

CPST Application

Name of Organization

City of Lancaster

Contact Name & Title

Flip Hutfles/City Administrator

Mailing Address

P.O, Box 1149, Lancaster, SC 29720

Phone Number

(803) 289-1453

Email Address

shuffles@lancastercitysc.com

Website

www.lancastercitysc.com

Organizational Type

Governmental

Amount Requested

\$1,500,000

Total Cost of Project

\$2,373,084

Location of Project

Downtown Lancaster

Expected Timeframe

18 Months

Description of Proposal

Petal Park will be a new signature public park in Downtown Lancaster that will become a major destination capable of attracting people of all ages, incomes, and abilities to Downtown Lancaster. This park will be a catalyst for much-needed investment in Downtown. Petal Park will feature numerous high-quality amenities including: (a) A crescent-shaped splash pad with flush-mounted pop-jets, which would enable the space to act as a plaza when not in operation. (b) A passive lawn for picnicking and seating during special events, such as outdoor concerts and movies. (c) Movable café seating, including tables, chairs, and umbrellas. (d) On-street parking that would be utilized as a food truck zone during festivals and other special events. (e) Stormwater gardens wrapped by low walls that provide seating. (f) A wide variety of public art, including murals, sculptures, and banners. The idea of Petal Park was generated from the City's Downtown Revitalization Plan after numerous citizen meetings and a community survey completed by almost 1,800 people. The one idea that had strong public support was a park in Downtown that had a splash pad. The installation of a Downtown splash has been a City Council priority for well over five years.

Description of Capital Need

Due to the total cost of over \$2.3 million dollars the City is requesting support from the Capital Project Sales Tax to help fund the construction as all residents of the County and visitors will enjoy Petal Park. The City is planning to hiring an engineer to develop construction plans by

the fall of 2020 with design plan being completed by early 2021, which will allow the City to begin construction in late spring 2021.

Description of Benefit

Parks are an essential local government function that provides countless value to citizens. Petal Park will be a place for people to improve their mood and reinvigorate themselves. A study from the University of Chicago showed that individuals who have access to greener areas have significant and long-lasting improvements in mental health, improved mood, reduce stress, and enhance sense of wellness. The ability of Petal Park to significantly improve the physical and mental health of the residents is a cornerstone by which the City and County as a whole to improve the quality of life. Another benefit of building Petal Park is the increased property value of surrounding properties and making Downtown living an attractive option for the younger entrepreneurial generations that is so important for the revitalization of the community. There will also be an economic impact as Petal Park attract residents and tourists bringing customers to local stores and restaurants. As a community signature piece, Petal Park will be a marketing tool to attract business and industries looking to locate in Lancaster County. For me the greatest benefit for the larger community is Petal Park becoming the glue that brings and holds the community together. Petal Park will provide social equity as it ensures that all citizens have access and opportunity to benefit from the park and associated programs. Petal Park will provide the space for neighbors to interact with each other and meet new people, which in turns allows people to develop a sense of community. Petal Park will also help tackle the growing problem of social isolation. Petal Park is intentionally design to become a "third place" where all can exchange ideas, build relationships, and most importantly have a good time.

Ongoing Costs

Yes

Description of Costs

There will be annual maintenance cost (mowing, trimming, picking up litter, etc.) of approximately \$15,000.

Source of Funding

The committed source of funding will be the City of Lancaster. The City will add the maintenance cost to our existing recurring park maintenance fund

Government Assistance Funding

Yes

Amount/sources of other funding

The City of Lancaster will be contributing funding for the acquisition of property, environmental study engineering, construction observation, project administration, construction, and contingencies/cost overrun: Property Acquisition: \$50,000 Environmental Study: \$12,767 Engineering: \$194,000 Construction Observation: \$35,000 Project Administration: \$15,000 Construction: \$296,877 Contingencies/Cost Overrun: \$269,532
TOTAL: \$873,084

Itemized budget of you proposal.

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Copy of an annual audit for your organization performed by a Certified Public Accountant (CPA)

https://s3.amazonaws.com/260129c1-3e0b-4614-a4a6-e2986d88c664/attachments%2FCO20011000136220511%2F78mIH05PTuinlFrqN94x_2019-City-of-Lancaster-CAFR-F.pdf

Proof of an engineer, architect, or other third party project consultant's involvement in project scope and cost estimation.

https://s3.amazonaws.com/260129c1-3e0b-4614-a4a6-e2986d88c664/attachments%2FCO20011000136220511%2FZ88QFMIRRaSmiAFsUd2T_MKSK+Opinion+of+Probable+Cost.pdf

Additional Attachments (i.e. PowerPoint, pdf, etc.)

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The following attachments MUST be submitted with your application. If not, your application will not be considered.

- a. An itemized budget for your proposal.
- b. Copy of an annual audit for your organization performed by a certified public accountant (CPA)
- c. Proof of an engineer, architect, or other third party project consultant's involvement in project scope and cost estimation.

All applicants will be invited to present their proposals to the Commission. You will be contacted by staff following your submission to schedule a time during an upcoming meeting. Please also attach any additional handouts you would like them to have during this review session. **ANY HANDOUTS MUST BE ATTACHED WITH YOUR APPLICATION.**

I hereby certify that I am an authorized signatory for the applicant organization and that this organization does not discriminate on the basis of race, color, age, sex, religion, sexual orientation, physical disability, veteran status, or national origin, and that all funds that may be received by applicant organization from the County of Lancaster will be solely used for the purposes set forth in this application and will comply with all laws and statutes.

Signed via [Swamio.com](http://www.Swamio.com)
Steven "Flip" Huffles
Key: 5ee5b60960f4e042e99027d44b0f

03/21/2020

Signature

Date

PETAL PARK BUDGET

Soft Costs		Amount
Property Acquisition		\$50,000
Environmental Study		\$12,676
Engineering		\$194,000
Construction Observation		\$35,000
Project Administration		\$15,000
Construction Costs		
	Quantity	
Pedestrian Concrete Pavement	855 s.f	\$6,840
Seat Walls	198 l.f	\$59,400
Stone Roadway	111 l.f.	\$12,765
Stone Curb	480 l.f.	\$48,000
Natural Boulders	10	\$50,000
Wood Seating Boards	111 l.f.	\$33,300
Swing Benches with Shade Structures	4	\$60,000
String Lighting	500 l.f.	\$17,500
Ornamental 14' Pole Lights	3	\$21,000
Pedestrian Pole Lights	20	\$100,000
Site Clearing	13,500 s.f.	\$5,000
Site Preparation	13,500 s.f.	\$5,000
Splashpad	1	\$350,000
Brick Paver	300	\$7,500
Natural Stone Paver	7927 s.f.	\$594,525
Movable Café Seating (Chairs, Table, & Umbrella)	6	\$45,000
Movable Adirondack Chairs	6	\$4,200
Movable Ottoman	2	\$850
6' Ipe & Steel Backed Bench	4	\$10,260
Trash Receptacles	4	\$8,000
Bike Racks	10	\$6,000
Lit Bollard	5	\$7,500.00
Artistic Bollard	5	\$10,000.00
Large Plant Pots	3	\$1,500
Primary Park ID	1	\$5,500
Downtown Wayfinding Kiosk	1	\$5,500
Wayfinding & Regulatory Signage	1	\$5,000
Pedestrian Light Pole Banners	6	\$150
Public Art Allowance		\$50,000
Irrigation System Allowance		\$20,000
Scarify & Til Subgrade	7878 s.f.	\$1,575
Turfgrass Soils	33 c.y.	\$1,980
Tree Pit Soils	2 c.y.	\$160
Planting Soils	193 c.y.	\$15,440
Stormwater Basin Soils	84 c.y.	\$6,720
Grass Seed	2,708 s.f.	\$1,516
Large Deciduous Tree	20	\$24,000
Ornamental Shrubs	3,470 s.f.	\$121,450

Stormwater Shrubs	1,507 s.f.	\$52,745
Refillable Water Bags	20	\$1,000
Trench Drains & Underground Piping Allowance		\$20,000
Contingencies		\$269,532
TOTAL		<u>\$2,373,084</u>

CITY OF LANCASTER, SOUTH CAROLINA

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

Prepared by:

FINANCE DIRECTOR

Dana Pinkert
Finance Director



CITY OF LANCASTER, SOUTH CAROLINA

TABLE OF CONTENTS

June 30, 2019

	<u>Exhibit</u>	<u>Page</u>
<u>INTRODUCTORY SECTION</u>		
Letter of Transmittal		viii – xii
Listing of Principal Officials		xiii
Organizational Chart		xiv
<u>FINANCIAL SECTION</u>		
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-14
Basic Financial Statements:		
<i>Government-wide Statements:</i>		
Statement of Net Position	A	16
Statement of Activities	B	17
<i>Fund Financial Statements:</i>		
Balance Sheet – Governmental Funds	C	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	D	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	D	21
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	E	22
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Hospitality Tax Fund	F	23
Statement of Fund Net Position – Proprietary Funds	G	24
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	H	25



CITY OF LANCASTER, SOUTH CAROLINA

TABLE OF CONTENTS (CONTINUED)

June 30, 2019

	<u>Schedule</u>	<u>Page</u>
<u>FINANCIAL SECTION (CONTINUED)</u>		
Statement of Cash Flows - Proprietary Funds	I	26
Statement of Fiduciary Net Position – Fiduciary Funds	J	27
Notes to the Basic Financial Statements		28-74
REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION		
Schedule of the Proportionate Share of the Net Pension Liability – South Carolina Retirement System	1	76
Schedule of Contributions – South Carolina Retirement System	2	77
Schedule of the Proportionate Share of the Net Pension Liability – Police Officers Retirement System	3	78
Schedule of Contributions – Police Officers Retirement System	4	79
Schedule of Changes in the Total OPEB Liability and Related Ratios	5	80
Schedule of Contributions to OPEB	6	81
COMBINING AND INDIVIDUAL FUND STATEMENT SECTION		
<i>Governmental Funds:</i>		
<i>General Fund:</i>		
Comparative Balance Sheets	7	84
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	8	85-90
<i>Hospitality Tax Fund:</i>		
Comparative Balance Sheets	9	91
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	10	92
<i>Nonmajor Governmental Funds:</i>		
Combining Balance Sheet – Nonmajor Governmental Funds	11	93



CITY OF LANCASTER, SOUTH CAROLINA

TABLE OF CONTENTS (CONTINUED)

June 30, 2019

	<u>Schedule</u>	<u>Page</u>
<u>FINANCIAL SECTION (CONTINUED)</u>		
COMBINING AND INDIVIDUAL FUND STATEMENT SECTION (CONTINUED)		
<i>Nonmajor Governmental Funds (continued):</i>		
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	12	94
E911:		
Comparative Balance Sheets	13	95
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance	14	96
Southside Project:		
Comparative Balance Sheets	15	97
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance	16	98
<i>Enterprise Funds:</i>		
Gross Revenue Fund:		
Comparative Balance Sheets	17	100
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	18	101-104
Comparative Statement of Cash Flows	19	105
Solid Waste Fund:		
Comparative Balance Sheets	20	106
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)	21	107-109
Comparative Statement of Cash Flows	22	110
<i>Fiduciary Fund Type - Agency Fund:</i>		
Comparative Statement of Fiduciary Net Position	23	112
Statement of Changes in Fiduciary Assets and Liabilities	24	113



CITY OF LANCASTER, SOUTH CAROLINA

TABLE OF CONTENTS (CONTINUED)

June 30, 2019

	<u>Schedule</u>	<u>Page</u>
OTHER FINANCIAL INFORMATION SECTION		
Schedule of Debt Coverage	25	115
Analysis of Victims' Services	26	116
Schedule of Victims' Fines, Assessments and Fees Collected	27	117
STATISTICAL SECTION – UNAUDITED		
<u>Financial Trends Information</u>		
Net Position by Component, Last Ten Fiscal Years	28	119
Changes in Net Position, Last Ten Fiscal Years	29	120-121
Fund Balances, Governmental Funds – Last Ten Fiscal Years	30	122
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	31	123
<u>Revenue Capacity Information</u>		
Tax Revenues by Source, Governmental Funds – Last Ten Fiscal Years	32	124
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	33	125
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	34	126
Principal Property Taxpayers – Current and Ten Years Ago	35	127
Real Property Tax Levies and Collections	36	128
<u>Debt Capacity Information</u>		
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	37	129
Ratios of General Direct Debt Outstanding – Last Ten Fiscal Years	38	130
Direct and Overlapping Governmental Activities Debt	39	131
Legal Debt Margin Information – Last Ten Fiscal Years	40	132
Pledged Revenue Coverage – Last Ten Fiscal Years	41	133



CITY OF LANCASTER, SOUTH CAROLINA

TABLE OF CONTENTS (CONTINUED)

June 30, 2019

	<u>Schedule</u>	<u>Page</u>
STATISTICAL SECTION – UNAUDITED (continued)		
<u>Demographic and Economic Information</u>		
Demographic and Economic Statistics – Last Ten Fiscal Years	42	134
Principal Employers – Current and Ten Years Ago	43	135
<u>Schedule of Operating Information</u>		
Full-Time Equivalent (FTE) City Government Employees by Function/Program - Last Ten Fiscal Years	44	136
Operating Indicators by Function – Last Ten Fiscal Years	45	137
Capital Asset Statistics by Function – Last Ten Fiscal Years	46	138
<u>COMPLIANCE SECTION</u>		
Schedule of Expenditures of Federal Awards		140
Notes to the Schedule of Expenditures of Federal Awards		141
Independent Auditor’s Report on Internal Control over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		142-143
Independent Auditor’s Report on Compliance for Each Major Federal Program Report on Internal Control over Compliance as Required by the Uniform Guidance		144-145
Schedule of Findings and Questioned Costs		146
Summary of Prior Audit Findings		147



CITY OF LANCASTER, SOUTH CAROLINA

INTRODUCTORY SECTION





CITY HALL 216 SOUTH CATAWBA STREET P.O. BOX 1149 LANCASTER, S.C. 29721-1149 803-286-8414
www.lancastercitysc.com

November 15, 2019

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Lancaster:

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Lancaster (the "City") for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

The City of Lancaster's financial statements have been audited by Blair, Bohle & Whitsitt, CPA's, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019, are free of material misstatement. 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 a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Lancaster was founded by settlers from Lancaster, Pennsylvania and was originally known as Barnettsville when the first courthouse was erected in 1795. In 1802, an application was made for a charter for the village of Lancaster. A court dispute over the original plat was not resolved until 1824. In December 1830, by Act of the South Carolina Legislature, the Town of Lancaster was incorporated. The Town of Lancaster was re-charted in 1898 and as the City of Lancaster in 1967.

