180</u>
Excess (deficiency) of revenues over expenditures	<u>(2,026,000)</u>	<u>(121,834)</u>	<u>(3,100,956)</u>	<u>(5,248,790)</u>
Other Financing Sources (Uses)				
Transfers in	1,913,347	-	-	1,913,347
Transfers out	(25,000)	-	-	(25,000)
Total other financing sources and uses	<u>1,888,347</u>	<u>-</u>	<u>-</u>	<u>1,888,347</u>
Net change in fund balances	(137,653)	(121,834)	(3,100,956)	(3,360,443)
Fund Balances, Beginning of Year	<u>3,258,447</u>	<u>715,844</u>	<u>6,590,118</u>	<u>10,564,409</u>
Fund Balances, End of Year	<u>\$ 3,120,794</u>	<u>\$ 594,010</u>	<u>\$ 3,489,162</u>	<u>\$ 7,203,966</u>

SCHEDULE 6

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2013

	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	Sunday Alcohol Sales Fund	Total
Assets													
Cash and cash equivalents	\$ 650	\$ 9,688	90,773	\$ 3,271	\$ -	\$ -	\$ -	\$ 349,281	\$ -	\$ -	\$ -	\$ -	\$ 453,643
Taxes receivable, net	-	-	-	-	-	-	-	-	11,307	-	-	-	11,307
Due from other funds	12,524	-	-	-	2,092	148,500	475,204	-	106,514	4,022	1,709,131	-	2,457,987
Due from other governments	-	4,035	-	942,166	-	-	128,655	-	-	-	109,148	5,100	1,189,104
Inventory	-	51,155	-	-	-	-	-	-	-	-	-	-	51,155
Other receivables	3,996	3,900	1,467	-	4,015	-	45,148	-	-	6,034	-	-	64,560
Prepaid items	-	-	11,661	-	-	-	-	-	-	-	-	-	11,661
	\$ 17,170	\$ 68,758	103,901	\$ 945,437	\$ 6,107	\$ 148,500	\$ 649,007	\$ 349,281	\$ 117,821	\$ 10,056	\$ 1,818,279	\$ 5,100	\$ 4,239,417

Liabilities and Fund Balances

Liabilities:													
Accounts payable	\$ -	\$ -	-	\$ 2,385	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,385
Due to other funds	-	153,486	-	922,934	-	-	-	1,536	-	-	-	-	1,077,956
Unearned revenue	-	14,420	-	20,118	-	-	-	-	-	-	-	-	34,538
Other accrued expenses	-	-	-	-	-	-	-	3,744	-	-	-	-	3,744
	-	167,906	-	945,437	-	-	-	5,280	-	-	-	-	1,118,623

Fund balances:

Nonspendable:													
Inventories	-	51,155	-	-	-	-	-	-	-	-	-	-	51,155
Prepaid items	-	0	11,661	-	-	-	-	-	-	-	-	-	11,661
Restricted for:													
Victim services	-	-	-	-	-	-	-	-	-	10,056	-	-	10,056
Public safety	-	-	-	-	-	148,500	649,007	344,001	106,496	-	-	5,100	1,253,104
Cultural and recreation	-	-	-	-	-	-	-	-	-	-	-	-	115,517
Roads and bridges	17,170	-	92,240	-	6,107	-	-	-	-	-	1,818,279	-	1,818,279
Assigned to:													
Subsequent year's budget	-	-	-	-	-	-	-	-	11,325	-	-	-	11,325
Unassigned, reported in:													
Special revenue funds	-	(150,303)	-	-	-	-	-	-	-	-	-	-	(150,303)
	17,170	(89,148)	103,901	-	6,107	148,500	649,007	344,001	117,821	10,056	1,818,279	5,100	3,120,794
	\$ 17,170	\$ 68,758	103,901	\$ 945,437	\$ 6,107	\$ 148,500	\$ 649,007	\$ 349,281	\$ 117,821	\$ 10,056	\$ 1,818,279	\$ 5,100	\$ 4,239,417

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Recreation Fund	Airport Fund	Library Fund	Restricted Grants Fund	Local Accommodations Tax Fund	Indian Land Fire Protection District Fund	Pleasant Valley Fire District Fund	Court Mandated Security Fund	Victim Services Fund	Transportation Fund	Sunday Alcohol Sales Fund	Total
Revenues												
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 986,390	\$ -	\$ -	\$ -	\$ 986,390
Sales and miscellaneous taxes	-	-	-	-	40,079	-	428,833	-	-	-	-	468,912
Fees and fines	-	-	64,204	-	-	2,656	-	-	91,503	-	-	162,495
Intergovernmental	107,103	100,734	88,590	2,020,690	-	-	34,124	-	-	1,306,782	5,100	3,866,082
Charges for services	867,994	124,320	9,403	-	-	419,505	345,150	-	-	-	-	1,766,372
Investment earnings	35	-	175	-	15	121	149	-	-	1,210	-	2,638
Miscellaneous	-	42,600	-	-	-	-	21	-	-	-	-	42,621
Contributions and donations	-	-	90,032	37,738	-	-	-	-	-	-	-	127,770
Total revenues	975,132	267,654	252,404	2,058,428	40,094	422,282	383,555	986,390	91,503	1,307,992	5,100	7,423,280
Expenditures												
Current												
General government	-	201,054	-	90,101	27,281	-	-	-	-	-	-	318,436
Public safety and law enforcement	-	-	-	746,528	-	506,662	104,212	1,070,843	104,208	-	-	3,442,208
Public works	-	-	-	5,550	-	-	-	-	-	1,146,754	-	1,152,304
Public health and welfare	-	-	-	8,707	-	-	-	-	-	-	-	8,707
Culture and recreation	1,813,945	-	1,226,567	37,406	-	-	-	-	-	-	-	3,077,918
Economic development	-	-	-	1,106,612	-	-	-	-	-	-	-	1,106,612
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	100,000	-	-	-	-	100,000
Interest and other charges	-	-	-	-	-	-	109,798	-	-	-	-	109,798
Capital outlay	35,939	97,358	-	-	-	-	-	-	-	-	-	133,297
Total expenditures	1,849,884	298,412	1,226,567	1,994,904	27,281	506,662	314,010	1,070,843	104,208	1,146,754	-	9,449,280
Excess (deficiency) of revenues over expenditures	(874,752)	(30,758)	(974,163)	63,524	12,813	(84,380)	(277,009)	(84,453)	(12,705)	161,238	5,100	(2,026,000)
Other Financing Sources (Uses)												
Transfers in	880,428	40,000	992,919	-	-	-	-	-	-	-	-	1,913,347
Transfers out	-	-	-	-	(15,000)	-	(10,000)	-	-	-	-	(25,000)
Total Other Financing Sources	880,428	40,000	992,919	-	(15,000)	-	(10,000)	-	-	-	-	1,888,347
Net change in fund balances	5,676	9,242	18,756	63,524	(2,187)	(84,380)	(277,009)	(84,453)	(12,705)	161,238	5,100	(137,653)
Fund Balances, Beginning of Year	11,494	(108,390)	85,145	(63,524)	8,294	232,880	284,456	202,274	22,761	1,657,041	-	3,258,447
Fund Balances, End of Year	\$ 17,170	\$ (99,148)	\$ 103,901	\$ -	\$ 6,107	\$ 148,500	\$ 344,001	\$ 117,821	\$ 10,056	\$ 1,818,279	\$ 5,100	\$ 3,120,794

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 107,103	\$ 107,103	\$ 107,103	\$ -
Charges for services	1,011,242	1,011,242	867,994	(143,248)
Interest income	-	-	35	35
	<u>1,118,345</u>	<u>1,118,345</u>	<u>975,132</u>	<u>(143,213)</u>
Expenditures				
Current				
Culture and recreation - operations	1,891,671	1,891,671	1,813,945	77,726
Capital outlay	107,102	107,102	35,939	71,163
	<u>1,998,773</u>	<u>1,998,773</u>	<u>1,849,884</u>	<u>148,889</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(880,428)</u>	<u>(880,428)</u>	<u>(874,752)</u>	<u>5,676</u>
Other Financing Sources				
Transfer in	880,428	880,428	880,428	-
	<u>880,428</u>	<u>880,428</u>	<u>880,428</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	5,676	<u>\$ 5,676</u>
Fund Balance, Beginning of Year			<u>11,494</u>	
Fund Balance, End of Year			<u>\$ 17,170</u>	

LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - AIRPORT FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 100,734	\$ 100,734
Charges for services	200,000	200,000	124,320	(75,680)
Miscellaneous income	30,000	30,000	42,600	12,600
	<u>230,000</u>	<u>230,000</u>	<u>267,654</u>	<u>37,654</u>
Expenditures				
Current				
General government	270,000	270,000	201,054	68,946
Capital outlay				
General	-	-	97,358	(97,358)
	<u>270,000</u>	<u>270,000</u>	<u>298,412</u>	<u>(28,412)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,000)</u>	<u>(40,000)</u>	<u>(30,758)</u>	<u>9,242</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>	9,242	<u>\$ 9,242</u>
Fund Balance, Beginning of Year			<u>(108,390)</u>	
Fund Balance, End of Year			<u>\$ (99,148)</u>	

LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - LIBRARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 96,108	\$ 92,144	\$ 88,590	\$ (3,554)
Charges for services	-	-	9,403	9,403
Fines, fees and copier revenue	-	-	64,204	64,204
Contributions and donations	75,349	89,214	90,032	818
Interest income	68,000	68,000	175	(67,825)
	239,457	249,358	252,404	3,046
Expenditures				
Current				
Culture and recreation	1,241,376	1,267,277	1,226,567	40,710
Excess (deficiency) of revenues over (under) expenditures	(1,001,919)	(1,017,919)	(974,163)	43,756
Other Financing Sources (Uses)				
Transfer in	992,919	992,919	992,919	-
	992,919	992,919	992,919	-
Net Change in Fund Balance	\$ (9,000)	\$ (25,000)	18,756	\$ 43,756
Fund Balance, Beginning of Year			85,145	
Fund Balance, End of Year			\$ 103,901	

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Local accomodation tax revenue	\$ 45,000	\$ 45,000	\$ 40,079	\$ (4,921)
Investment earnings	-	-	15	15
Total revenues	<u>45,000</u>	<u>45,000</u>	<u>40,094</u>	<u>(4,906)</u>
Expenditures				
Current				
General government administration	30,000	30,000	27,281	2,719
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>27,281</u>	<u>2,719</u>
Excess (deficiency) of revenues over expenditures	<u>15,000</u>	<u>15,000</u>	<u>12,813</u>	<u>(2,187)</u>
Other Financing Sources (Uses)				
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total other financing sources and uses	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(2,187)</u>	<u>\$ (2,187)</u>
Fund Balance, Beginning of Year			<u>8,294</u>	
Fund Balance, End of Year			<u>\$ 6,107</u>	

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 401,000	\$ 401,000	\$ 419,505	\$ 18,505
Fines, fees and forfeitures	-	-	2,656	2,656
Investment earnings	-	-	121	121
Total revenues	<u>401,000</u>	<u>401,000</u>	<u>422,282</u>	<u>21,282</u>
Expenditures				
Current				
Public safety and law enforcement	401,000	501,000	506,662	(5,662)
Total expenditures	<u>401,000</u>	<u>501,000</u>	<u>506,662</u>	<u>(5,662)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(100,000)</u>	<u>(84,380)</u>	<u>15,620</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>(84,380)</u>	<u>\$ 15,620</u>
Fund Balance, Beginning of Year			<u>232,880</u>	
Fund Balance, End of Year			<u>\$ 148,500</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Other local taxes and tariffs	\$ 400,000	\$ 400,000	\$ 428,833	\$ 28,833
Intergovernmental	210,800	670,800	202,959	(467,841)
Investment earnings	500	500	933	433
Miscellaneous	-	-	21	21
Total revenues	<u>611,300</u>	<u>1,071,300</u>	<u>632,746</u>	<u>(438,554)</u>
Expenditures				
Capital outlay				
Public safety and law enforcement	<u>1,312,136</u>	<u>1,772,136</u>	<u>909,755</u>	<u>862,381</u>
Total expenditures	<u>1,312,136</u>	<u>1,772,136</u>	<u>909,755</u>	<u>862,381</u>
Excess (deficiency) of revenues over expenditures	<u>(700,836)</u>	<u>(700,836)</u>	<u>(277,009)</u>	<u>423,827</u>
Net change in fund balances	<u>\$ (700,836)</u>	<u>\$ (700,836)</u>	<u>(277,009)</u>	<u>\$ 423,827</u>
Fund Balance, Beginning of Year			<u>926,016</u>	
Fund Balance, End of Year			<u>\$ 649,007</u>	

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Intergovernmental	\$ -	\$ -	\$ 34,124	\$ 34,124
Charges for services	308,698	308,698	345,150	36,452
Fines, fees and forfeitures	2,000	2,000	4,132	2,132
Investment earnings	-	-	149	149
Total revenues	<u>310,698</u>	<u>310,698</u>	<u>383,555</u>	<u>72,857</u>
Expenditures				
Current				
Public safety and law enforcement	90,900	90,900	104,212	(13,312)
Debt Service				
Principal	100,000	100,000	100,000	-
Interest and other charges	109,798	109,798	109,798	-
Total expenditures	<u>300,698</u>	<u>300,698</u>	<u>314,010</u>	<u>(13,312)</u>
Excess (deficiency) of revenues over expenditures	<u>10,000</u>	<u>10,000</u>	<u>69,545</u>	<u>59,545</u>
Other Financing Sources (Uses)				
Transfers out	(10,000)	(10,000)	(10,000)	-
Total other financing sources and uses	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	59,545	<u>\$ 59,545</u>
Fund Balance, Beginning of Year			<u>284,456</u>	
Fund Balance, End of Year			<u>\$ 344,001</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Property taxes	\$ 1,033,687	\$ 1,033,687	\$ 986,390	\$ (47,297)
Total revenues	<u>1,033,687</u>	<u>1,033,687</u>	<u>986,390</u>	<u>(47,297)</u>
Expenditures				
Public safety and law enforcement	1,082,900	1,082,900	1,070,843	12,057
Total expenditures	<u>1,082,900</u>	<u>1,082,900</u>	<u>1,070,843</u>	<u>12,057</u>
Excess (deficiency) of revenues over expenditures	<u>(49,213)</u>	<u>(49,213)</u>	<u>(84,453)</u>	<u>(35,240)</u>
Net change in fund balances	<u>\$ (49,213)</u>	<u>\$ (49,213)</u>	<u>(84,453)</u>	<u>\$ (35,240)</u>
Fund Balance, Beginning of Year			<u>202,274</u>	
Fund Balance, End of Year			<u>\$ 117,821</u>	

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Fines, fees and forfeitures	\$ 101,385	\$ 101,385	\$ 91,503	\$ (9,882)
Total revenues	<u>101,385</u>	<u>101,385</u>	<u>91,503</u>	<u>(9,882)</u>
Expenditures				
Current				
Public Safety	139,897	139,897	104,208	35,689
Total expenditures	<u>139,897</u>	<u>139,897</u>	<u>104,208</u>	<u>35,689</u>
Excess (deficiency) of revenues over expenditures	<u>(38,512)</u>	<u>(38,512)</u>	<u>(12,705)</u>	<u>25,807</u>
Other Financing Sources (Uses)				
Transfers in - general fund	-	-	-	-
Total other financing sources and uses	<u>38,512</u>	<u>38,512</u>	<u>-</u>	<u>(38,512)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(12,705)</u>	<u>\$ (12,705)</u>
Fund Balances, Beginning of Year			<u>22,761</u>	
Fund Balances, End of Year			<u>\$ 10,056</u>	

LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	Revenues			
Intergovernmental	\$ 1,275,000	\$ 1,275,000	\$ 1,306,782	\$ 31,782
Investment earnings	2,000	2,000	1,210	(790)
Total revenues	<u>1,277,000</u>	<u>1,277,000</u>	<u>1,307,992</u>	<u>30,992</u>
Expenditures				
Current				
Public works	<u>1,501,000</u>	<u>1,501,000</u>	<u>1,146,754</u>	<u>354,246</u>
Total expenditures	<u>1,501,000</u>	<u>1,501,000</u>	<u>1,146,754</u>	<u>354,246</u>
Net change in fund balances	<u>\$ (224,000)</u>	<u>\$ (224,000)</u>	161,238	<u>\$ 385,238</u>
Fund Balances, Beginning of Year			<u>1,657,041</u>	
Fund Balances, End of Year			<u>\$ 1,818,279</u>	