The City operates under the council form of government. Policy making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Administrator. The City Administrator is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and other duties as assigned by City Council. The council is elected on a non-partisan basis. The mayor is elected at large and council members are elected by district and serve four-year staggered terms.

The City provides a full range of services including: police and fire protection, the construction and maintenance of streets and other infrastructure; parks and leisure/cultural activities; sanitation services; water and sewer services; and building, inspection, planning and zoning services.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the City Administrator in the spring of each year. The City Administrator and Finance Director use these requests as the beginning point in the development of a proposed budget. The City Administrator then presents this proposed budget to City Council for review. The council is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30th, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is maintained by the City Administrator at the object class level and may be amended as necessary during the fiscal year. City Council is informed of budgetary expenditures in relation to appropriations monthly in the form of a budget to actual revenue and expenditure report which is posted to the City's website upon review by council.

Factors Affecting Financial Condition

Local economy. The City of Lancaster's and Lancaster County's industrial base has changed from textiles to a diverse array of industries and a number of global corporations. The County's unemployment rate hit a low of 3.3% in November of 2018 and settled back at 4.1% as of June 30, 2019; the same as the June 2018 unemployment rate. The City of Lancaster and Lancaster County work closely together to bring jobs to the area for citizens of the City.

Long-term financial planning. The City strives to position itself to weather all types of financial conditions without adversely affecting the services provided to its citizens. The City continually evaluates its long range financial planning tools, such as the capital improvement plan (CIP), for ways to better use these tools in conjunction with long range strategic planning to maintain and improve both the City's strong financial position and the level of services provided to its citizens.

The City's planning and needs evaluation process, identified essential projects and initiatives to be implemented over the course of several years. Through such planning and evaluation, the City has created a structured approach to meeting challenges, effecting change, and achieving goals on a multi-year basis with funding incorporated into the operating, special revenue and capital improvement budgets. Initiatives include downtown redevelopment; community enrichment; cultural arts and other quality of life opportunities; and continued investment in public infrastructure. Funding for these endeavors, which have long-term fiscal implications, come from a variety of sources including grants, Hospitality tax revenues, Community Development Block Grant funds, and General Fund revenues.

The City's combined water and wastewater system is a regulated enterprise that requires extensive fiscal resources for long-term viability to serve the demands of the Lancaster area. The system continues to face increasing operating and capital expenses related to its collection system. In response to these and challenges, and an EPA Consent order issued in 2015, the City performed a comprehensive study of the operating, capital, and long-term debt service requirements to determine revenue sufficiency for these needs. The analysis revealed that rates for the combined water and wastewater system should be revised to meet current and future financial requirements of the system. City Council approved incorporating a monthly infrastructure fee of 2.00 effective July 1, 2017. Additionally, the rates are evaluated annually during the budget process and adjusted accordingly to ensure available funding for future capital improvements and debt service requirements.

Cash management policies and practices. Cash available for investing during the year was invested in interest-bearing public funds bank accounts and the State of South Carolina Local Government Investment Pool. The South Carolina Local Government Investment Pool is a pool of funds belonging to participating local governments which is managed by the State Treasurer in obligations of the United States and its agencies and repurchase agreements collateralized by securities of the U.S. Government or its agencies.

The investment goal of the City is to maintain adequate cash reserves to meet current obligations and to invest in those legal securities that maximize earning and protect principal. While the current market climate has increased the earnings the City is receiving from its investments, the

City will continue to monitor performance of its investment strategies to confirm acceptable earnings levels while still providing adequate cash flow and protecting principal while staying in compliance with the guidelines of the South Carolina Code of Laws, Section 6-5-10.

Risk management. Risk management activities are coordinated and managed within the Human Resources Department; specifically by the Risk Safety Manager. Risk management efforts of the departments are designed to minimize the loss of the City's human, physical, and financial resources through appropriate planning, training, case management, and the provision of adequate insurance coverage.

The City maintains its insurance for tort liability, property, automobile, fleet, machinery, and crime with the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF). Workers' compensation is maintained through the South Carolina Municipal Insurance Trust (SCMIT) fund. Both SCMIRF and SCMIT funds are self-insured pools with other municipalities of South Carolina. These programs are sponsored by and coordinated through the Municipal Association of South Carolina (MASC).

Major initiatives. During Fiscal year 2019, the City completed more than \$400,000 in improvements to the City Hall building; including roof replacement, remodeling, carpeting and painting. In accordance with the City's General Fund Balance Policy, Fiscal Year 2018 Unassigned fund balances (carry-over funds) were expended to complete the building improvements.

Per the 2014 Order of Consent agreement entered into with the Environmental Protection Agency (EPA), capital improvements for the sewer system with estimated costs to be between \$14 million and \$17 million were identified and approved by US EPA, SCDHEC, City staff, and a team of consulting engineers. A number of funding sources, including several grants and State Revolving Fund (SRF) loans, were incorporated into a financial plan developed by the City and approved by City Council. Accordingly, those identified improvement projects to repair and improve the collection system continued throughout the fiscal year with more than \$11 million in improvements substantially completed as of June 30, 2019.

Projected revenues of the City's sewer system combined with a number of SRF loans, including loan principal forgiveness, as well as CDBG and SC Rural Infrastructure Authority grants provided funding for the needed improvements.

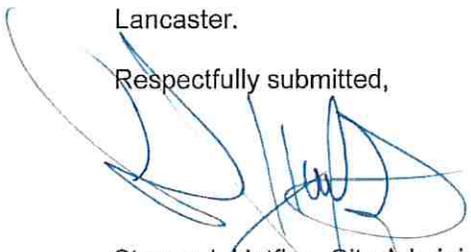
Awards and Acknowledgements

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department along with the individual departments who contributed information contained in this report. We would like to express our appreciation to all members of the departments. Credit must also be given to the Mayor and City Council for their support in maintaining the highest standards of professionalism in the management of the City of Lancaster.

Respectfully submitted,



Steven J. Hutfles, City Administrator



Dana D. Pinkert, Finance Director

CITY OF LANCASTER, SOUTH CAROLINA

LISTING OF PRINCIPAL OFFICIALS

JUNE 30, 2019

Mayor and City Council

- T. Alston DeVenny, Mayor
- Kenneth Hood, Councilman, District 1
- Gonzie Mackey, Councilman, District 2
- Linda G. Blackmon, Councilwoman, District 3
- Tamara Green Garris, Councilwoman, District 4
- Hazel Taylor, Councilwoman, District 5
- Sara Eddins, Councilwoman, District 6

City Management

Steven "Flip" Hutfles, City Administrator

Department Heads

Louis Streeter, Director
Building and Zoning

Dana Pinkert, Director
Finance

Scott Grant, Chief
Police Department

Angela Roberson, Director
Human Resources

Justin McLellan, Chief
Fire Department

Donald Ledford, Director
Wastewater Systems

Marty Cauthen, Director
Sanitation & Maintenance Operations

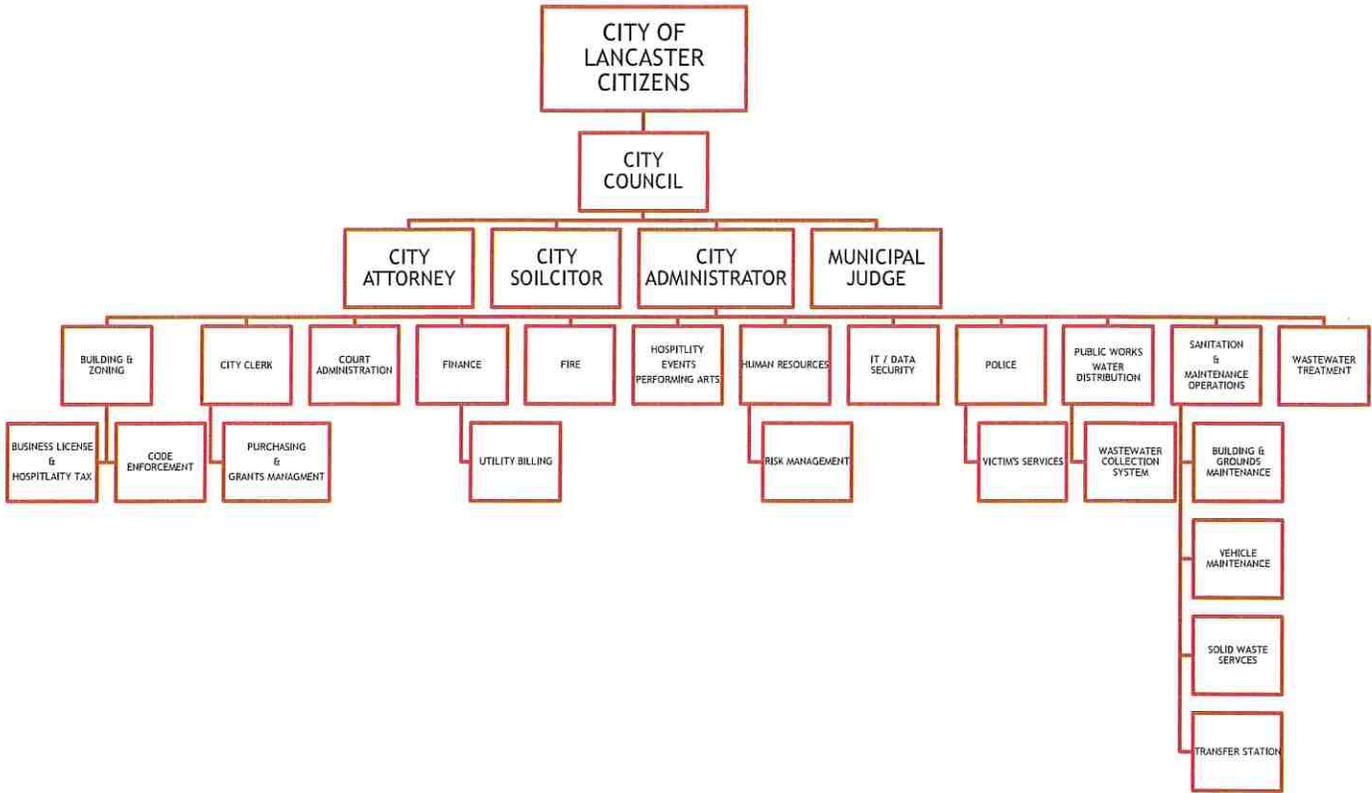
Cammie Heath, Administrator
Municipal Court

Rendell Mingo, Director
Public Works

Jarvis Driggers, Director
Information Technology



ORGANIZATIONAL CHART



CITY OF LANCASTER, SOUTH CAROLINA

FINANCIAL SECTION





Blair Bohlé & Whitsitt PLLC
Certified Public Accountants

10815 Sikes Place
Suite 100
Charlotte, NC
28277

704-841-9800 Main
704-841-9802 Fax
www.bbwpllc.com

Independent Auditor's Report

Honorable Mayor and City Council
City of Lancaster, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, South Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, South Carolina, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Hospitality Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, the South Carolina Retirement System's Schedule of the Proportionate Share of the Net Pension Liability and Contributions, on pages 76-77, the South Carolina Police Officers Retirement System's Schedule of the Proportionate Share of Net Pension Liability and Contributions on pages 78-79, the Schedule of Changes in the Total OPEB Liability and Related Ratios on page 80, and the Schedule of Contributions to OPEB on page 81, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Lancaster. The introductory section, combining and individual fund financial statement section, the other financial information section, and the statistical section, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019 on our consideration of the City of Lancaster'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 the 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 City of Lancaster's internal control over financial reporting and compliance.

Blair, Bohle & Whitsitt, PC

Charlotte, North Carolina

November 15, 2019



Management's Discussion and Analysis

As management of the City of Lancaster, we offer readers of the City of Lancaster's financial statements this narrative overview and analysis of the financial activities of the City of Lancaster for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the City of Lancaster exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$47,413,896 (net position).
- The government's total net position increased by \$4,781,170, primarily due to capital purchases associated with the City's EPA Consent Order compliance and other capital purchases in the General, Gross Revenue and Solid Waste funds.
- For business-type activities, revenue was in excess of expense by \$4,097,789 compared to \$5,355,174 at June 30, 2018.
- As of the close of the current fiscal year, the City of Lancaster's governmental funds reported combined ending fund balances of \$12,600,433, with a change of \$1,506,527 in fund balance primarily due to a \$1,179,333 increase in the General Fund balance. Approximately 21.9% of this total amount, or \$2,755,793, is nonspendable, restricted, or committed.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,941,406 or 67.2% of total budgeted General Fund expenditures (\$11,827,234) for the upcoming fiscal year.
- The City of Lancaster's total debt increased by \$1,695,358 during the current fiscal year.