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 2,095,555	\$ 2,095,555	\$ 1,862,456	\$ (233,099)
Intergovernmental	-	-	113,976	113,976
Investment earnings	1,000	1,000	721	(279)
Total revenues	<u>2,096,555</u>	<u>2,096,555</u>	<u>1,977,153</u>	<u>(119,402)</u>
Expenditures				
Debt service				
Principal retirement	1,415,000	1,415,000	1,415,000	-
Interest and other charges	681,555	681,555	683,987	(2,432)
Total expenditures	<u>2,096,555</u>	<u>2,096,555</u>	<u>2,098,987</u>	<u>(2,432)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	(121,834)	<u>\$ (121,834)</u>
Fund Balance, Beginning of Year			<u>715,844</u>	
Fund Balance, End of Year			<u>\$ 594,010</u>	

LANCASTER COUNTY, SOUTH CAROLINA
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 JUNE 30, 2013

	Bailes Ridge Projects 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
Assets									
Investments	\$ 1,648,740	\$ -	\$ -	\$ -	\$ -	\$ 800	\$ 1,989,507	\$ 279,817	\$ 3,918,864
Taxes receivable, net	-	-	-	14,100	-	-	-	-	14,100
Due from other funds	-	916,418	90,701	290,247	5,536	-	-	1,206	1,304,108
Land held for resale	-	561,127	-	-	-	-	-	-	561,127
	\$ 1,648,740	\$ 1,477,545	\$ 90,701	\$ 304,347	\$ 5,536	\$ 800	\$ 1,989,507	\$ 281,023	\$ 5,798,199
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ -	\$ 36,259	\$ -	\$ -	\$ 5,536	\$ -	\$ -	\$ 1,206	\$ 43,001
Bond anticipation note payable	-	-	865,500	-	-	-	-	-	865,500
Due to other funds	-	-	-	-	-	-	1,400,536	-	1,400,536
	-	36,259	865,500	-	5,536	-	1,400,536	1,206	2,309,037
Fund balances:									
Nonspendable:									
Land held for resale	-	561,127	-	-	-	-	-	-	561,127
Restricted for:									
Capital projects	1,648,740	880,159	-	304,347	-	800	568,869	279,817	3,682,732
Assigned to:									
Subsequent year's budget	-	-	(774,799)	-	-	-	20,102	-	20,102
Unassigned	1,648,740	1,441,286	(774,799)	304,347	-	800	588,971	279,817	3,489,162
	\$ 1,648,740	\$ 1,477,545	\$ 90,701	\$ 304,347	\$ 5,536	\$ 800	\$ 1,989,507	\$ 281,023	\$ 5,798,199

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Bailes Ridge Project Fund	Bond Projects Fund	Brookchase Special Tax District Fund	Capital Improvement Fund	Edgewater II Improvement District Fund	SCAGO Public Facilities Corporation Fund	Sun City Special Assessments Fund	Total
Revenues								
Property Taxes	\$ 674,874	\$ -	\$ -	\$ 1,282,143	\$ -	\$ -	\$ -	\$ 1,957,017
Charges for services	-	-	62,305	-	-	-	-	62,305
Investment earnings	158	1,937	56	-	-	209	27	2,387
Miscellaneous	-	-	-	4,667	-	-	-	4,667
Contributions and donations	-	-	-	-	-	-	21,581	21,581
Total revenues	<u>675,032</u>	<u>1,937</u>	<u>62,361</u>	<u>1,286,810</u>	<u>-</u>	<u>209</u>	<u>21,608</u>	<u>2,047,957</u>
Expenditures								
Capital outlay								
General government	-	1,247,856	-	221,034	-	-	-	1,468,890
Administration of justice	-	-	-	8,556	-	8,249	-	16,805
Public safety and law enforcement	-	583,522	-	473,568	-	1,189,359	-	2,246,449
Public works	-	-	-	258,900	-	-	-	258,900
Public health and welfare	-	-	-	382,257	-	-	-	382,257
Economic development	-	19,066	-	-	-	-	-	19,066
Culture and recreation	-	-	-	118,929	-	-	-	118,929
Debt service								
Principal	285,000	-	9,500	146,681	-	-	-	441,181
Interest and other charges	172,070	-	14,771	9,595	-	-	-	196,436
Total expenditures	<u>457,070</u>	<u>1,850,444</u>	<u>24,271</u>	<u>1,619,520</u>	<u>-</u>	<u>1,197,608</u>	<u>-</u>	<u>5,148,913</u>
Excess (deficiency) of revenues over expenditures	<u>217,962</u>	<u>(1,848,507)</u>	<u>38,090</u>	<u>(332,710)</u>	<u>-</u>	<u>(1,197,399)</u>	<u>21,608</u>	<u>(3,100,956)</u>
Net Change in Fund Balances	217,962	(1,848,507)	38,090	(332,710)	-	(1,197,399)	21,608	(3,100,956)
Fund Balances, Beginning of Year	1,430,778	3,289,793	(812,889)	637,057	800	1,786,370	258,209	6,590,118
Fund Balances, End of Year	\$ 1,648,740	\$ 1,441,286	\$ (774,799)	\$ 304,347	\$ 800	\$ 588,971	\$ 279,817	\$ 3,489,162

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Property taxes	\$ 1,233,500	\$ 1,233,500	\$ 1,282,143	\$ 48,643
Miscellaneous	-	-	4,667	4,667
Total revenues	<u>1,233,500</u>	<u>1,233,500</u>	<u>1,286,810</u>	<u>53,310</u>
Expenditures				
Capital outlay				
General government administration	529,000	529,000	221,034	307,966
Administration of justice	-	8,602	8,556	46
Public safety and law enforcement	455,650	455,650	473,568	(17,918)
Public works	300,000	319,890	258,900	60,990
Public health and welfare	353,000	353,000	382,257	(29,257)
Culture and recreation	97,000	97,000	118,929	(21,929)
Debt service				
Principal	-	-	146,681	(146,681)
Interest and other charges	-	-	9,595	(9,595)
Total expenditures	<u>1,734,650</u>	<u>1,763,142</u>	<u>1,619,520</u>	<u>143,622</u>
Excess (deficiency) of revenues over expenditures	<u>(501,150)</u>	<u>(529,642)</u>	<u>(332,710)</u>	<u>196,932</u>
Net change in fund balances	<u>\$ (501,150)</u>	<u>\$ (529,642)</u>	<u>(332,710)</u>	<u>\$ 196,932</u>
Fund Balance, Beginning of Year			<u>637,057</u>	
Fund Balance, End of Year			<u>\$ 304,347</u>	

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Education Fund				
Assets				
Cash and cash equivalents	\$ 7,606,943	\$ 73,174,268	\$ 74,890,091	\$ 5,891,120
Investments	-	18,091,592	958,747	17,132,845
Accounts receivable	-	611	-	611
Property taxes receivable	377,765	132,938	-	510,703
	<u>\$ 7,984,708</u>	<u>\$ 91,399,409</u>	<u>\$ 75,848,838</u>	<u>\$ 23,535,279</u>
Liabilities				
Due to school district	\$ 7,963,986	\$ 90,230,669	\$ 74,671,628	\$ 23,523,027
Due to USC-L	20,722	1,168,740	1,177,210	12,252
	<u>\$ 7,984,708</u>	<u>\$ 91,399,409</u>	<u>\$ 75,848,838</u>	<u>\$ 23,535,279</u>
Clerk of Court				
Assets				
Cash	\$ 580,274	\$ 382,417	\$ 560,347	\$ 402,344
Liabilities				
Due to others	\$ 580,274	\$ 382,417	\$ 560,347	\$ 402,344
Family Court				
Assets				
Cash	\$ 239,991	\$ 5,590,803	\$ 5,603,273	\$ 227,521
Liabilities				
Due to others	\$ 239,991	\$ 5,590,803	\$ 5,603,273	\$ 227,521
Probate Court				
Assets				
Cash	\$ 1,479	\$ 155,596	\$ 155,547	\$ 1,528
Liabilities				
Due to others	\$ 1,479	\$ 155,596	\$ 155,547	\$ 1,528
Tax Collector Property Sold				
Assets				
Cash	\$ 203,911	\$ 1,651,196	\$ 1,110,558	\$ 744,549
Liabilities				
Due to others	\$ 203,911	\$ 1,651,196	\$ 1,110,558	\$ 744,549
Tax Collector Trust Account				
Assets				
Cash	\$ 42,210	\$ 59,865	\$ 20,251	\$ 81,824
Liabilities				
Due to others	\$ 42,210	\$ 59,865	\$ 20,251	\$ 81,824
Forfeit Land Commission				
Assets				
Cash	\$ 414,095	\$ 50,487	\$ 28,161	\$ 436,421
Liabilities				
Due to others	\$ 414,095	\$ 50,487	\$ 28,161	\$ 436,421

**LANCASTER COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
Magistrates				
Assets				
Cash	\$ 90,867	\$ 1,123,774	\$ 1,120,312	\$ 94,329
Liabilities				
Due to others	\$ 90,867	\$ 1,123,774	\$ 1,120,312	\$ 94,329
City of Lancaster				
Assets				
Cash	\$ 18,932	\$ 4,478,194	\$ 4,472,191	\$ 24,935
Liabilities				
Due to City of Lancaster	\$ 18,932	\$ 4,478,194	\$ 4,472,191	\$ 24,935
Town of Kershaw				
Assets				
Cash	\$ 1,062	\$ 153,291	\$ 152,763	\$ 1,590
Liabilities				
Due to Town of Kershaw	\$ 1,062	\$ 153,291	\$ 152,763	\$ 1,590
Edgewater Improvement District				
Assets				
Investments	\$ 999,821	\$ 623,183	\$ 664,452	\$ 958,552
Liabilities				
Due to others	\$ 999,821	\$ 623,183	\$ 664,452	\$ 958,552
Edgewater II Improvement District				
Assets				
Investments	\$ 836,940	\$ 759	\$ 162,158	\$ 675,541
Liabilities				
Due to others	\$ 836,940	\$ 759	\$ 162,158	\$ 675,541
Sun City Improvement District				
Assets				
Investments	\$ 2,139,798	\$ 1,277,283	\$ 1,280,481	\$ 2,136,600
Liabilities				
Due to others	\$ 2,139,798	\$ 1,277,283	\$ 1,280,481	\$ 2,136,600
Edenmoor Improvement District				
Assets				
Investments	\$ 7,344,980	\$ 4,701,284	\$ 10,995,329	\$ 1,050,935
Liabilities				
Due to others	\$ 7,344,980	\$ 4,701,284	\$ 10,995,329	\$ 1,050,935
Detention Center Inmates				
Assets				
Cash	\$ 11,184	\$ 132,839	\$ 136,852	\$ 7,171
Liabilities				
Due to others	\$ 11,184	\$ 132,839	\$ 136,852	\$ 7,171

LANCASTER COUNTY, SOUTH CAROLINA
COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Employee Funds				
Assets				
Cash	\$ 2,654	\$ 5,404	\$ 7,894	\$ 164
Liabilities				
Due to others	\$ 2,654	\$ 5,404	\$ 7,894	\$ 164
<u>ASSETS</u>				
Cash and cash equivalents	\$ 9,213,602	\$ 86,958,134	\$ 88,258,240	\$ 7,913,496
Investments	11,321,539	24,694,101	14,061,167	21,954,473
Property tax receivable	377,765	132,938	-	510,703
Accounts receivable	-	611	-	611
Total assets	<u>\$ 20,912,906</u>	<u>\$111,785,784</u>	<u>\$102,319,407</u>	<u>\$ 30,379,283</u>
<u>LIABILITIES</u>				
Due to other taxing units	\$ 8,004,702	\$ 96,030,894	\$ 80,473,792	\$ 23,561,804
Due to others	12,908,204	15,754,890	21,845,615	\$ 6,817,479
Total liabilities	<u>\$ 20,912,906</u>	<u>\$111,785,784</u>	<u>\$102,319,407</u>	<u>\$ 30,379,283</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, 2013

Function and Activity	Land	Construction in Progress	Buildings and Improvements	Vehicles	Furniture and Equipment	Infrastructure	Total
General government administration							
Administration	\$ -	\$ -	\$ -	\$ 33,015	\$ -	\$ -	\$ 33,015
Airport	598,607	94,926	9,244,892	-	43,951	-	9,982,376
Assessor	-	-	-	98,067	89,431	-	187,498
Auditor	-	-	-	17,525	21,887	-	39,412
Building and Zoning	-	15,500	-	165,837	22,726	-	204,063
Building and Maintenance	-	-	-	135,981	50,443	-	186,424
Delinquent tax	-	-	-	29,124	-	-	29,124
Finance	-	-	-	-	140,277	-	140,277
GIS	-	-	-	-	53,697	-	53,697
Human Resources	-	-	-	-	-	-	-
MIS	-	-	-	32,325	148,727	-	181,052
Non-departmental	2,451,024	-	36,457,029	-	3,048,635	-	41,956,688
Planning	-	-	-	-	19,609	-	19,609
Register of Deeds	-	-	-	-	10,451	-	10,451
Vehicle Maintenance	-	-	57,000	173,267	136,710	-	366,977
Voter registration and elections	-	-	-	-	451,798	-	451,798
	<u>3,049,631</u>	<u>110,426</u>	<u>45,758,921</u>	<u>685,141</u>	<u>4,238,342</u>	<u>-</u>	<u>53,842,461</u>
Economic Development	<u>469,463</u>	<u>1,132,335</u>	<u>56,546</u>	<u>-</u>	<u>12,663</u>	<u>-</u>	<u>1,671,007</u>
Administration of justice							
Clerk of Court	-	-	2,895,200	-	1,321,508	-	4,216,708
Family Court	7,690	-	-	-	-	-	7,690
Magistrate Courts	326,300	-	657,699	22,620	23,638	-	1,030,257
Probate Court	-	-	-	-	6,672	-	6,672
	<u>333,990</u>	<u>-</u>	<u>3,552,899</u>	<u>22,620</u>	<u>1,351,818</u>	<u>-</u>	<u>5,261,327</u>
Public safety and law enforcement							
Communications	-	737,826	-	47,574	110,640	-	896,040
Coroner	46,900	-	434,039	193,635	15,000	-	689,574
Detention Center	-	-	466,119	20,723	310,990	-	797,832
E-911 Communications	-	-	-	-	530,576	-	530,576
Emergency Management	210,000	-	1,193,414	33,121	612,445	-	2,048,980
Fire Service	609,200	100,000	2,510,233	11,258,009	2,394,251	-	16,871,693
Rescue Squads	-	-	-	320,779	81,988	-	402,767
Sheriff	81,500	-	5,545,295	2,898,543	982,328	-	9,507,666
	<u>947,600</u>	<u>837,826</u>	<u>10,149,100</u>	<u>14,772,384</u>	<u>5,038,218</u>	<u>-</u>	<u>31,745,128</u>
Public works							
Roads and Bridges/Solid Waste/Public Works	142,205	-	62,800	1,275,968	3,422,068	15,823,254	20,726,295
Public health and welfare							
Animal Control	5	-	99,000	80,972	71,998	-	251,975
EMS	205,438	-	882,838	2,502,746	707,436	-	4,298,458
Health services	3,333	-	1,043,000	-	-	-	1,046,333
Juvenile Drug Court	-	-	-	-	6,469	-	6,469
	<u>208,776</u>	<u>-</u>	<u>2,024,838</u>	<u>2,583,718</u>	<u>785,903</u>	<u>-</u>	<u>5,603,235</u>
Culture and recreation	<u>1,825,529</u>	<u>-</u>	<u>8,893,043</u>	<u>527,975</u>	<u>489,607</u>	<u>-</u>	<u>11,736,154</u>
Total governmental funds capital assets	<u>\$ 6,977,194</u>	<u>\$ 2,080,587</u>	<u>\$ 70,498,147</u>	<u>\$ 19,867,806</u>	<u>\$ 15,338,619</u>	<u>\$ 15,823,254</u>	<u>\$ 130,585,607</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, 2013