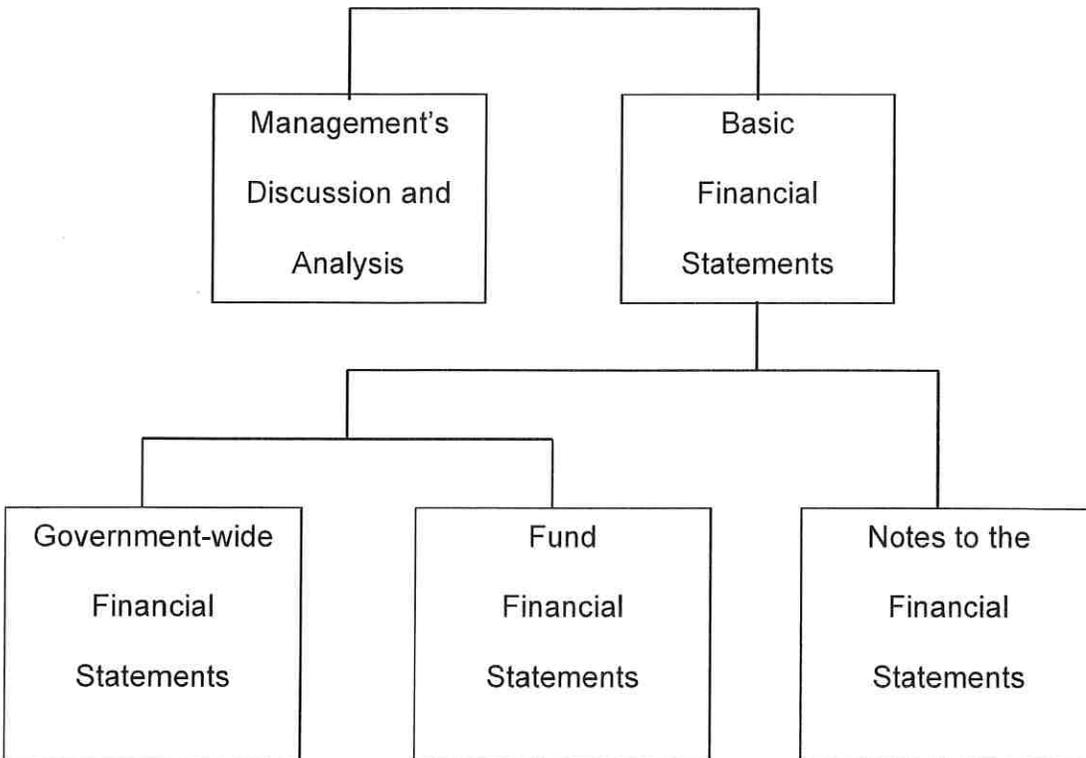
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to City of Lancaster's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Lancaster.



Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (Exhibits C through I) are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in the statements. After the notes, **supplementary information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.



Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include water and sewer as well as waste disposal services offered by the City of Lancaster. The City has no component units.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. 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. The City of Lancaster, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Lancaster can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Lancaster adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four



columns: 1) the original budget as adopted by City Council; 2) the final budget as amended by City Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – City of Lancaster has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Lancaster uses enterprise funds to account for its water and sewer activity and for its waste disposal operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City of Lancaster has one fiduciary fund, which is an agency fund.

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 fund financial statements. The notes to the financial statements are on pages 28 - 74 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain supplementary information providing additional detail regarding the City of Lancaster's various activities. This required supplementary information, financial and other statistical schedules, can be found on pages 76 - 138 of this report.

Government-Wide Financial Analysis

The City of Lancaster's Net Position

Capital assets	12,868,073	13,364,434	34,413,163	31,926,561	47,281,236	45,290,995
Total assets	<u>28,208,101</u>	<u>27,457,192</u>	<u>45,126,116</u>	<u>38,782,114</u>	<u>73,334,217</u>	<u>66,239,306</u>
Deferred outflows of resources	<u>2,423,821</u>	<u>2,419,728</u>	<u>-</u>	<u>-</u>	<u>2,423,821</u>	<u>2,419,728</u>
Long-term liabilities outstanding	14,616,472	15,544,674	8,920,935	4,458,978	23,537,407	20,003,652
Other liabilities	1,741,305	1,415,235	1,542,999	3,758,742	3,284,304	5,173,977
Total liabilities	<u>16,357,777</u>	<u>16,959,909</u>	<u>10,463,934</u>	<u>8,217,720</u>	<u>26,821,711</u>	<u>25,177,629</u>
Deferred inflows of resources	<u>1,522,431</u>	<u>848,678</u>	<u>-</u>	<u>-</u>	<u>1,522,431</u>	<u>848,678</u>
Net position:						
Net investment in capital assets	12,605,765	12,916,897	24,536,827	24,665,863	37,142,592	37,582,760
Restricted	1,252,798	900,821	3,444,394	2,623,715	4,697,192	3,524,536
Unrestricted	<u>(1,106,849)</u>	<u>(1,749,385)</u>	<u>6,680,961</u>	<u>3,274,815</u>	<u>5,574,112</u>	<u>1,525,430</u>
Total net position	<u>\$12,751,714</u>	<u>\$12,068,333</u>	<u>\$34,662,182</u>	<u>\$30,564,393</u>	<u>\$47,413,896</u>	<u>\$42,632,726</u>



As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Lancaster exceeded liabilities and deferred inflows of resources by \$47,413,896 as of June 30, 2019. The City's net position increased by \$4,781,170 for the fiscal year ended June 30, 2019. The increase in net position is primarily the result of the City having to address capital costs associated with its compliance with an EPA order of consent. These assets are not available for future spending. Although the City of Lancaster's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Lancaster's net position, \$4,697,192, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,574,112 is unrestricted.

Several particular aspects of the City's financial operations influenced the total unrestricted governmental net position:

- In the General Fund, revenues exceeded Expenditures revenues by \$1,179,333. This occurred due to the higher than expected tax and business license collections, and less than expected expenditures for personnel and insurance.
- In the Hospitality Fund, revenues exceeded expenditures by \$288,988 – which when added to the \$38,206 revenues over expenditures in the Southside Fund and E911 Fund – resulted in excess revenues over expenditures for the other governmental funds amounting to \$327,194. Revenues exceeded expenditures due to better than estimated collections in hospitality tax revenue and less than expected for special contracts for the year.
- In the Gross Revenue Fund, revenue exceeded expense by \$2,455,899 before capital grants. The increase in net position was the result of higher than expected collections. Also, funds in the amount of \$863,062 in the form of capital grants were received to help offset costs associated with the City's EPA Consent Order.
- In the Solid Waste Fund, revenue exceeded expense by \$778,828. The increase in net position was the result of higher than expected collections in garbage fees, containers and transfer station revenues.



City of Lancaster Changes in Net position

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 606,381	\$ 518,962	\$ 10,906,893	\$ 9,266,922	\$ 11,513,274	\$ 9,785,884
Operating grants and contributions	14,700	33,144	-	-	14,700	33,144
Capital grants and contributions	-	-	863,062	4,138,210	863,062	4,138,210
General revenues:						
Property taxes	5,563,462	5,803,156	-	-	5,563,462	5,803,156
Other taxes	5,083,754	5,166,607	-	-	5,083,754	5,166,607
Other	595,560	646,758	561,257	175,024	1,156,817	821,782
Total revenues	<u>11,863,857</u>	<u>12,168,627</u>	<u>12,331,212</u>	<u>13,580,156</u>	<u>24,165,069</u>	<u>25,748,783</u>
Expenses:						
General government	4,230,149	4,487,906	-	-	4,230,149	4,487,906
Public safety	5,322,163	5,054,358	-	-	5,322,163	5,054,358
Public Works	986,661	1,144,103	-	-	986,661	1,144,103
Planning	265,707	250,374	-	-	265,707	250,374
Parks and Playgrounds	167,948	150,326	-	-	167,948	150,326
Community Service	201,192	150,249	-	-	201,192	150,249
Interest and fees	6,656	9,181	-	-	6,656	9,181
Water and sewer	-	-	5,847,113	5,908,516	5,847,113	5,908,516
Solid Waste	-	-	2,386,310	2,316,466	2,386,310	2,316,466
Total expenses	<u>11,180,476</u>	<u>11,246,497</u>	<u>8,233,423</u>	<u>8,224,982</u>	<u>19,413,899</u>	<u>19,471,479</u>
Transfers	-	-	-	-	-	-
Change in net position	<u>683,381</u>	<u>922,130</u>	<u>4,097,789</u>	<u>5,355,174</u>	<u>4,781,170</u>	<u>6,277,304</u>
Net position, July 1, as originally reported	<u>12,068,333</u>	<u>12,279,341</u>	<u>30,564,393</u>	<u>25,209,219</u>	<u>42,632,726</u>	<u>37,488,560</u>
Restatement - GASB #75	-	(1,133,138)	-	-	-	(1,133,138)
Net position, July 1, as restated	<u>12,068,333</u>	<u>11,146,203</u>	<u>30,564,393</u>	<u>25,209,219</u>	<u>42,632,726</u>	<u>36,355,422</u>
Net position, June 30	<u>\$ 12,751,714</u>	<u>\$ 12,068,333</u>	<u>\$ 34,662,182</u>	<u>\$ 30,564,393</u>	<u>\$ 47,413,896</u>	<u>\$ 42,632,726</u>

Governmental Activities. Governmental activities increased the City's net position by \$683,381 thereby contributing to the overall increase in net position for the City of Lancaster. This increase was due to better than expected tax and business license collections for the fiscal year.

Business-Type Activities: Business-type activities increased the City of Lancaster's net position by \$4,097,789. Key elements of this increase are as follows:

- The Gross Revenue Fund yielded \$3,318,961 of the increase in business-type activity net position. This was attributable to operating revenues exceeding operating expenses by \$2,443,922; capital grants contributions of \$863,062; and non-operating revenue (expense) totaling \$11,977.



- The Solid Waste Fund increased overall change in business-type activity net position by \$778,828. This increase in net position is the result of operating revenues exceeding operating expenses by \$408,455 and other income (expense) totaling \$370,373.

Financial Analysis of the City's Funds

As noted earlier, the City of Lancaster uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Lancaster's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Lancaster's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Lancaster. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,941,406 while total fund balance was \$11,421,606. The Governing Body of the City of Lancaster has determined that the City should maintain an unassigned fund balance of 40% to 60% of budgeted general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 77.8% of total General Fund expenditures, while total fund balance represents 111.9% of that same amount.

At June 30, 2019, the governmental funds of City of Lancaster reported a combined fund balance of \$12,600,433 a 13.6% increase over last year (\$11,093,906).

Fund Budgetary Highlights: During the fiscal year, the City revised the budget on two (2) occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once more precise information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services. The following lists FY 18-19 budget amendments.

Ord No	Eff Date	Budget Impact	Comment - Primary Reasons for Change
O19-03	03-12-19	\$404,800	To fund additional capital expenditures for City Hall improvements and employee appreciation; and to appropriate amounts for donations received.
O19-11	08-27-19	\$1,480,050	To fund increased utility rates; and to authorize increased allocations to designated fund balance due to receipt of more than estimated charges for service revenue.

In addition to the budget ordinances above, the operating budgets for the City's operating funds were amended once throughout the year with the authority given to the City Administrator by City Council. These amendments were within funds and did not increase the overall budget of any fund.



Some of the significant differences in the General Fund between budgeted amounts and actual amounts for FY 18-19 were as follows

- Actual revenue for local option sales tax exceeded budgeted amounts by 346,001 due to better than projected collections.
- Actual interest revenue exceeded original revenue estimate amounts by \$22,806 due to increased interest rates and re-allocating interim funds.
- Police personnel services were \$312,919 less than anticipated due to staffing shortage at the police department.
- General government expense was \$769,786 less than anticipated due to lower than anticipated health insurances and information technology contracts and projects.

Proprietary Funds. The City of Lancaster's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Gross Revenue Fund at the end of the fiscal year amounted to \$4,597,920, and those for the Solid Waste Fund amounted to \$2,083,041. The total growth in net position for both funds was \$3,318,961 and \$778,828, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of Lancaster's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City of Lancaster's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$37,142,592 (net of accumulated depreciation and related debt). These assets include buildings, roads and sidewalks, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Capital asset additions for the City's governmental activities amounted to \$618,852 including building improvements of \$349,208; and vehicles and equipment of \$269,644.
- Capital asset additions for business-type activities amounted to \$4,089,633 including infrastructure improvements \$2,808,101; \$756,727 for construction in progress additions and \$524,806 for equipment additions. The large increase for infrastructure is primarily attributable to costs associated with EPA Consent Order compliance in three of the City's sewer basins.



City of Lancaster's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 4,028,453	\$ 4,029,253	\$ 366,054	\$ 366,054	\$ 4,394,507	\$ 4,395,307
Buildings, systems and improvements	4,799,037	4,736,270	32,031,710	21,969,361	36,830,747	26,705,631
Machinery and equipment	1,119,853	1,424,539	1,258,672	1,264,467	2,378,525	2,689,006
Infrastructure	2,861,092	3,143,168	-	-	2,861,092	3,143,168
Construction in progress	59,638	31,204	756,727	8,326,679	816,365	8,357,883
Total	\$ 12,868,073	\$ 13,364,434	\$ 34,413,163	\$ 31,926,561	\$ 47,281,236	\$ 45,290,995

Additional information on the City's capital assets can be found in note II-A-3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2019, the City of Lancaster had no bonded debt outstanding. The remainder of the City's debt represents bonds secured solely by State Revolving Fund Loans or capital lease obligations.

City of Lancaster's Outstanding Debt Revenue Bonds and State Revolving Loans

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Capital lease obligations	\$ 262,308	\$ 447,537	\$ 1,095,926	\$ 1,528,434	\$ 1,358,234	\$ 1,975,971
Revolving loans	-	-	8,780,410	5,732,265	8,780,410	5,732,265
Total	\$ 262,308	\$ 447,537	\$ 9,876,336	\$ 7,260,699	\$ 10,138,644	\$ 7,708,236

During the past fiscal year, the City's total debt increased by \$2,430,408 (31.5%).

The City maintained a Standard and Poor's rating of AA- on its last outstanding general obligation bonds. The City of Lancaster currently has no outstanding general obligation bonds or rated publically held debt. Additional information regarding the City of Lancaster's long-term debt can be found in note II-B-4 of the Basic Financial Statements.

Economic and Other Factors

The City of Lancaster (County Seat of Lancaster County) is located in northern South Carolina some 32 miles south of Charlotte, NC. Population estimates for 2018 put the city's population at 9,175 (some 9.6% of Lancaster County's estimated population of 95,380). The city's 5.9 square miles amounts to roughly 1% of the county's 555 square mile area. The city was named after the



House of Lancaster – one of two branches of The House of Plantagenet – involved in the 15th century War of The Roses – hence the city’s nickname “Red Rose City”.

During the fall of 2018 Medical University of South Carolina announced their intent to purchase of Springs Memorial Hospital in early 2019; thereby changing the status to tax exempt. The facility accounted for over 6% of the City’s General Fund revenues in the form of property taxes. The City adjusted the subsequent fiscal year budget to offset the negative economic impact of the loss of tax dollars primarily through re-allocating expenditures to the appropriate corresponding functions and eliminating some funds designated for reserves.

Top Ten Largest Lancaster Vicinity Employers
 (Source: Lancaster County Economic Development Corp)

<u>Employer</u>	<u>Description</u>	<u># of Employees</u>
Red Ventures	Headquarters/Internet marketing	1925
Lancaster County School District	County school system	1,800
Continental Tire	Headquarters/Tire manufacturing	814
Movement Mortgage	Call Center/Mortgage retailer	725
MUSC Health Lancaster Medical Center	Hospital	642
Cardinal Health	Healthcare	621
Lancaster County	County Government	535
Nutramax	Manufacturing animal health products	483
Keer America	Textiles - yarn spinning mill	401
Oceana Gold/Haile Gold Mine	Mining	396

Lancaster County’s unemployment rate at June 2019 was 4.1%, unchanged from the June 2018 rate of 4.1%. This compares to statewide rates of 3.5% and a national rate of 3.7% for June 2019.

The following chart reflects the City of Lancaster retail businesses and sales from 2009 through 2018. (Source: SC Department of Revenue Annual Sales Reports)

Year	Number of Businesses	Retail Sales	% Incr/Decr
2009	321	\$370,836,792	(5.49%)
2010	417	\$405,078,218	9.20%
2011	467	\$410,870,492	1.41%
2012	467	\$398,551,627	(3.00%)
2013	467	\$384,935,753	(3.42%)
2014	469	\$423,737,672	10.08%
2015	427	\$483,380,622	12.34%
2016	431	\$484,931,932	0.32%
2017	476	\$531,297,936	9.56%
2018	506	\$648,861,275	22.1%



Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities: Given the improving economic conditions, and healthy fund balance reserves, a property taxes decrease of 5.6 mills was approved for FY 18/19. In addition, operating expenditures were scrutinized in ways to continue service levels at expected levels without increasing costs. No cost of living adjustment or merit raises were made available for city employees. Some new positions were created and grade increases, salary equalization and longevity rate adjustments were made and off-set by a reduction in force through attrition, re-allocating duties and restructuring departments.

Business – Type Activities: Service based fees for water, sewer and solid waste were adjusted for FY 18/19 to correct structural imbalances due to increased operating cost, build city reserves in the gross revenue and solid waste fund to meet future debt service obligations, and fund future capital projects. No cost of living adjustment or merit raises were made available for city employees however longevity rate adjustment were implemented.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, City of Lancaster, PO Box 1149, Lancaster, SC 29721 or finance@lancastercitysc.com. Information about the City of Lancaster is also available on the City's website at <https://www.lancastercitysc.com/finance/>



CITY OF LANCASTER, SOUTH CAROLINA

BASIC FINANCIAL STATEMENTS



Exhibit A

CITY OF LANCASTER, SOUTH CAROLINA

Statement of Net Position

June 30, 2019

	Governmental Activities	Business Type Activities	Total Primary Government
Assets			
Current assets:			
Cash and cash equivalents	\$ 10,128,606	\$ 6,192,294	\$ 16,320,900
Accounts receivable			
Taxes, net	302,981	-	302,981
Internal balances	778,218	(778,218)	-
Mortgages	674,940	-	674,940
Water and Sewer	-	706,007	706,007
Garbage and Trash	-	118,579	118,579
Roll-off containers	-	28,447	28,447
Intergovernmental	597,450	-	597,450
Other	345,932	602,084	948,016
Inventory	33,976	125,942	159,918
Cash and cash equivalents - committed assets	1,333,373	-	1,333,373
Cash and cash equivalents - restricted assets	1,144,552	3,717,818	4,862,370
Total current assets	<u>15,340,028</u>	<u>10,712,953</u>	<u>26,052,981</u>
Non-current assets:			
Capital assets:			
Nondepreciable	4,088,091	1,122,781	5,210,872
Depreciable, net of accumulated depreciation	8,779,982	33,290,382	42,070,364
Total non-current assets	<u>12,868,073</u>	<u>34,413,163</u>	<u>47,281,236</u>
Total assets	<u>28,208,101</u>	<u>45,126,116</u>	<u>73,334,217</u>
Deferred outflows of resources			
Pension deferrals	2,370,940	-	2,370,940
Other postemployment benefits deferrals	52,881	-	52,881
Total deferred outflows of resources	<u>2,423,821</u>	<u>-</u>	<u>2,423,821</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,482,698	\$ 163,396	\$ 1,646,094
Customer deposits	-	273,424	273,424
Prepaid Performing Arts revenue	5,000	-	5,000
Current portion of long-term liabilities	253,607	1,106,179	1,359,786
Total current liabilities	<u>1,741,305</u>	<u>1,542,999</u>	<u>3,284,304</u>
Long-term liabilities:			
Due in more than one year	14,616,472	8,920,935	23,537,407
Total liabilities	<u>16,357,777</u>	<u>10,463,934</u>	<u>26,821,711</u>
Deferred inflows of resources			
Pension deferrals	1,522,431	-	1,522,431
Net position			
Net investment in capital assets	12,605,765	24,536,827	37,142,592
Restricted for:			
Drug fund	135,336	-	135,336
Tourism	1,009,216	-	1,009,216
Southside Housing	33,355	-	33,355
E911	74,891	-	74,891
Debt service	-	3,444,394	3,444,394
Unrestricted	(1,106,849)	6,680,961	5,574,112
Total net position	<u>\$ 12,751,714</u>	<u>\$ 34,662,182</u>	<u>\$ 47,413,896</u>

See notes to basic financial statements.



CITY OF LANCASTER, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

Year ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities		Total
Primary government:								
Governmental activities:								
General administration	\$ 4,230,149	\$ 391,620	\$ 14,700	\$ -	\$ (3,823,829)	\$ -	\$ -	\$ (3,823,829)
Public safety	5,322,163	148,389	-	-	(5,173,774)	-	-	(5,173,774)
Public works	986,661	-	-	-	(986,661)	-	-	(986,661)
Code enforcement	265,707	66,372	-	-	(199,335)	-	-	(199,335)
Parks and playgrounds	167,948	-	-	-	(167,948)	-	-	(167,948)
Community service	201,192	-	-	-	(201,192)	-	-	(201,192)
Interest and fees	6,656	-	-	-	(6,656)	-	-	(6,656)
Total governmental activities	11,180,476	606,381	14,700	-	(10,559,395)	-	-	(10,559,395)
Business-type activities:								
Water and Sewer	5,847,113	8,118,698	-	863,062	-	3,134,647	3,134,647	3,134,647
Solid Waste	2,386,310	2,788,195	-	-	-	401,885	401,885	401,885
Total business-type activities	8,233,423	10,906,893	-	863,062	-	3,536,532	3,536,532	3,536,532
Total primary government	\$ 19,413,899	\$ 11,513,274	\$ 14,700	\$ 863,062	(10,559,395)	3,536,532	(7,022,863)	
General revenues:								
Ad valorem taxes					5,563,462	-	-	5,563,462
Other taxes, licenses, and fees:								
Property tax								
Sales tax					370,093	-	-	370,093
Business licenses					1,778,829	-	-	1,778,829
Franchise fees					2,158,499	-	-	2,158,499
Unrestricted intergovernmental					776,333	-	-	776,333
Unrestricted investment earnings					326,931	-	-	326,931
Miscellaneous					163,495	137,094	137,094	300,589
Proceeds from settlement					136,025	79,807	79,807	215,832
Gain (loss) on sale of capital assets					-	335,000	335,000	335,000
Total general revenues					(30,891)	9,356	9,356	(21,535)
Change in net position					11,242,776	561,257	561,257	11,804,033
					683,381	4,097,789	4,097,789	4,781,170
Net position - beginning					12,068,333	30,564,393	42,632,726	
Net position - ending					\$ 12,751,714	\$ 34,662,182	\$ 47,413,896	



CITY OF LANCASTER, SOUTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2019

	General	Hospitality Tax	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 10,031,295	\$ 100	\$ 97,210	\$ 10,128,605
Receivables:				
Taxes, net	302,981	-	-	302,981
Intergovernmental	597,450	-	-	597,450
Mortgages	670,000	-	4,940	674,940
Taxes - other	257,293	82,543	-	339,836
Other	-	-	6,096	6,096
Due from other funds	793,027	-	-	793,027
Committed assets - cash and cash equivalents	1,333,373	-	-	1,333,373
Restricted assets - cash and cash equivalents	135,336	1,009,216	-	1,144,552
Inventory	33,976	-	-	33,976
Total assets	<u>\$ 14,154,731</u>	<u>\$ 1,091,859</u>	<u>\$ 108,246</u>	<u>\$ 15,354,836</u>
Liabilities				
Accounts payable and accrued expenses	\$ 1,481,824	\$ 874	\$ -	\$ 1,482,698
Compensated absences payable	63,907	596	-	64,503
Due to other funds	-	14,808	-	14,808
Prepaid Performing Arts revenue	-	5,000	-	5,000
Total liabilities	<u>1,545,731</u>	<u>21,278</u>	<u>-</u>	<u>1,567,009</u>
Deferred inflows of resources				
Tax rollback	233,175	-	-	233,175
Property taxes	198,160	-	-	198,160
Vehicle tax	74,955	-	-	74,955
Lot clearing fees	11,104	-	-	11,104
Installment sale	670,000	-	-	670,000
Total deferred inflows of resources	<u>1,187,394</u>	<u>-</u>	<u>-</u>	<u>1,187,394</u>
Fund balances				
Nonspendable:				
Inventory	33,976	-	-	33,976
Restricted:				
Drug fund	135,336	-	-	135,336
Hospitality tax	-	1,070,581	-	1,070,581
E911	-	-	74,891	74,891
Southside Housing	-	-	33,355	33,355
Committed:				
Downtown development	1,307,519	-	-	1,307,519
Economic development	100,135	-	-	100,135
Assigned:				
Main street project	5,000	-	-	5,000
Subsequent year's expenditures	1,898,234	-	-	1,898,234
Unassigned	7,941,406	-	-	7,941,406
Total fund balances	<u>11,421,606</u>	<u>1,070,581</u>	<u>108,246</u>	<u>12,600,433</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,154,731</u>	<u>\$ 1,091,859</u>	<u>\$ 108,246</u>	<u>\$ 15,354,836</u>



CITY OF LANCASTER, SOUTH CAROLINA

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance, governmental funds		\$ 12,600,433
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		
Gross capital assets at historical cost	\$ 28,097,654	
Accumulated depreciation	<u>(15,229,581)</u>	12,868,073
Net pension plan liabilities		(13,485,712)
Contributions to the pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position		2,370,940
Contributions for other post employment benefits in the current fiscal year are deferred outflows of resources on the Statement of Net Position		52,881
Net other postemployment benefits liability		(735,040)
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		1,187,394
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Capitalized leases	(262,308)	
Compensated absences payable	<u>(322,516)</u>	(584,824)
Pension related deferrals		<u>(1,522,431)</u>
Net position of governmental activities		<u>\$ 12,751,714</u>



CITY OF LANCASTER, SOUTH CAROLINA

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2019

	General	Hospitality Tax	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 6,683,260	\$ 956,197	\$ -	\$ 7,639,457
Fines, fees, licenses and permits	3,645,198	-	-	3,645,198
Intergovernmental	485,724	-	-	485,724
Charges for services	273,543	80,072	-	353,615
Grants	3,000	6,700	-	9,700
Interest	162,806	465	224	163,495
Other	137,336	14,058	37,982	189,376
Total revenues	<u>11,390,867</u>	<u>1,057,492</u>	<u>38,206</u>	<u>12,486,565</u>
Expenditures				
Current:				
General administration	3,154,520	768,504	-	3,923,024
Public safety	4,740,010	-	-	4,740,010
Public works	891,253	-	-	891,253
Code enforcement	265,655	-	-	265,655
Parks and playgrounds	147,065	-	-	147,065
Community service	202,295	-	-	202,295
Capital outlay	618,852	-	-	618,852
Debt service:				
Principal	185,228	-	-	185,228
Interest and fees	6,656	-	-	6,656
Total expenditures	<u>10,211,534</u>	<u>768,504</u>	<u>-</u>	<u>10,980,038</u>
Net change in fund balances	1,179,333	288,988	38,206	1,506,527
Fund balance - beginning	<u>10,242,273</u>	<u>781,593</u>	<u>70,040</u>	<u>11,093,906</u>
Fund balance - ending	<u>\$ 11,421,606</u>	<u>\$ 1,070,581</u>	<u>\$ 108,246</u>	<u>\$ 12,600,433</u>



CITY OF LANCASTER, SOUTH CAROLINA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 1,506,527
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
Capital outlay expenditures which were capitalized	\$ 618,852	
Depreciation expense for governmental assets	<u>(1,073,953)</u>	(455,101)
<p>Contributions to the pension plans in the current fiscal year are not included on the Statement of Activities</p>		
		124,964
<p>Contributions to the OPEB plan in the current fiscal year are not included on the Statement of Activities</p>		
		15,600
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Lot clearing fees	23	
Tax rollback	(105,583)	
Property taxes	(439,413)	
Vehicle taxes	<u>13,523</u>	(531,450)
<p>Collections on installment sales are recognized as revenue in the government fund financial statements. However, this transaction has no effect on the statement of activities.</p>		
		(50,000)
<p>The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on long-term debt		185,228
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are reported as expenditures in the governmental funds.</p>		
Compensated absences	(16,927)	
Loss on sale of capital assets	(41,259)	
Pension expense	(69,992)	
OPEB expense	<u>15,791</u>	(112,387)
Rounding		<u>-</u>
Change in net position of governmental activities		<u><u>\$ 683,381</u></u>

See notes to basic financial statements.