Function and Activity	Beginning of Year	Additions	Transfers In (Out)	Deletions	End of Year
General government administration					
Administration	\$ 33,015	\$ -	\$ -	\$ -	\$ 33,015
Airport	9,887,450	94,926	-	-	9,982,376
Assessor	187,498	-	-	-	187,498
Auditor	39,412	-	-	-	39,412
Building and Zoning	201,469	15,500	(12,906)	-	204,063
Building Maintenance	151,707	61,523	(7,640)	(19,166)	186,424
Delinquent Tax	29,124	-	-	-	29,124
Finance	140,277	-	-	-	140,277
GIS	43,797	9,900	-	-	53,697
Human Resources	11,999	-	-	(11,999)	-
MIS	311,872	17,901	(148,721)	-	181,052
Non-departmental	41,829,328	127,360	-	-	41,956,688
Planning	29,554	-	-	(9,945)	19,609
Register of Deeds	10,451	-	-	-	10,451
Vehicle Maintenance	321,504	50,515	13,200	(18,242)	366,977
Voter Registration and Elections	451,798	-	-	-	451,798
	<u>53,680,255</u>	<u>377,625</u>	<u>(156,067)</u>	<u>(59,352)</u>	<u>53,842,461</u>
Economic development	<u>308,008</u>	<u>1,525,311</u>	<u>-</u>	<u>(162,312)</u>	<u>1,671,007</u>
Administration of justice					
Clerk of Court	4,053,606	23,571	139,531	-	4,216,708
Family Court	7,690	-	-	-	7,690
Magistrate Courts	1,021,784	8,473	-	-	1,030,257
Probate Court	6,672	-	-	-	6,672
	<u>5,089,752</u>	<u>32,044</u>	<u>139,531</u>	<u>-</u>	<u>5,261,327</u>
Public safety and law enforcement					
Communications	13,948	866,213	15,879	-	896,040
Coroner	665,337	-	24,237	-	689,574
Detention Center	797,832	-	-	-	797,832
E-911 Communications	543,776	-	(13,200)	-	530,576
Emergency Management	2,048,980	-	-	-	2,048,980
Fire Service	16,465,982	405,711	-	-	16,871,693
Rescue Squads	384,663	18,104	-	-	402,767
Sheriff	7,302,926	2,715,085	(30,926)	(479,419)	9,507,666
	<u>28,223,444</u>	<u>4,005,113</u>	<u>(4,010)</u>	<u>(479,419)</u>	<u>31,745,128</u>
Public works					
Roads and Bridges/Solid Waste/Public Works	20,000,907	951,305	56,776	(282,693)	20,726,295
Public health and welfare					
Animal Control	257,591	18,294	-	(23,910)	251,975
EMS	3,742,331	688,357	(36,230)	(96,000)	4,298,458
Health services	1,046,333	-	-	-	1,046,333
Juvenile Drug Court	6,469	-	-	-	6,469
	<u>5,052,724</u>	<u>706,651</u>	<u>(36,230)</u>	<u>(119,910)</u>	<u>5,603,235</u>
Culture and recreation	<u>9,876,297</u>	<u>1,891,709</u>	<u>-</u>	<u>(31,852)</u>	<u>11,736,154</u>
Total governmental funds capital assets	<u>\$ 122,231,387</u>	<u>\$ 9,489,758</u>	<u>\$ -</u>	<u>\$ (1,135,538)</u>	<u>\$ 130,585,607</u>

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

**LANCASTER COUNTY, SOUTH CAROLINA
SUMMARY SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
CLERK OF COURT AND MAGISTRATE COURTS
FOR THE YEAR ENDED JUNE 30, 2013**

	Total Collections	Amount Retained by County Treasurer	Amount Remitted to State Treasurer	Amount Allocated to Victims' Services
Clerk of Court:				
Fines and fees	\$ 152,880	\$ -	\$ 152,880	\$ -
Assessments	19,607	5,752	13,855	5,752
Surcharges	32,534	18,201	14,333	18,201
	<u>\$ 205,021</u>	<u>\$ 23,953</u>	<u>\$ 181,068</u>	<u>\$ 23,953</u>
Magistrate Courts:				
Fines and fees	\$ 489,178	\$ 457,763	\$ 31,415	\$ -
Assessments	396,428	39,058	357,370	39,058
Surcharges	205,987	25,447	180,540	25,447
	<u>\$ 1,091,593</u>	<u>\$ 522,268</u>	<u>\$ 569,325</u>	<u>\$ 64,505</u>
Solicitor Traffic Edu:				
Assessments	\$ 1,820	\$ 167	\$ 1,653	\$ 167
	<u>\$ 1,820</u>	<u>\$ 167</u>	<u>\$ 1,653</u>	<u>\$ 167</u>
Family Court:				
Fines and fees	\$ 351,398	\$ 163,599	\$ 187,799	\$ -
	<u>\$ 351,398</u>	<u>\$ 163,599</u>	<u>\$ 187,799</u>	<u>\$ -</u>
Probate Court:				
Fines and fees	\$ 152,071	\$ 143,051	\$ 9,020	\$ -
Assessments	-	-	-	-
Surcharges	-	-	-	-
	<u>\$ 152,071</u>	<u>\$ 143,051</u>	<u>\$ 9,020</u>	<u>\$ -</u>
Total	<u>\$ 1,801,903</u>	<u>\$ 853,038</u>	<u>\$ 948,865</u>	<u>\$ 88,625</u>

Victim Assistance

Amount reserved for victim assistance, 6/30/2012	\$ 22,761
Plus: Amount allocated for victim assistance in fiscal year 2013	88,625
Plus: Amount from Town of Kershaw for victim assistance in fiscal year 2013	2,878
Less: Amounts spent for victim assistance in fiscal year 2013	
from assessments and surcharges:	
Salaries and benefits	72,653
Operating expenditures	7,998
Direct assistance to other agencies	23,557
	<u>(104,208)</u>
Balance reserved for victim assistance, 6/30/2013	<u>\$ 10,056</u>

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STATISTICAL SECTION

Statistical Section (unaudited)

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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 Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006 (1)	2007	2008 (2)	2009 (3)	2010 (4)	2011	2012	2013
Governmental Activities:										
Primary government										
Net investment in capital assets	\$ 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	\$ 36,831,933
Restricted	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	24,325,103
Unrestricted	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	16,314,803
Total primary government net position	\$ 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	\$ 77,471,839

(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 Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	2004	2005	2006 (1)	2007 (2)	2008 (3)	2009 (4)	2010	2011	2012	2013
Expenses										
Governmental activities primary government:										
General government administration	\$ 6,327,430	\$ 6,306,575	\$ 7,483,550	\$ 8,047,777	\$ 9,641,480	\$ 11,004,706	\$ 10,832,346	\$ 10,983,933	\$ 13,494,007	\$ 14,274,314
Public safety and law enforcement	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	13,079,241
Public works	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	6,514,659
Other activities	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	15,897,654
Total primary government expenses	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	49,765,868
Program Revenues										
Governmental activities primary government:										
Charges for services:										
General government administration	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	4,003,901
Administration of justice	832,818	851,113	902,749	932,736	1,230,302	1,198,420	1,161,469	1,100,988	1,069,362	1,067,263
Public health and welfare	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	2,883,399
Other activities	260,073	374,316	431,714	1,490,708	1,628,022	1,574,402	1,835,658	1,866,566	2,273,170	2,171,849
Operating grants and contributions	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	4,346,939
Capital grants and contributions	8,455,964	3,05,907	564,598	2,664,827	832,855	5,555,897	946,405	2,123,502	352,064	3,273,685
Total primary government program revenues	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	17,747,036
Net (Expense) Revenue	(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)	(32,018,832)
Total primary government net expense										
General Revenues and Other Changes in Net Position										
Governmental activities primary government:										
Property taxes	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	27,805,777
Other taxes and licenses	1,337,740	1,132,826	1,414,470	1,197,417	1,387,257	1,482,296	6,728,510	7,798,566	8,579,956	9,220,550
Grants and contributions not restricted to specific programs	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	4,029,881
Unrestricted interest income	39,615	121,134	322,854	1,657,970	1,254,997	374,332	101,224	106,003	54,753	31,753
Other	9,393	156,735	3,147,874	(396,875)	500,844	1,033,880	1,652,252	931,804	(813)	936,595
Prior Period Adjustment	(136,632)	901,533		2,398,940					(635,755)	
Total general revenues, special items, and transfers primary government	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	42,024,556
Changes in Net Position										
Total changes in net position	\$ 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	\$ 10,005,724

(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
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
2013	20,732,179	2,223,687	4,849,911	7,225,680	1,522,254	472,616	37,026,327

(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)