CITY OF LANCASTER, SOUTH CAROLINA

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund

Year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 6,179,238	\$ 6,332,238	\$ 6,683,260	\$ 351,022
Fines, fees, licenses and permits	3,574,075	3,614,075	3,645,198	31,123
Intergovernmental	645,507	468,507	485,724	17,217
Charges for services	100,000	261,000	273,543	12,543
Grants	-	-	3,000	3,000
Interest	40,000	140,000	162,806	22,806
Other	82,000	120,600	137,336	16,736
Total revenues	<u>10,620,820</u>	<u>10,936,420</u>	<u>11,390,867</u>	<u>454,447</u>
Expenditures				
Current:				
General administration	3,834,431	3,924,306	3,154,520	769,786
Public safety	5,277,555	5,274,013	4,740,010	534,003
Public works	897,150	940,650	891,253	49,397
Code enforcement	270,997	278,997	265,655	13,342
Parks and playgrounds	193,300	193,300	147,065	46,235
Community service	280,329	289,179	202,295	86,884
Capital outlay	495,358	631,000	618,852	12,148
Debt service:				
Principal	185,240	185,240	185,228	12
Interest and fees	7,460	7,460	6,656	804
Total expenditures	<u>11,441,820</u>	<u>11,724,145</u>	<u>10,211,534</u>	<u>1,512,611</u>
Excess (deficiency) of revenues over expenditures	<u>(821,000)</u>	<u>(787,725)</u>	<u>1,179,333</u>	<u>1,967,058</u>
Other financing sources				
Fund balance appropriated	821,000	787,725	-	(787,725)
Total other financing sources	<u>821,000</u>	<u>787,725</u>	<u>-</u>	<u>(787,725)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>1,179,333</u>	<u>\$ 1,179,333</u>
Fund balance - beginning			<u>10,242,273</u>	
Fund balance - ending			<u>\$ 11,421,606</u>	

See notes to basic financial statements.



CITY OF LANCASTER, SOUTH CAROLINA

Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Hospitality Tax Fund Year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ 862,145	\$ 862,145	\$ 956,197	\$ 94,052
Charges for services	95,000	95,000	80,072	(14,928)
Interest	500	500	465	(35)
Grants	100,000	103,200	6,700	(96,500)
Miscellaneous	10,000	10,000	14,058	4,058
Total revenues	<u>1,067,645</u>	<u>1,070,845</u>	<u>1,057,492</u>	<u>(13,353)</u>
Expenditures				
Current:				
General administration	1,092,645	1,095,845	768,504	327,341
Total expenditures	<u>1,092,645</u>	<u>1,095,845</u>	<u>768,504</u>	<u>327,341</u>
Excess of revenues over (under) expenditures	<u>(25,000)</u>	<u>(25,000)</u>	<u>288,988</u>	<u>313,988</u>
Other financing sources				
Fund balance appropriated	25,000	25,000	-	(25,000)
Total other financing sources	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>288,988</u>	<u>\$ 288,988</u>
Fund balance - beginning			<u>781,593</u>	
Fund balance - ending			<u>\$ 1,070,581</u>	



CITY OF LANCASTER, SOUTH CAROLINA

Exhibit G

STATEMENT OF FUND NET POSITION
 PROPRIETARY FUNDS
 June 30, 2019

	Major Enterprise Funds		
	Gross Revenue	Solid Waste	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,093,532	\$ 2,098,762	\$ 6,192,294
Receivables:			
Water and sewer	706,007	-	706,007
Garbage and trash	-	118,579	118,579
Roll-off containers	-	28,447	28,447
Other	345,328	256,756	602,084
Due from Gross Revenue Fund	-	14,389	14,389
Inventory	125,942	-	125,942
Restricted assets:			
Customer deposits	273,424	-	273,424
Bond depreciation account	2,008,741	-	2,008,741
Bond contingency account	774,919	-	774,919
Bond debt service and reserve account	660,734	-	660,734
Total restricted assets	<u>3,717,818</u>	<u>-</u>	<u>3,717,818</u>
Total current assets	<u>8,988,627</u>	<u>2,516,933</u>	<u>11,505,560</u>
Noncurrent assets			
Capital assets (net, where applicable, of accumulated depreciation)	32,319,358	2,093,805	34,413,163
Total noncurrent assets	<u>32,319,358</u>	<u>2,093,805</u>	<u>34,413,163</u>
Total assets	<u>41,307,985</u>	<u>4,610,738</u>	<u>45,918,723</u>
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	140,783	22,613	163,396
Compensated absences payable	15,901	9,229	25,130
Current portion of long-term debt	664,413	-	664,413
Capital leases payable - current	291,133	125,503	416,636
Customer deposits	273,424	-	273,424
Due to General Fund	422,312	355,906	778,218
Due to Solid Waste Fund	14,389	-	14,389
Total current liabilities	<u>1,822,355</u>	<u>513,251</u>	<u>2,335,606</u>
Long-term liabilities			
Compensated absences payable	79,504	46,144	125,648
Revenue bonds and notes payable	8,115,997	-	8,115,997
Capital leases payable - long-term	393,327	285,963	679,290
Total long-term liabilities	<u>8,588,828</u>	<u>332,107</u>	<u>8,920,935</u>
Total liabilities	<u>10,411,183</u>	<u>845,358</u>	<u>11,256,541</u>
Net position			
Net investment in capital assets	22,854,488	1,682,339	24,536,827
Restricted for debt payments	3,444,394	-	3,444,394
Unrestricted	4,597,920	2,083,041	6,680,961
Total net position	<u>\$ 30,896,802</u>	<u>\$ 3,765,380</u>	<u>\$ 34,662,182</u>

See notes to basic financial statements.



CITY OF LANCASTER, SOUTH CAROLINA

Exhibit H

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS

Year ended June 30, 2019

	Major Enterprise Funds		
	Gross Revenue	Solid Waste	Total
Operating revenues			
Water and sewer charges	\$ 7,837,888	\$ -	\$ 7,837,888
Water penalties	270,061	-	270,061
Tap fees	10,750	-	10,750
Garbage fees	-	1,369,812	1,369,812
Roll-off containers	-	219,265	219,265
Transfer station	-	1,172,209	1,172,209
Other	61,055	29,398	90,453
Total operating revenues	8,179,754	2,790,684	10,970,438
Operating expenses			
Public works administration	311,011	-	311,011
Residential garbage	-	342,873	342,873
Commercial garbage	-	278,427	278,427
Recycling	-	107,449	107,449
Transfer station	-	645,519	645,519
Water service	1,387,474	-	1,387,474
Utility billing	207,590	-	207,590
Wastewater treatment	1,095,148	-	1,095,148
Wastewater collection	706,209	-	706,209
General expense	581,656	370,214	951,870
Vehicle maintenance	56,168	112,336	168,504
Information technology	157,001	45,919	202,920
Building and grounds maintenance	47,268	51,037	98,305
Administrative	-	13,255	13,255
Depreciation and amortization	1,186,307	415,200	1,601,507
Total operating expenses	5,735,832	2,382,229	8,118,061
Operating income	2,443,922	408,455	2,852,377
Nonoperating revenue (expense)			
Interest income	118,214	18,880	137,094
Interest expense	(111,278)	(4,082)	(115,360)
Insurance proceeds	1,194	15,066	16,260
Proceeds from settlement	-	335,000	335,000
Gain on sale of capital assets	3,847	5,509	9,356
Total other income (expense)	11,977	370,373	382,350
Income before capital grants	2,455,899	778,828	3,234,727
Capital grants	863,062	-	863,062
Change in net position	3,318,961	778,828	4,097,789
Total net position - beginning	27,577,841	2,986,552	30,564,393
Total net position - ending	\$ 30,896,802	\$ 3,765,380	\$ 34,662,182

See notes to basic financial statements.



CITY OF LANCASTER, SOUTH CAROLINA

Exhibit I

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2019

	MAJOR ENTERPRISE FUNDS		
	Gross Revenue	Solid Waste	Total
Operating activities			
Cash received from customers	\$ 8,660,413	\$ 2,699,825	\$ 11,360,238
Cash paid to employees	(1,381,316)	(934,691)	(2,316,007)
Cash paid to suppliers	(3,467,435)	(1,046,139)	(4,513,574)
Net cash provided by operating activities	3,811,662	718,995	4,530,657
Noncapital financing activities			
Due from other funds	-	(4,336)	(4,336)
Due to other funds	18,870	211,870	230,740
Customer deposits	9,259	-	9,259
Net cash provided by noncapital financing activities	28,129	207,534	235,663
Capital and related financing activities			
Loan proceeds	3,652,793	-	3,652,793
Proceeds from capital grants	863,062	-	863,062
Insurance proceeds and other	1,194	15,066	16,260
Proceeds from settlement	-	335,000	335,000
Proceeds from sale of capital assets	3,847	7,033	10,880
Acquisition of capital assets	(3,523,999)	(565,634)	(4,089,633)
Principal paid on capital leases	(270,824)	(161,684)	(432,508)
Principal paid on bond and note maturities	(604,648)	-	(604,648)
Interest and bond fees	(111,278)	(4,082)	(115,360)
Net cash used in capital and related financing activities	10,147	(374,301)	(364,154)
Investing activities			
Interest on investments	118,214	18,880	137,094
Net cash provided by investing activities	118,214	18,880	137,094
Net increase in cash and cash equivalents/investments	3,968,152	571,108	4,539,260
Cash and cash equivalents/investments			
Beginning of year	3,843,198	1,527,654	5,370,852
End of year	\$ 7,811,350	\$ 2,098,762	\$ 9,910,112
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 2,443,922	\$ 408,455	\$ 2,852,377
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	1,186,307	415,200	1,601,507
Change in assets and liabilities:			
Accounts receivable	480,659	(90,859)	389,800
Inventory	65,656	-	65,656
Accounts payable and accrued expenses	(372,088)	(7,257)	(379,345)
Compensated absences	7,206	(6,544)	662
Total adjustments	1,367,740	310,540	1,678,280
Net cash provided by operating activities	\$ 3,811,662	\$ 718,995	\$ 4,530,657
Reconciliation to statement of net position			
Unrestricted cash and cash equivalents	\$ 4,093,532	\$ 2,098,762	\$ 6,192,294
Restricted cash and cash equivalents	3,717,818	-	3,717,818
	\$ 7,811,350	\$ 2,098,762	\$ 9,910,112

See notes to basic financial statements.



CITY OF LANCASTER, SOUTH CAROLINA

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2019

	Agency Funds
Assets	
Cash and temporary investments	\$ 38,836
Total assets	<u>\$ 38,836</u>
Liabilities	
Due to firemen's association	\$ 38,836
Total liabilities	<u>\$ 38,836</u>



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies

The accounting policies of the City of Lancaster ("City") conform with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Lancaster is a municipal corporation of the State of South Carolina located in Lancaster County, and as such possesses all the general powers granted by the Constitution and laws of South Carolina to municipal corporations. The City has no component units.

B. Basis of Presentation – Basis of Accounting

Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities display information about the City. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. However, interfund services provided are not eliminated. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation – Basis of Accounting (continued)

The City reports the following major governmental funds:

General Fund – The General Fund, the general operating fund of the City, includes the assets, liabilities, revenues and expenditures relating to the general administration and the traditional services provided by the City, and accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, grants and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction.

Hospitality Tax Fund – This fund was established to preserve the general health, safety, and welfare of the general public and to promote the tourism industry within the City of Lancaster. The primary revenues are a 2% hospitality tax imposed by the City on prepared food and ticket sales from the City's Performing Arts Series. The primary expenditures are for event promotion and execution as well as expenditures for the Performing Arts Series performance contracts.

The City reports the following nonmajor governmental funds:

Southside Project Fund – This fund is used to account for the sale of low-income housing.

E911 Fund – This fund accounts for fees levied through telephone bills to support the emergency 911 system. Funds are restricted for improvements and expansion of the City's emergency 911 system.

The City reports the following major enterprise funds:

Gross Revenue Fund - The Gross Revenue Fund was established to account for the financial position and results of operations relating to the water and sewer service to the residential and industrial users of the City's system. The City's water and sewer infrastructure extends beyond its corporate limits.

Solid Waste Fund - The Solid Waste Fund was established to account for the financial position and results of operations relating to solid waste collection services to the residential and industrial users.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation – Basis of Accounting (continued)

The City reports the following fiduciary funds:

Agency Funds - The Agency Fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity. The City utilizes the following agency fund:

Firemen's Fund - This fund is used to account for financial resources derived primarily from the firemen's share of insurance proceeds remitted by the State of South Carolina to the City firemen and expended for their benefit.

Measurement Focus, Basis of Accounting

In accordance with South Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation – Basis of Accounting (continued)

Measurement Focus, Basis of Accounting (continued)

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. The City considers all revenues available if they are collected within 60 days after year-end. At June 30, taxes receivable that are materially past due are not considered to be an available resource to finance the operations of the current year.

Sales taxes collected and held by the State at year-end on behalf of the City, intergovernmental revenues, and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

C. Budgets

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Approximately 60 days prior to June 30, the City Administrator submits to City Council a proposed detailed, line-item operating budget for the General, Hospitality Tax, Gross Revenue, and Solid Waste Funds for fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them by function and activity.

A public hearing is conducted to obtain citizen comments on the proposed budget, which is later legally adopted through the passage of an appropriation ordinance by City Council. The legal level of budgetary control is at the object class level.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. **Summary of Significant Accounting Policies (continued)**

C. **Budgets (continued)**

Budgetary line item revisions within a fund in an amount in excess of \$5,000 per instance must be approved by City Council. All revisions for capital improvement items or which would increase or decrease the adopted budget's individual fund balances must be approved by City Council.

The City prepares all of its budgets on the modified accrual basis. This basis differs from accounting principles generally accepted in the United States of America for the Gross Revenue Fund and the Solid Waste Fund. All annual appropriations lapse at fiscal year-end.

The combined statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, as presented excludes all data of the Special Revenue Funds and the Capital Project Fund as required when an annual budget has not been legally adopted.

D. **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity**

1. **Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, certificates of deposits and deposits with the State Treasurer's investment pool with maturities of three (3) months or less.

2. **Investments**

The City's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the City to invest in the following:

1. Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States;
2. Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
3. General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

2. Investments (continued)

4. Savings and Loan Associations to the extent that the same are insured by an agency of the Federal Government;
5. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
6. Repurchase agreements when collateralized by securities as set forth in this section; and
7. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The City currently or in the past year has used the following investment:

South Carolina Local Government Investment Pool ("Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*, investments are carried at fair value determined annually based upon (a) quoted market prices for identical or similar investments or (b) observable inputs other than quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

3. Property Taxes Receivable

The City of Lancaster assesses and levies property taxes in accordance with applicable laws of the State of South Carolina. Real property and personal property of every description owned and used in the City, except that which is exempt from taxation under the Constitution and Laws of the State, is subject to taxation. An annual ordinance establishing the millage rate associated with the levy is adopted each year as a part of the budget adoption process. Lancaster County prints the tax notices and collects both real and personal taxes and remits them to the City monthly.

The City of Lancaster residents have adopted a local option sales tax, whereby, an additional 1% sales tax is charged for the purpose of reducing real and personal property taxes. The City reduces the millage rate used in assessing property taxes such that property taxes are reduced in an amount of at least 71% of the local option sales tax collected as required by the State of South Carolina.

Real property and all personal property other than vehicles are assessed for property tax purposes on January 1 of each year. All taxable property is assessed in proportion to its value on that date. The basis for value of taxable property within the City is taken from the records of the Lancaster County Auditor. The assessment for City tax purposes is the same as that levied by the County Auditor. Tax notices are mailed around October 1 of each year. The taxes are due by January 15. A 3% penalty is added January 16 and another 10% is added February 2 if still unpaid. On March 15, if tax bills are still unpaid, an additional 2% penalty is added. At this time all unpaid taxes go into execution and are turned over to the delinquent tax collector for collection.

New vehicle property taxes are assessed and levied within 120 days of the registration date of the vehicle and payment is due upon receipt of the property tax notice. Other vehicle property taxes are assessed and levied in the month the vehicle is scheduled for license renewal with the South Carolina Department of Motor Vehicles and payment is due before the end of the month of the scheduled renewal.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

3. Property Taxes Receivable (continued)

South Carolina law allows a county to negotiate with a company for a Fee-in-lieu of Property Taxes ("FILOT") agreement if total capital investment is \$2.5 million or greater. By law, the company has five years to meet the minimum investment threshold, and the county can offer an additional five-year extension to complete the project. The company may include both real and personal property under the FILOT agreement. However, property that has been on the tax rolls in the state previously, including existing buildings, is not eligible for the FILOT. (This restriction is waived for companies investing an additional \$45 million or more in new investment.). The FILOT may result in substantial benefits for a company. Lancaster County had the following FILOT agreements in effect for the year ended June 30, 2019 and their impact on the City is as follows:

<u>Company</u>	<u>City Tax Abated</u>	<u>City FILOT</u>
Duracell Mfg	\$ 506,969	\$ 299,308
Lancaster Telephone	54,814	28,062
Nutramax	71,459	9,591
Springmaid FCU	361,715	90,502
Valmet	-	5,477
TST-Metso Paper	-	21,558
Valmet	-	26,480

4. Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables written off in prior years and applying that percentage to current balances.

5. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund financial statements and internal balances on the government-wide financial statements.

6. Inventory

Inventories held by the General and Gross Revenue Funds are valued at cost, using the first-in/first-out (FIFO) method. Inventory shown in the General Fund consists of expendable supplies held for consumption. In the fund financial statements (General Fund), the amount



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

6. Inventory (continued)

thereof has been recorded for information purposes only as an asset, offset by a reservation of fund balance in an equal amount. The cost value of such inventory has been recorded as an expenditure as the items are consumed by the respective departments. The inventory asset amount is not available for appropriation.

7. Restricted Assets

Certain resources which have been set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The revenue bond debt service fund was established to provide for the ratable payment of the principal and interest on all bonds as they fall due to ensure the timely payment of principal and interest and to provide for the redemption of bonds prior to their maturity. The amount of net position restricted for this purpose was \$3,444,394 at June 30, 2019, all of which is in the Gross Revenue Fund of the City.

Additional resources have been restricted for governmental activities related to tourism and victims' services. Their use is limited by the applicable laws of the State of South Carolina. At June 30, 2019, \$1,009,216 was restricted in the Hospitality Tax Fund for tourism.

8. Capital Assets

The City's general and proprietary fund capital assets (having a cost in excess of \$5,000) are recorded at original cost. Donated capital assets received before June 30, 2015 are recorded at the estimated fair value (if in excess of \$5,000) at the time of donation. Donated capital assets received after June 30, 2015 are recorded at their acquisition value.

Capital assets of the City are depreciated by applying the straight-line method to the following useful lives:

Buildings	40 years
Infrastructure	10-40 years
Water and sewer distribution system	40 years
Fence and paving	15 years
Equipment	3-10 years
Vehicles	5-7 years

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

The City capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

9. Compensated Absences

The City of Lancaster has a liability to its employees for accumulated vacation leave. The fund financial statements of the General Fund have recorded as an expenditure and fund liability, the amount of accumulated vacation leave of its employees that is expected to be liquidated with expendable available resources. Amounts that are not expected to be liquidated with expendable available financial resources are reported in the government-wide financial statements as a liability. The Gross Revenue and Solid Waste Funds have recorded an expense and liability for accumulated vacation leave of its employees.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditures until then. The City had two items that met this criterion – contributions made to the pension plan in the 2019 fiscal year and contributions made to other postemployment benefits in the 2019 fiscal year. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has one item that met the criterion for this category - deferrals of pension expense.

11. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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 debt service expenditures.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

12. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund 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 or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. Some portions of fund balance are limited in how they can be used and some can be used however the government decides, therefore the five classifications of fund balance.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance

There are differences between fund balance and liquidity in governmental funds because some assets reported in the governmental funds inherently cannot be spent. This classification of fund balance includes amounts that cannot be spent because they are either (a) assets that will never be converted into cash such as prepaid expenses and inventory or (b) resources that must be maintained intact based on legal or contractual requirements such as principal of an endowment or the capital of a revolving loan fund.

The City of Lancaster has the following nonspendable fund balances recorded in its financial statements:

Inventory - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

12. Net Position/Fund Balances (continued)

Restricted Fund Balance

This classification includes resources that are limited in how they can be spent due to externally enforceable legal restrictions. Restricted fund balance includes assets restricted by (a) other governments through laws and regulations; (b) grantors or contributors through agreements; (c) creditors through debt covenants or other contracts; or (d) enabling legislation that limits how a revenue can be used. The City of Lancaster has the following restricted fund balances recorded in its financial statements:

Drug Fund – portion of fund balance that can only be used per the laws and regulations established by the laws of the State of South Carolina.

Hospitality Tax – portion of fund balance that can only be used for purposes established by Section 6-1-730 of the State of South Carolina Code of Laws, 1976, as amended.

Southside Housing – portion of fund balance that can only be used for the purpose of refurbishing or replacing housing for the City's low income community through potentially forgivable loans. The use of the funds is dictated by federal grant agreements signed by the City when the funds were acquired.

E911 Fund – portion of fund balance that can only be used for improvements and expansion of the City's emergency 911 system in accordance with Section 23-47-40 of the State of South Carolina Code of Laws, 1976, as amended.

Victims' Services – portion of fund balance that can only be used for notification and assistance to victims of crime as established by laws of the State of South Carolina. The City of Lancaster has currently has \$0 of available fund balance as of June 30, 2019 to provide victims' services.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies (continued)

D.Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

12. Net Position/Fund Balances (continued)

Committed Fund Balance

This classification of fund balance includes resources that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The City of Lancaster has the following committed fund balances recorded in its financial statements:

Downtown Development – portion of fund balance committed through formal action of City Council for the improvement and redevelopment of the historic downtown area. Any use of these resources must be approved by City Council.

Economic Development – portion of fund balance committed through formal action of City Council to encourage economic development in the City. Any use of these resources must be approved by City Council.

Assigned Fund Balance

The portion classification of fund balance includes resources that the government has intentions for its use, but the resources are not externally restricted or committed through formal action of the Lancaster City Council. The City of Lancaster has the following assigned fund balance recorded in its financial statements:

Main Street Project – portion of fund balance assigned to support projects on Main Street.

Subsequent Year's Expenditures – \$1,898,234 of fund balance assigned to fund construction.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

12. Net Position/Fund Balances (continued)

Unassigned Fund Balance

The portion of fund balance that has not been reported as nonspendable, restricted, committed, or assigned is reported in unassigned fund balance.

The City of Lancaster has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-city funds, city funds. For purpose of fund balance classifications, expenditures are to be spent from restricted funds first, followed in order by committed fund balance, assigned fund balance, and unassigned fund balance.

The City of Lancaster has also adopted a minimum unassigned fund balance policy for the General Fund. The purpose of the Fund Balance Reserve Policy ("Policy") of the City of Lancaster is to establish guidelines for the use and limits on reserve levels for the City's General Fund. This policy also sets forth the standards for setting reserve levels and is considered to be responsive to the recommended practices of the Government Finance Officers Association (GFOA) regarding the appropriate level of reserves in the General Fund.

An unassigned fund balance range is established for the General Fund. The percentage range set for this fund is based on predictability of revenues, volatility of expenditures, and liquidity requirements of the fund.

The proposed range as established by this Policy will be reviewed periodically by the Finance Director to ensure their continued relevance and appropriateness in light of the actual experience of the General Fund, and in accordance with any future reserve needs that may arise.

The unassigned fund balance range for the General Fund shall not be less than 40% and not more than 60% of the total budgeted expenditures of the General Fund budget.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

12. Net Position/Fund Balances (continued)

Unassigned Fund Balance (continued)

If it is determined there is a surplus (an amount in excess of the upper limit of the unassigned fund balance range), the funds are to be appropriated upon approval of City Council for the following purposes:

1. One-time capital needs. Since a surplus does not represent a recurring source of revenue it should not be used to fund a recurring expenditure; however, if a one-time capital expenditure has been identified, but not already funded through an appropriation, the surplus may be appropriated for this use.
2. Reduction or avoidance of debt. If there is short-term debt within the fund the surplus may be applied to reduce or eliminate the debt if financial analysis proves this to be advantageous to the City. If borrowing is scheduled, the surplus may be used to reduce the principal amount the City needs to obtain if financial analysis proves this to be advantageous to the City.
3. Tax, fee, or rate stabilization. Surplus funds may be designated for stabilization in order to avoid raising taxes, fees, or rates related to the fund in subsequent years.
4. Eliminate unfunded liabilities related to the City's Other Post-Employment Benefits (OPEB). Any surplus may be transferred to reduce the unfunded liability in the Other Post-Employment Benefits Trust Fund or any other fund initiated by the City to provide post-employment benefits.

If it is determined there is a shortfall (an amount below the lower limit of the unassigned fund balance range), the unassigned fund balance is to be rebuilt through the following mechanisms in order of priority:

1. Impose millage in order to maintain the minimum percentage of reserve funds as stated in this policy pursuant to the exception to the millage cap restrictions as stated in Section 6-1-320(D) of the South Carolina Code of Laws, 1976, as amended. Section 6-1-320(D) states that the restriction contained in Section 6-1-320 does not affect millage that is used to maintain a reserve account.
2. An appropriation during the next annual budget process of at least 20% of the shortfall in the unassigned fund balance until the lower end of the limit has been reached. If this is financially unfeasible, a written plan shall be forwarded by the City Administrator to City Council for approval in order to restore the unassigned fund balance to an amount within the range within a reasonable time frame. This plan may require reduction of services, reduction of workforce, increases in fees or rates or some combination thereof.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

12. Net Position/Fund Balances (continued)

Unassigned Fund Balance (continued)

Annually, after completion of the City's Comprehensive Annual Financial Statement, the Finance Director shall prepare a Fund Balance Level Status Report as part of the City's annual budget process to be approved by the City Administrator. At least every five (5) years, City Council will be required to affirm or revise the Policy including the percentage range established by the category described herein.