	2004	2005	2006(2)	2007	2008 (3)	2009 (4)	2010	2011	2012	2013
General fund										
Nonspendable	\$ 548,803	\$ 905,391	\$ 893,727	\$ 899,882	\$ 1,260,535	\$ 752,723	\$ 1,525,507	\$ 446,265	\$ 419,097	\$ 465,876
Restricted	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	1,949,398
Committed	-	-	-	-	383,204	341,269	-	-	-	-
Assigned	-	-	52,794	1,906,949	1,252,516	327,277	111,903	88,054	131,705	216,329
Unassigned	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	14,812,691
Total general fund	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	17,444,294
All other governmental funds										
Nonspendable								55,293	52,900	623,943
Restricted	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	18,472,163
Assigned				104,795	252,947	44,861	430,788	1,950	28,492	31,427
Unassigned, reported in:										
Special revenue funds			(41,937)	(110,512)	2,470,311	3,184,088	(3,408,975)	(648,198)	(224,815)	(150,303)
Capital projects funds	537,829	50,981	(865,247)	(127,980)	22,932,726	38,941,499	(1,235,234)	(875,000)	(812,889)	(774,799)
Total all other governmental funds	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	18,202,431
Total fund balances all governmental funds	\$ 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	\$ 35,646,725

(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) FY2006 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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 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	\$ 36,910,888
Intergovernmental revenue	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	7,283,619
Licenses and permits	1,608,618	2,048,765	4,227,204	5,418,167	4,720,683	2,727,033	2,864,552	2,872,281	4,160,774	4,160,774
Charges for services	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	4,644,851
Fines, fees, and forfeitures	842,430	950,152	918,949	947,023	1,038,828	964,382	1,202,761	978,975	1,063,923	1,056,203
Contributions and donations	22,259	393,053	464,458	379,263	2,324,810	468,171	218,121	364,502	361,223	525,936
Interest income	67,655	125,034	544,821	1,964,141	1,360,491	383,775	99,235	103,219	52,522	29,211
Contributions from property owners	7,794,512	-	46,541,631	(4,988,640)	26,131,035	16,254	-	-	-	-
Other	9,393	346,717	829,641	189,725	201,003	163,445	138,702	279,484	163,279	486,396
Total revenues	31,420,420	26,693,540	79,404,515	32,786,368	68,017,052	39,607,734	46,099,488	52,379,255	51,975,093	55,097,878
Expenditures										
General government	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	11,619,717
Administration of justice	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	1,709,906
Public safety and law enforcement	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	16,364,710
Public works	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	5,949,083
Public health and welfare	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	6,292,003
Economic development	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	1,954,572
Other	465,972	478,482	738,890	738,022	3,584,609	4,570,651	3,025,348	2,952,393	3,129,091	3,196,847
Debt Service										
Principal retirement	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	7,203,729
Interest & other charges	705,305	723,953	654,713	721,550	621,290	1,370,994	2,538,338	2,582,333	2,517,241	2,274,282
Capital Outlay	94,367	1,284,308	-	64,488	-	-	3,069,750	1,858,927	819,921	133,297
Total expenditures	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	56,298,146
Excess of revenues over (under) expenditures	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)	(1,200,268)
Other financing sources (uses)										
Special Item - Insurance recoveries						827,397	227,936	1,251,553		
Issuance of debt - capital leases	366,654	1,203,504	2,152,320	645,700	7,463,709	2,338,851	605,000	10,660,000	1,020,000	
Premium on bond			2,929,053			43,040,000	2,502,721			
Payment to refunded debt escrow agent						1,302,907		50,387		
Sale of capital assets						(4,556,438)		(3,658,895)		
Transfer in			2,370,949	116,657	2,397,963	38,549	12,751	33,029	37,384	77,792
Transfer out	(207,310)			(116,657)	(2,397,963)	2,461,432	2,757,365	8,115,647	8,144,995	8,042,257
Total other financing sources (uses)	366,654	996,194	7,452,322	645,700	7,551,609	42,991,266	3,348,408	8,336,074	1,057,384	77,792
Net change in fund balances	\$ 1,098,979	\$ 290,303	\$ 37,763,569	\$ (17,217,739)	\$ 12,843,156	\$ 21,121,539	\$ (15,686,654)	\$ (8,530,260)	\$ (4,436,322)	\$ (1,122,476)
Debt service as a percentage of noncapital expenditures	5.08%	7.78%	5.21%	5.37%	5.30%	6.39%	10.64%	19.35%	18.23%	18.85%

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

Fiscal Year	(1) Real Property Tax	Vehicle Tax	Local Option Sales Tax Property Tax Relief	Local Option Sales Tax for Capital Projects	Road Improvement Fee Tax	Other Taxes	Total
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
2013	20,616,739	2,223,687	4,849,911	7,225,680	1,522,254	472,617	36,910,888

(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
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
2013	24,410,433	3,303,561	4,160,774	2,816,174	893,708	831,362	36,416,012	102,792	36,518,804

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
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
2013	9,817,196	1,693,101	10,676,053	4,137,879	5,901,039	828,894	488,409	33,542,571	1,913,347	35,455,918

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

(2) Does not include G.O. bonds

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

Fiscal Year Ended June 30	Real Property				Personal Property				Total	Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value			
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	
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	
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	
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	
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	
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	
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	
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	
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	
2012	223,980,320	4,479,606,400	74,846,481	883,965,916	298,826,801	5,363,572,316			5.57%	85.10	

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

(2) Real property was reassessed.

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

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

Levy Year Ended December 31	Fiscal Year Ended June 30	Lancaster County										Lancaster County School District			Total Direct & Overlapping Rates					
		County Operating		County Debt		County Capital Improvement t & Court Security		Total County		School Operating		School Debt	Total School District	University of S.C. Lancaster		Town of Heath Springs	Town of Kershaw		City of Lancaster	
		Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate		Rate	Rate	Rate	Rate	Rate
2003	2004	65.80	4.93	0.00	70.73	138.50	38.50	177.00	2.50	0.00	78.80	144.00	473.03							
2004	2005	70.80	5.70	0.00	76.50	143.50	38.50	182.00	3.50	0.00	78.80	147.00	487.80							
2005	2006	76.50	5.00	5.00	86.50	143.50	38.50	182.00	3.50	0.00	78.80	150.00	500.80							
2006	2007 (2)	64.00	3.50	4.00	71.50	119.00	38.50	157.50	3.00	0.00	64.80	137.00	433.80							
2007	2008	66.50	5.40	4.00	75.90	123.50	43.50	167.00	3.10	0.00	64.80	140.00	450.80							
2008	2009	66.70	8.00	7.50	82.20	128.50	43.50	172.00	3.30	0.00	64.80	143.50	465.80							
2009	2010	66.70	6.70	7.50	80.90	133.50	38.50	172.00	3.30	0.00	69.30	143.50	469.00							
2010	2011	68.40	7.60	7.60	83.60	136.75	38.50	175.25	3.40	0.00	70.90	143.50	476.65							
2011	2012 (2)	68.40	7.20	7.40	83.00	140.00	43.50	183.50	3.60	0.00	69.90	143.50	483.50							
2012	2013	71.40	6.10	7.60	85.10	140.00	47.00	187.00	3.80	0.00	72.10	149.70	497.70							