13. Reclassifications

For comparability, the 2018 figures have been reclassified, where appropriate, to conform with the financial statement presentation used in 2019.

14. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the City's management to make estimates and assumptions. The estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

15. Pensions and Other Postemployment Benefits

In government-wide financial statements, pensions and other postemployment benefits (OPEB) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting. The City recognizes net pension and net OPEB liabilities for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension and OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from change in actuarial assumptions or other inputs and the differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a multi-year period beginning with the period in which the difference occurred.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds

A. Assets

1. Deposits and Investments

At year-end the carrying amount of the City's cash deposits was \$8,503,088 and the bank balance was \$9,322,004. Of the bank balance, \$750,000 was covered by federal depository insurance and \$8,572,004 was covered by collateral held by the pledging financial institutions in the City's name.

At June 30, 2019, the City had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
State Treasurer's Investment Pool	\$ 14,052,391	N/A	A
Total Investments	<u>\$ 14,052,391</u>		

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State statutes authorize the City to invest in obligations of the United States and agencies thereof; general obligations of the State of South Carolina or any of its political units; savings and loan associations to the extent that the same are insured by an agency of the Federal government; certificates of deposit where the certificates are collaterally secured by securities of the type described above; or deposit accounts with banking institutions. Statutes also allow the State Treasurer to assist local governments in investing funds. The City is under no contractual agreements which restrict investment alternatives or violate legal provisions.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investments for which the securities are held by the counterparty, or by its trust department but not in the City's name.

Concentration of Credit Risk. The City places no limit on the amount that the City may invest in any one issuer.

The City's cash and investments are presented on the financial statements as follows:

Cash and investments	
Primary government	\$ 16,320,900
Fiduciary funds	38,836
Restricted and committed assets	<u>6,195,743</u>
Total	\$ <u>22,555,479</u>



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

A. Assets (continued)

2. Receivables – Allowance for Doubtful Accounts

At June 30, 2019, the City's receivable balances (unrestricted and restricted accounts receivable and taxes receivable in the accompanying statement) were as follows:

Government - wide Financial Statements							
Fund Financial Statements							
	General Fund	Hospitality Tax Fund	Gross Revenue Fund	Solid Waste Fund	Nonmajor Funds	Total	Adjustments to Full-Accrual
Receivables:							
Taxes	\$ 413,164	\$ -	\$ -	\$ -	\$ -	\$ 413,164	\$ -
Intergovernmental	597,450	-	-	-	-	597,450	-
Grants	-	-	-	-	-	-	-
Mortgages	670,000	-	-	-	138,803	808,803	-
Water and sewer	-	-	706,007	-	-	706,007	-
Garbage and trash	-	-	-	118,579	-	118,579	-
Roll-off containers	-	-	-	31,283	-	31,283	-
Other	451,064	82,543	345,328	256,756	6,096	1,141,787	-
Gross receivables	2,131,678	82,543	1,051,335	406,618	144,899	3,817,073	-
Less: allowance for uncollectibles	303,954	-	-	2,836	133,863	440,653	-
Net total receivables	\$ 1,827,724	\$ 82,543	\$ 1,051,335	\$ 403,782	\$ 11,036	\$ 3,376,420	\$ -



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

A. Assets (continued)

3. Capital Assets

Capital asset activity for the governmental activities for the year ended June 30, 2019 was as follows:

Depreciation was charged to functions/programs of the primary government as follows:

General administration	\$ 376,649
Public safety	550,623
Public works	125,799
Parks and playgrounds	<u>20,882</u>
Total depreciation expense	<u>\$ 1,073,953</u>

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 4,029,253	\$ -	\$ 800	\$ -	\$ 4,028,453
Construction in progress	31,204	28,434	-	-	59,638
Total capital assets not being depreciated	<u>4,060,457</u>	<u>28,434</u>	<u>800</u>	<u>-</u>	<u>4,088,091</u>
Capital assets being depreciated:					
Buildings and improvements	8,019,254	320,774	-	-	8,340,028
Machinery and Equipment	8,745,070	269,644	140,627	-	8,874,087
Infrastructure	6,795,448	-	-	-	6,795,448
Total capital assets being depreciated	<u>23,559,772</u>	<u>590,418</u>	<u>140,627</u>	<u>-</u>	<u>24,009,563</u>
Less accumulated depreciation for:					
Buildings and improvements	3,282,984	258,007	-	-	3,540,991
Machinery and Equipment	7,320,531	533,870	100,167	-	7,754,234
Infrastructure	3,652,280	282,076	-	-	3,934,356
Total accumulated depreciation	<u>14,255,795</u>	<u>\$ 1,073,953</u>	<u>\$ 100,167</u>	<u>\$ -</u>	<u>15,229,581</u>
Total capital assets being depreciated, net	<u>9,303,977</u>				<u>8,779,982</u>
Governmental activity capital assets, net	<u>\$ 13,364,434</u>				<u>\$ 12,868,073</u>



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

A. Assets (continued)

4. Capital Assets (continued)

Capital asset activity for the business-type activities for the year ended June 30, 2019 was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<i>Business-type activities:</i>					
<i>Gross Revenue</i>					
Capital assets not being depreciated:					
Land	\$ 366,054	\$ -	\$ -	\$ -	\$ 366,054
Construction in progress	8,294,590	3,220,680	-	(11,054,850)	460,420
Total capital assets not being depreciated	8,660,644	3,220,680	-	(11,054,850)	826,474
Capital assets being depreciated:					
Buildings	2,722,235	-	-	-	2,722,235
Equipment	5,818,576	289,637	33,751	-	6,074,462
Water and Sewer System	41,643,714	13,682	-	11,054,850	52,712,246
Total capital assets being depreciated	50,184,525	303,319	33,751	11,054,850	61,508,943
Less accumulated depreciation for:					
Building and building improvements	1,117,004	48,908	-	-	1,165,912
Equipment	5,600,577	168,786	33,751	-	5,735,612
Water and Sewer System	22,145,922	968,613	-	-	23,114,535
Total accumulated depreciation	28,863,503	\$ 1,186,307	\$ 33,751	\$ -	30,016,059
Total capital assets being depreciated, net	21,321,022				31,492,884
Gross Revenue capital assets, net	29,981,666				32,319,358
<i>Solid Waste</i>					
Capital assets not being depreciated:					
Construction in progress	\$ 32,089	\$ 296,306	\$ -	\$ (32,089)	\$ 296,306
Capital assets being depreciated:					
Buildings	126,528	-	-	32,089	158,617
Equipment	4,683,557	235,169	197,923	-	4,720,803
Infrastructure	1,339,664	34,159	-	-	1,373,823
Total capital assets being depreciated	6,149,749	269,328	197,923	32,089	6,253,243
Less accumulated depreciation for:					
Buildings	126,528	981	-	-	127,509
Equipment	3,637,089	360,290	196,399	-	3,800,980
Infrastructure	473,326	53,929	-	-	527,255
Total accumulated depreciation	4,236,943	\$ 415,200	\$ 196,399	\$ -	4,455,744
Total capital assets being depreciated, net	1,912,806				1,797,499
Solid Waste capital assets, net	1,944,895				2,093,805
Business-type activities capital assets, net	\$ 31,926,561				\$ 34,413,163



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

A. Assets (continued)

3. Capital Assets (continued)

Construction commitments

The government has active construction projects in the Gross Revenue Fund as of June 30, 2019. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Sludge Dewatering Press	\$ 49,250	\$ 6,750

B. Liabilities

1. Accounts Payable and Accrued Liabilities

Payables at June 30, 2019, were as follows:

	Governmental-wide Financial Statements					
	Fund Financial Statements					Total
	General Fund	Hospitality Tax Fund	Other Governmental Funds	Gross Revenue Fund	Solid Waste	
Payables:						
Accounts and vouchers	\$ 1,002,005	\$ -	\$ -	\$ 84,733	\$ -	\$ 1,086,738
Accrued payroll and related liabilities	348,286	874	-	34,684	17,128	400,972
Accrued interest payable	1,199	-	-	21,366	1,585	24,150
Other	130,334	-	-	-	3,900	134,234
Total accounts payable and accrued liabilities	\$ 1,481,824	\$ 874	\$ -	\$ 140,783	\$ 22,613	\$ 1,646,094



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities

2. Capital Leases

The City has entered into several lease agreements for financing the construction and acquisition of capital assets. These lease agreements qualify as capital leases for accounting purposes since titles transfer at the end of the lease terms. Therefore, certain leases have been recorded at the present value of the future minimum lease payments and as a result, building and equipment and the related liability is included in the government-wide financial statements in the governmental activities column. Capital leases are also included in the proprietary fund financial statements and the business-type activities column of the government-wide financial statements as equipment and a liability for the Gross Revenue Fund and Solid Waste Fund as of the date of their inception.

At June 30, 2019, the City leased buildings, infrastructure, vehicles, and equipment valued at:

Classes of Property	Cost	Accumulated Depreciation	Net Book Value
Buildings	\$ 180,505	\$ 112,063	\$ 68,442
Infrastructure	2,943,975	913,859	2,030,116
Equipment	922,755	341,206	581,549
Vehicles	557,781	189,833	367,948
Total	\$ 4,605,016	\$ 1,556,961	\$ 3,048,055

Amortization of leased buildings, infrastructure, vehicles and equipment under capital assets is included with depreciation expense.

For the City, the future minimum lease payments as of June 30, 2019 were as follows:

Fiscal Year Ending June 30	Governmental Activities		Business - Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 189,104	\$ 4,098	\$ 417,323	\$ 30,469
2021	68,197	1,428	419,938	16,236
2022	5,007	50	168,897	4,071
2023	-	-	89,768	1,688
	\$ 262,308	\$ 5,576	\$ 1,095,926	\$ 52,464



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

3. State Revolving Loans

The City's state revolving loans at June 30, 2019 are comprised of the following:

<p><u>2000 State Revolving Loan</u> – On August 8, 2000 the City received a direct placement State Water Pollution Control Revolving Loan from the State of South Carolina Budget and Control Board of \$1,319,160 for sewer line rehabilitation and wastewater treatment plant improvements. The project was completed in 2002 and only \$1,299,879 of loan funds was used. The loan originally had an interest rate of 3.5%. On December 7, 2011, the interest rate was reduced to 2.25% and is payable in quarterly payments of \$21,328, including principal and interest, and matures in October 2021.</p>	\$ 206,829
<p><u>2003 State Revolving Loan</u> – On December 17, 2002, the City received a direct placement Sewer Line Rehabilitation Revolving Loan of \$952,151 for the second phase of the sewer line rehabilitation and wastewater treatment plant improvements. The loan originally had an interest rate of 3.75%. On December 7, 2011, the interest rate was lowered to 2.25% and is payable in quarterly payments of \$15,575, including principal and interest, and matures in October 2023.</p>	265,907
<p><u>2007 State Revolving Loan</u> – On March 6, 2007, the City received a direct placement State Water Pollution Control Revolving Loan from the State of South Carolina Budget and Control Board of \$6,253,919 for the wastewater treatment plant upgrade and expansion. The loan has an interest rate of 1% and is payable in quarterly payments of \$86,349, including principal and interest, and matures in March 2028.</p>	2,890,316
<p><u>2016 State Revolving Loan</u> – On August 16, 2016, the City received approval for a direct placement State Water Pollution Control Revolving Loan from the State of South Carolina Budget and Control Board of \$3,612,367 for the upgrade of expansion of the Erwin Farms wastewater treatment plant. The loan has an interest rate of 1% and is payable in quarterly payments of \$34,881, including principal and interest, and matures January 1, 2048</p>	3,035,520
<p><u>2018 State Revolving Loan</u> – On July 14, 2017, the City received approval for a direct placement State Water Pollution Control Revolving Loan from the State of South Carolina Budget and Control Board of \$2,540,599 for the rehabilitation of West Arch Street Sewer - Basin 17 and Poovey Farms Sewer – Basin 23, of which, only \$2,432,534 was drawn. The loan has an interest rate of 1% for the first 20 years and 1.5% for the remaining 10 years and is payable in quarterly payments of \$31,668 for the first 20 years and then \$8,134.48 for the remaining 10 years, including principal and interest, and matures December 31, 2048.</p>	<u>2,381,838</u>



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

3. State Revolving Loans (continued)

Total State Revolving Loans	8,780,410
Less amount representing current portion	<u>664,413</u>
Long-term portion	<u>\$ 8,115,997</u>

Annual debt service requirements to maturity for this direct borrowings debt is as follows:

Fiscal Year Ending June 30	Business-type Activities	
	Principal	Interest
2020	\$ 664,413	\$ 94,792
2021	672,830	86,375
2022	638,595	77,954
2023	603,033	70,859
2024	578,618	64,125
2025-2029	2,388,317	237,906
2030-2034	1,175,901	155,085
2035-2039	1,188,570	95,349
2040-2044	811,604	47,448
2045-2048	58,529	4,287
	<u>\$ 8,780,410</u>	<u>\$ 934,180</u>

The City is in compliance with the covenants as to rates, fees, rentals and charges authorizing the issuance of the 2003 State Revolving Loan and the 2018 State Revolving Loan. The loans require the debt service coverage ratio to be no less than 120% and 110%, respectively. The debt service coverage ration calculation for the year ended June 30, 2019 is as follows:

	2003 State Revolving Loan	2018 State Revolving Loan
Operating revenues	\$ 8,179,754	\$ 8,179,754
Operating expenses *	<u>4,548,591</u> *	<u>5,734,898</u>
Operating income **	3,631,163	2,444,856
Nonoperating revenues	123,254 **	11,976
Income available for debt service	<u>\$ 3,754,417</u>	<u>\$ 2,456,832</u>
Debt service, principal and interest paid	<u>\$ 759,205</u>	<u>\$ 759,205</u>
Debt coverage ratio	<u>494.52%</u>	<u>323.61%</u>

* Per rate covenants, this does not include depreciation expense of \$1,186,307.