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

Taxpayers	Fiscal Year 2013				Fiscal Year 2004			
	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	\$ 7,572,510	1	2.53%	\$ 2,146,207	\$ 6,437,980	3	3.82%	\$ 1,609,279
Lancaster Hospital Corp.	4,398,090	2	1.47%	1,688,207	3,452,040	4	2.05%	1,209,003
The Gillette Company	4,014,234	3	1.34%	1,672,972	6,657,246	2	3.95%	1,870,819
Pulte Home Corp.	2,299,350	4	0.77%	585,544			0.00%	
Springland Associates	1,395,020	5	0.47%	531,649	1,884,630	5	1.12%	656,011
Haile Gold Mine Inc	1,892,756	6	0.63%	512,165				
Lancaster Telephone Co.	1,415,180	7	0.47%	465,269	1,598,180	6		473,769
Springs Global	1,588,890	8	0.53%	424,620	8,934,638	1	5.30%	2,194,787
Wells Real Estate	1,293,393	9	0.43%	356,847				
Springmaid Federal Credit Union	806,648	10	0.27%	331,207				
Belden Wire & Cable					1,324,397	7	0.79%	331,404
Cardinal Health					937,436	8	0.56%	234,573
Boral Bricks					812,870	9	0.48%	185,263
Lynches River Electric					750,710	10	0.45%	181,802
Total assessed value of ten largest taxpayers	<u>\$ 26,676,071</u>		8.93%	<u>\$ 8,714,687</u>	<u>\$ 32,790,127</u>		18.49%	<u>\$ 8,946,710</u>
Total assessed value of all taxpayers	298,826,801		100.00%		168,681,284		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 Year of the Levy		Total Collections to Date		
				Amount	Percentage Adjusted Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
2003	\$6,681,529	\$ 753,421	\$7,434,950	\$7,119,362	95.76%	\$ 305,911	\$7,425,273	99.87%
2004	7,317,411	1,141,917	8,459,328	8,140,090	96.23%	305,462	8,445,552	99.84%
2005	9,279,454	1,086,765	10,366,219	10,036,563	96.82%	307,746	10,344,309	99.79%
2006	11,116,412	180,026	11,296,438	10,837,919	95.94%	433,608	11,271,527	99.78%
2007	12,413,953	667,543	13,081,496	12,596,199	96.29%	451,172	13,047,371	99.74%
2008	16,324,750	(74,571)	16,250,179	15,243,682	93.81%	894,710	16,138,392	99.31%
2009	16,692,282	271,895	16,964,177	15,998,456	94.31%	751,672	16,750,128	98.74%
2010	18,177,916	(72,246)	18,105,670	16,954,909	93.64%	896,044	17,850,953	98.59%
2011	17,717,289	430,808	18,148,097	17,372,203	95.72%	533,765	17,905,968	98.67%
2012	18,086,112	(75,024)	18,011,088	17,297,322	96.04%	-	17,297,322	96.04%

Source: Lancaster County Treasurer

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

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

Levy Year	Original Levy	Adjustments	Total Adjusted Levy	Collected within the Year of the Levy (1)		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
2003	\$ 1,469,166	\$ 231,964	\$ 1,701,130	\$ 1,693,236	99.54%	\$ 3,899	\$ 1,697,135	99.77%
2004	1,482,117	323,633	1,805,750	1,716,302	95.05%	86,160	1,802,462	99.82%
2005	1,486,566	297,921	1,784,487	1,703,928	95.49%	76,479	1,780,407	99.77%
2006	1,569,338	464,843	2,034,181	1,942,620	95.50%	87,099	2,029,719	99.78%
2007	1,270,405	407,585	1,677,990	1,607,309	95.79%	67,179	1,674,488	99.79%
2008	1,492,012	285,527	1,777,539	1,694,729	95.34%	78,737	1,773,466	99.77%
2009	1,763,319	233,625	1,996,944	1,916,851	95.99%	76,550	1,993,401	99.82%
2010	1,609,746	91,999	1,701,745	1,630,457	95.81%	67,737	1,698,194	99.79%
2011	1,718,915	314,483	2,033,398	1,903,400	93.61%	64,739	1,968,139	96.79%
2012	1,982,449	176,228	2,158,677	2,018,240	93.49%	-	2,018,240	93.49%

(1) 2003 collected within the year of the levy also includes collections for previous years levies.

Source: Lancaster County Treasurer

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

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

Governmental Activities

Fiscal Year	General Obligation Bonds		Capital Leases		Special Source Revenue Bonds		Mortgages Payable		Bond Anticipation Note Payable		Unamortized discount/loss/p premium on debt		Total Outstanding Debt	Percentage of Personal Income	Per Capita
	\$		\$		\$		\$		\$		\$				
2004	\$ 10,325,000	-	\$ 2,195,499	-	\$ -	-	\$ 292,821	-	\$ -	-	-	\$ 12,813,320	0.96%	\$ 205	
2005	9,975,000	-	2,618,397	-	-	-	224,907	-	-	-	-	12,818,304	0.91%	203	
2006	9,550,000	-	3,532,241	-	2,973,658	2,973,658	153,956	-	-	-	-	16,209,855	1.09%	257	
2007	9,115,000	-	2,800,930	-	2,973,658	2,973,658	78,722	-	-	-	-	14,968,310	0.97%	209	
2008	15,737,402	-	1,579,739	-	2,973,658	2,973,658	-	-	-	(31,192)	-	20,259,607	1.25%	276	
2009	14,764,408	38,410,000	3,202,000	-	2,973,658	2,973,658	-	-	-	953,998	-	60,304,064	3.44%	794	
2010	15,778,340	38,410,000	3,397,813	-	2,733,658	2,733,658	-	-	-	818,311	-	61,138,122	3.35%	786	
2011	21,278,707	34,225,000	2,793,399	-	2,524,245	2,524,245	-	-	875,000	135,590	-	61,831,941	4.26%	807	
2012	19,840,000	29,560,000	3,341,646	-	2,795,000	2,795,000	-	-	875,000	475,205	-	56,886,851	3.78%	730	
2013	18,325,000	24,710,000	2,797,416	-	2,510,000	2,510,000	-	-	865,500	341,199	-	49,549,115	3.12%	626	

Notes:

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

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

Fiscal Year	General Obligation Bonds	Less:		Percentage of Estimated Actual Taxable Value of Property (1)	Debt Per Capita (2)
		Amounts Available in Debt Service Fund	Net G.O. Bonds Outstanding		
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
2013	18,325,000	571,773	17,753,227	0.33%	224

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, 2013

Governmental Unit	Debt Outstanding	Percentage Applicable to County	Amount Applicable to County
Direct:			
Lancaster County	\$ 49,549,115	100%	\$ 49,549,115
Overlapping:			
City of Lancaster	276,585	100%	276,585
Lancaster School District	<u>90,075,000</u>	100%	<u>90,075,000</u>
	139,900,700		139,900,700
Total direct and overlapping debt	<u>\$ 139,900,700</u>		<u>\$ 139,900,700</u>

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

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 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	\$ 22,713,718
Total net GO debt applicable to limit	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	15,538,227
Legal debt margin	\$ 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	\$ 7,175,491
Total net GO debt applicable to the limit as a percentage of debt limit	72.82%	67.70%	61.82%	47.10%	82.96%	68.17%	59.64%	85.46%	71.89%	68.41%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value (1)	\$ 282,359,402
Add back: exempt Merchant Inventory (2)	\$ 1,562,070
Total assessed value	<u>283,921,472</u>
Debt limit (8% of assessed value) (3)	22,713,718
Debt applicable to limit:	
Total general obligation bonds	18,325,000
Less amount set aside for repayment of GO debt	(571,773)
Less G.O. bonds not applicable to 8% debt limit (4)	<u>(2,215,000)</u>
Net G.O. bonds applicable to limit	15,538,227
Legal debt margin without a referendum (5)	<u>\$ 7,175,491</u>

Notes:

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

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

Fiscal Year	(1) County Population*	(1) Total Personal Income (In Thousands)*	Per Capita Income*	(2) School Enrollment	(4) Unemployment Rate
2004	62,520	\$ 1,328,000	\$ 21,269	10,885	11.0%
2005	63,135	1,401,000	22,191	10,888	8.2%
2006	63,113	1,486,000	23,545	10,876	9.6%
2007	71,723	1,542,045	21,500	11,023	8.8%
2008	73,393	1,620,517	22,080	11,171	10.1%
2009	75,913	1,752,832	23,090	11,274	19.1%
2010	77,767	1,822,945	23,441	11,508	16.4%
2011	76,652	1,450,946	18,929	11,401	15.3%
2012	77,908	1,504,248	19,308	11,378	13.0%
2013	79,089	1,588,503	20,085	11,554	10.8%

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

(4) 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	2013			2004 (1)		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Red Ventures	1,600	1	4.92%			0.00%
Lancaster County Schools	1,569	2	4.82%	1,400	2	5.04%
Lancaster County	840	3	2.58%	676	5	2.43%
Cardinal Health	800	4	2.46%	700	4	2.52%
Wal-Mart	723	5	2.22%	300	8	1.08%
Springs Memorial Hospital	700	6	2.15%	800	3	
Continental Tire	430	7	1.32%			
Duracell	405	8	1.24%	601	6	2.16%
URS Nuclear	400	9	1.23%			
Founders Federal Credit Union	311	10	0.96%	268	9	
Springs Global				1,450	1	5.22%
Humana				500	7	1.80%
Berkshire Weaving				145	10	0.52%
						0.00%
						0.00%
Total	7,778		23.90%	6,840		20.78%
Total Labor Force	32,543			27,776		

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

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

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

Function	Full-time Equivalent Employees as of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government Administration	69.00	70.50	72.50	79.00	84.00	87.00	88.50	91.00	89.00	90.00
Administration of Justice	26.50	27.50	27.00	27.00	27.50	27.50	29.00	29.00	29.00	31.00
Culture & Recreation	36.00	40.50	43.00	43.00	46.00	54.00	57.50	55.00	55.00	56.00
Public Safety & Law Enforcement	130.50	131.50	127.50	135.50	140.00	152.00	165.50	166.00	172.00	187.00
Public Works	37.00	36.00	36.50	38.50	41.50	42.50	39.00	41.00	41.00	41.00
Public Health & Welfare	57.50	64.00	59.00	66.50	74.00	83.00	83.50	73.00	75.00	80.00
	356.50	370.00	365.50	389.50	413.00	446.00	463.00	455.00	461.00	485.00

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Administration of Justice										
Clerk of Court general sessions cases disposed	1,236	1,824	1,792	1,257	1,591	1,550	2,224	1,654	1,541	1,910
Clerk of Court common pleas cases disposed	n/a	n/a	n/a	n/a	3,306	1,660	1,910	1,811	1,870	2,210
Family Court cases disposed	1,053	980	1,003	1,047	827	975	997	765	907	820
Magistrate Court										
Criminal Docket total cases filed	1,859	1,933	2,677	2,881	2,442	2,258	2,623	2,379	2,570	2,562
Traffic Docket total cases filed	5,502	8,082	8,158	10,388	10,162	11,163	9,025	8,402	9,562	9,933
Civil Docket total cases filed	2,408	2,260	2,294	2,371	2,237	2,535	2,314	2,181	2,335	2,149
Probate Court										
Estates opened	502	489	477	511	518	572	593	589	615	NR
Estates disposed	451	415	430	385	474	487	560	492	596	NR
Marriage license issued	492	541	589	482	509	509	481	472	476	NR
Guardianship and/or conservatorships opened	38	27	35	28	30	25	27	35	19	NR
Guardianship and/or conservatorships disposed	30	36	36	29	40	33	20	23	43	NR
Mental and chemical commitment files opened	n/a	376	279	296	295	295	362	326	329	NR
Mental and chemical hearings held	90	137	135	118	83	99	145	117	132	NR
Public Safety & Law Enforcement										
Detention Center - Total number incarcerated (1)	3,457	3,318	3,605	3,594	4,160	3,851	3,519	3,427	2,938	3,477
Coroner - Total number of calls (1)	250	270	315	300	307	285	270	364	315	NR
Fire Service - Total number of calls (1)	3,098	2,705	2,914	3,196	3,311	3,250	3,306	3,600	3,612	3,644
Sheriff Department (1)										
Criminal arrests	2,133	588	1,160	799	2,802	1,905	2,374	2,284	2,047	3,034
Traffic cases	3,645	570	1,821	1,145	4,177	4,115	4,405	3,388	1,977	2,810
Arrest warrants served	2,641	2,931	2,749	2,699	2,778	2,920	2,094	1,855	1,648	2,449
Fraudulent check warrants served	469	616	460	600	430	351	277	64	106	116
Public Works										
Roads & Bridges: # of roads on which potholes were repaired	248	222	213	173	143	150	154	159	111	128
Solid Waste										
Tons of household/inert garbage disposed of	26,186	28,066	28,840	28,903	23,187	30,290	28,507	30,619	23,073	NR
Tons of recyclables collected (2)	3,482	4,030	4,866	4,400	5,513	6,159	3,127	2,882	1,500	1,363
Public Health & Welfare										
Animal Control										
Number of complaints responded to	2,626	2,616	2,543	2,575	2,538	2,495	4,503	4,292	4,812	5,618
Number of animals through shelter	5,133	5,332	5,154	5,146	5,042	4,771	4,611	4,462	4,896	4,338
EMS - Total number of calls (1)	9,557	9,946	10,263	11,046	10,637	11,452	12,289	13,334	12,313	12,497

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.

NR: Statistics were not reported by the department for this fiscal year

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	3	4	4
Number of police vehicles	71	87	96	85	90	112	112	116	111	116
Number of fire stations	19	19	19	19	19	18	18	18	18	18
Public works										
Miles of unpaved roads maintained (1)	994.0	992.5	991.5	987.2	984.2	982.6	982.6	976.9	977.5	NR
Miles of paved roads maintained (1)	306.0	307.5	308.5	312.8	312.4	324.8	330.8	338.8	341.1	NR
Public health and welfare										
Number of EMS stations	6	6	7	7	7	7	7	7	8	8
Number of emergency vehicles	18	20	21	21	21	22	22	23	23	25
Culture & recreation										
Number of parks	9	9	10	11	13	13	13	13	13	15
Number of recreation centers	2	3	3	3	4	4	4	4	4	4
Number of libraries	2	2	2	2	2	3	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.
NR: Statistics were not reported by the department for this fiscal year

COMPLIANCE SECTION

**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**

To the County Council of
Lancaster County
Lancaster, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 25, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

To the County Council of
Lancaster County
Lancaster, South Carolina

Purpose of Report

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

McAbee, Schwartz, Halliday & Co.

Spartanburg, South Carolina
November 25, 2013

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

To the County Council of
Lancaster County
Lancaster, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Lancaster County, South Carolina's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal programs for the year ended June 30, 2013. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those laws and requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

In our opinion, Lancaster County, South Carolina complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

To the County Council of
Lancaster County
Page Two

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

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

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

McCabe, Schwartz, Halliday & Co.

Spartanburg, South Carolina
November 25, 2013

**LANCASTER COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013**

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, 2013 are:

Program Name	CFDA Number
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590
Staffing for Adequate Fire and Emergency Response	97.083

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, 2013**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
US Department of Justice Bureau of Justice Assistance			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	2011-WE-AX-0047	* \$ 179,049
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Government	16.804	2009-SB-B9-2573	323
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1015	24,509
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0814	12,380
US Department of Justice Bureau of Justice Assistance			
***Passed through SC Department of Public Safety			
Bulletproof Vest Partnership Program	16.607	N/A	1,619
Edward Byrne Memorial Justice Assistance Grant Program	16.738	1G11018	65,267
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	2H13035	158,936
US Department of Homeland Security			
***Passed through SC State Law Enforcement Division			
Homeland Security Grant Program	97.067	11SHSP91	26,153
Homeland Security Grant Program	97.067	11SHSP44	6,400
Homeland Security Grant Program	97.067	11SHSP95	16,816
***Passed through SC Emergency Management Division			
Emergency Management Performance Grant	97.042	11EMPG01	10,000
Emergency Management Performance Grant	97.042	12EMPG01	55,601
Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0274-12-01-00	29,525
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2012-FH-00751	* 150,941
US Department of Transportation Federal Aviation Administration			
Airport Improvement Program Grant	20.106	3-45-0034-11-2011	2,310
Airport Improvement Program Grant	20.106	3-45-0034-11-2012	85,434
US Department of Housing and Urban Development			
***Passed through SC Department of Commerce			
Community Development Block Grant	14.228	4-RP-10-003	52,500
Community Development Block Grant	14.228	4-V-10-013	157,139
Community Development Block Grant	14.228	4-C1-0-018	23,390
US Department of Health and Human Services			
***Passed through SC Department of Social Services			
IV-D Child Support Transaction Reimbursement	93.563	N/A	112,942
IV-D Child Support Incentive Payments	93.563	N/A	32,105
IV-D Child Support Filing Fees	93.563	N/A	10,890
IV-D Child Support Service of Process Payments	93.563	N/A	10,131
County Administrative Expense	10.561	N/A	16,863
County Administrative Expense (Promoting Safe and Stable Families)	93.556	N/A	182
County Administrative Expense (Temporary Assistance for Needy Families)	93.558	N/A	21,781
County Administrative Expense (Child Support Enforcement)	93.563	N/A	29
County Administrative Expense (Child Care Development Fund)	93.575	N/A	276
County Administrative Expense (Child Welfare Services- State Grant)	93.645	N/A	959
County Administrative Expense (Foster Care- Title IV E)	93.658	N/A	8,864
County Administrative Expense (Social Services Block Grant)	93.667	N/A	5,987
County Administrative Expense (Medicaid Assistance Program- Administrative)	93.778	N/A	13,673
County Administrative Expense (Non-Federal Food and Nutrition Services)	N/A	N/A	4,039
TOTAL			\$ 1,297,013

* 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.