** Per rate covenants, this does not include interest and fees on bonds totaling \$111,278.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

3. State Revolving Loans (continued)

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$8,780,410 of outstanding direct placement State Revolving Loans. In the event of a default, the City agrees to pay the State of South Carolina, on demand, interest on any and all amounts due and owing by the City under the related agreement.

4. Long-term Obligation Activity

The following is a summary of changes in the City's long-term obligations as of June 30, 2019:

	Balance July 1, 2018	Additions	Payments	Balance June 30, 2019	Current Portion of Long-term Liabilities
Governmental Activities:					
Capitalized leases	\$ 447,537	\$ -	\$ 185,229	\$ 262,308	\$ 189,104
Net pension plan liability	14,235,856	-	750,144	13,485,712	-
Net OPEB liability	740,919	-	5,879	735,040	-
Compensated absences	366,708	176,950	156,639	387,019	64,503
Total governmental activities	<u>\$ 15,791,020</u>	<u>\$ 176,950</u>	<u>\$ 1,097,891</u>	<u>\$ 14,870,079</u>	<u>\$ 253,607</u>
Business-type Activities:					
Capitalized leases	\$ 1,528,434	\$ -	\$ 432,508	\$ 1,095,926	\$ 416,636
State Revolving loans	5,732,265	3,652,793	604,648	8,780,410	664,413
Compensated absences	150,116	66,625	65,963	150,778	25,130
Total business-type activities	<u>\$ 7,410,815</u>	<u>\$ 3,719,418</u>	<u>\$ 1,103,119</u>	<u>\$ 10,027,114</u>	<u>\$ 1,106,179</u>

For governmental activities, pension plan liabilities, net OPEB liabilities, and compensated absences payable are liquidated by the General Fund.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

4. Long-term Obligation Activity (continued)

The total interest incurred for the year ended June 30, 2019 was \$138,082. Of this amount, \$16,113 was capitalized as a component of the cost of capital assets constructed during the year.

5. Computation of Legal Debt Limitation

The City's general obligation debt is limited by law to 8% of the total assessed value of all taxable real and personal property within the City limits. The latest projected assessed value as of June 30, 2019 was \$32,322,920. The computation of legal debt limits is as follows:

General obligation debt limitation ($\$32,322,920 \times 8\%$)	\$2,585,834
General obligation debt at June 30, 2019	_____ -
Excess of debt limit over general obligation debt	<u>\$2,585,834</u>

6. Employee Retirement Systems

Plan Description

The City is a participating employer in two statewide, cost sharing, multiple-employer defined benefit pension plans administered by the Retirement Division of the South Carolina Public Employee Benefit Authority (PEBA): the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS). PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

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



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

6. Employee Retirement Systems (continued)

Plan Description (continued)

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

Membership

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

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

Benefits

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



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

6. Employee Retirement Systems (continued)

Benefits (continued)

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

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

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



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

6. Employee Retirement Systems (continued)

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization schedule.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

6. Employee Retirement Systems (continued)

Contributions (continued)

Required employee contribution rates for fiscal year are as follows:

	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>
SCRS			
Employee Class Two	9.00%	9.00%	8.66%
Employee Class Three	9.00%	9.00%	8.66%
PORS			
Employee Class Two	9.75%	9.75%	9.24%
Employee Class Three	9.75%	9.75%	9.24%

Required employer contributions for fiscal year are as follows:

SCRS			
Employee Class Two	14.41%	13.41%	11.41%
Employee Class Three	14.41%	13.41%	11.41%
Employer Incidental Death Benefit	0.15%	0.15%	0.15%
PORS			
Employee Class Two	16.84%	15.84%	13.84%
Employee Class Three	16.84%	15.84%	13.84%
Employer Incidental Death Benefit	0.20%	0.20%	0.20%
Employer Accidental Death Program	0.20%	0.20%	0.20%

Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

6. Employee Retirement Systems (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the City reported liabilities totaling \$8,407,435 and \$5,078,277 for its proportionate share of the net pension liability (NPL) of SCRS and PORS, respectively. The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. The net pension liabilities were determined by actuarial valuations as of July 1, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing updated procedures incorporating the actuarial assumptions. The City's proportion of the net pension liabilities for each plan was based on a projection of the City's long-term share of future payroll covered by each pension plan relative to the projected future payroll covered by each pension plan of all participating employers in SCRS and PORS, respectively, actuarially determined. At June 30, 2018, the City's proportion was .037522% and .017922% for SCRS and PORS, respectively. At June 30, 2017, the City's proportion was .040519% and .018669% for SCRS and PORS, respectively.

For the year ended June 30, 2019, the City recognized pension expense of \$393,733 and \$510,066 for SCRS and PORS, respectively. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	SCRS		PORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 34,299	\$ -	\$ 56,396
Net difference between projected and actual earnings on pension plan investments	416,286	282,734	314,419	-
Changes in assumptions	333,560	-	334,836	-
Change in proportional share	1,316	728,079	-	420,923
City contributions subsequent to the measurement date	525,549	-	444,974	-
Total	\$ 1,276,711	\$ 1,045,112	\$ 1,094,229	\$ 477,319



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

6. Employee Retirement Systems (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$525,549 and \$444,974 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020 for SCRS and PORS, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

	<u>SCRS</u>	<u>PORS</u>
<u>Year ended June 30:</u>		
2020	\$ 58,068	\$ 168,531
2021	(78,957)	97,306
2022	(239,655)	(106,670)
2023	(33,406)	12,769
2024	-	-
Thereafter	-	-

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of June 30, 2015.

The June 30, 2018, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by a consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2018, using generally accepted actuarial principles.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

6. Employee Retirement Systems (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2018.

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

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

Assumptions used in the determination of the June 30, 2018, TPL are as follows.

Former Job Class	Males	Females
Educators and Judges	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assumbly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

The long-term expected rate of return on pension plan investments was based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

6. Employee Retirement Systems (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Global Equity	47.0%		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
Real Assets	10.0%		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
Opportunistic	13.0%		
GTAARisk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	<u>100.0%</u>		5.03%
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.28%</u>



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

6. Employee Retirement Systems (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Discount Rate

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

Sensitivity Analysis

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

System	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
SCRS	\$ 10,743,141	\$ 8,407,435	\$ 6,737,629
PORS	6,846,152	5,078,277	3,630,239

Pension Plan Fiduciary Net Position

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2018 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2018. Copies are publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

7. Other Post Employment Benefits Plan (OPEB)

Plan Description

The City's defined benefit postemployment healthcare plan (the Plan) provides medical insurance to eligible retirees under the Medicare eligible age of 65. Employees become eligible when the employee qualifies for retirement benefits under the SCRS or PORS and has at least 14 years of service with the City. The Plan is approved each year by City Council; the contribution requirements of the City and plan members are established and amended by Council. These contributions are neither guaranteed nor mandatory. Council has retained the right to unilaterally modify its payments toward retiree health care benefits.

The Plan is affiliated with the South Carolina Other Retirement Benefits Employer Trust (SC ORBET), an agent multiple-employer irrevocable trust administered by the Municipal Association of South Carolina. Each participating employer is responsible for determining the appropriate amount of contributions to remit to the Trust. SC ORBET issues a publicly available financial report that includes audited financial statements and required supplementary information for the Plan. A copy of the report may be obtained by writing to: Chief Financial Officer for Risk Management Services, Municipal Association of SC, P.O. Box 12109, Columbia, South Carolina 29211.

Plan Membership

As of January 1, 2017, the last actuarial valuation, there were 171 covered participants; 18 members are retirees and dependents receiving benefits and 153 are active participants.

Funding Policy

Eligible retired employees and their spouses are eligible for health care coverage. The premium for retirees and spouses, if applicable, is based on the length of service with the City and the date of their retirement. Retirees who retired prior to June 30, 2009 and active employees who retire on or before January 1, 2010 with at least 10 years of service with the City as of their retirement date or who retire after January 1, 2010 with at least 25 years of service with the City will receive a monthly premium subsidy of \$200 from the City and will pay the difference between the City's subsidy and the rate effective for active employees and spouses enrolled in the Plan. Employees who retire after January 1, 2010 who have between 14 and 25 years of service to the City will receive a monthly premium subsidy of \$200 from the City and will pay the difference between the City's subsidy and 1.25 times the rate effective for active employees and spouses enrolled in the Plan. All other eligible retirees may participate in the Plan at a premium equal to 1.5 times the rate effective for active employees and spouses enrolled in the Plan.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

7. Other Post Employment Benefits Plan (OPEB) (continued)

Actuarial Methods and Assumptions

Actuarial valuations of the OPEB Plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, inflation, healthcare cost trend rates, and future salary changes. Amounts determined regarding the net OPEB liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The following table provides a summary of the significant actuarial assumptions and methods used in the latest actuarial valuation for the OPEB Plan.

Actuarial Valuation Date	December 31, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Amortization Period	30 years
Asset Valuation Method	5 Years Smoothed Market
Actuarial Assumptions:	
Inflation	2.25%
Investment Rate of Return	4.75%
Healthcare Cost Trend Rate	Pre-Medicare - 7.50% for 2017 decreasing to an ultimate rate of 5.00% for 2023
Salary Increases	SCRS - 3.00% - 7.00%; PORS - 3.50% - 9.50%
Coverage Elections	90% of eligible retirees will elect coverage and 30% of those will elect to cover their spouse
Active Participation/Marriage	100% of all active employees are assumed to be married, with female spouses being 3 years younger than males



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

7. Other Post Employment Benefits Plan (OPEB) (continued)

Actuarial Methods and Assumptions (continued)

Mortality Table	RP-2014 Mortality Table for Employees with a 95% multiplier for both males and females
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The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the December 31, 2016 valuation were based on the results of an actuarial experience study adopted by SCRS and PORS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the December 31, 2016 valuation were based on a review of recent plan experience done concurrently with the December 31, 2016 valuation.

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB Plan investments is based upon 35 year capital market assumptions, as well as current consensus expectations and market based inputs. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach and are presented net of investment fees. There are no municipal bond rate assumptions used in deriving the discount rate, and the discount rate forecast period extends for 50 years. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation for the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

7. Other Post Employment Benefits Plan (OPEB) (continued)

Long-term Expected Rate of Return (continued)

As of the most recent adoption of the current long-term rate of return by the Plan, the target asset allocation for each major asset class, as provided by the Plan, are summarized in the following table:

Asset Class	Target Allocation
Fixed income	
Equity funds	94.3%
Cash and cash equivalents	0.0%
	5.7%
Total	100.0%

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The City's net OPEB liability as of June 30, 2019 was measured as of December 31, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016 that was projected forward to the measurement date of December 31, 2018.

	Total OPEB Liability (a)	OPEB Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance as of December 31, 2017	\$ 1,279,771	\$ 538,852	\$ 740,919
Changes for the year:			
Service cost	39,587	-	39,587
Interest on TOL and Cash Flows	58,414	-	58,414
Difference between expected and actual experience	10,012	-	10,012
Contributions - employer	-	101,182	(101,182)
Net investment income	-	12,710	(12,710)
Benefit payments	(101,182)	(101,182)	-
Administrative expense	-	-	-
Net changes	6,831	12,710	(5,879)
Balance as of December 31, 2018	\$ 1,286,602	\$ 551,562	\$ 735,040



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

7. Other Post Employment Benefits Plan (OPEB) (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

For the year ended June 30, 2019, the City recognized OPEB expense of approximately \$16,000. At June 30, 2019, the City reported deferred outflows of resources (deferred OPEB charges) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,933	\$ -
Differences between projected and actual earnings	16,348	-
Employer contributions subsequent to the measurement date	15,600	-
	<u>\$ 52,881</u>	<u>\$ -</u>

\$15,600 that was reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the OPEB Plan. This amount will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources (deferred OPEB charges) related to the OPEB Plan will increase OPEB expense as follows:

Year ended June 30,	Total
2020	\$ 7,238
2021	7,238
2022	7,239
2023	5,225
2024	2,648
Thereafter	7,693
	<u>\$ 37,281</u>



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

7. Other Post Employment Benefits Plan (OPEB) (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.75%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of December 31, 2016. In addition to the actuarial methods and assumptions of the December 31, 2106 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually using the payroll growth assumptions.
- Active employees do not explicitly contribute to the Plan.
- In all future years, the employer continues to contribute the full ADEC through deposit to the Trust and direct payment of benefits to plan members as the benefits come due. The employer is assumed to have the ability and willingness to make contributions to the Trust and benefit payments from its own resources for all periods in the projection.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the sensitivity of the City's net OPEB liability to changes in the discount rate, calculated using the discount rate of 4.75%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (3.75%) or 1% point higher (5.75%) than the current rate:

	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Net OPEB liability	\$ 870,254	\$ 735,040	\$ 616,266



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

8. Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources at year-end are comprised of the following:

Deferred outflows of resources at year-end is comprised of the following:

	<u>Amount</u>
Contributions to pension plans in current fiscal year (General Fund)	\$ 970,523
Pension deferrals (General Fund)	1,400,417
Contributions to OPEB plan after measurement date	15,600
OPEB deferrals (General Fund)	37,281
Total	<u>\$ 2,423,821</u>

Deferred inflows of resources at year end is comprised of the following:

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Lot clearing fees (General Fund)	\$ -	\$ 11,104
Vehicle tax (General Fund)	-	74,955
Real property tax (General Fund)	-	198,160
Tax rollback (General Fund)	-	233,175
Pension deferrals (General Fund)	1,522,431	-
Installment sale (General Fund)	-	670,000
	<u>\$ 1,522,431</u>	<u>\$ 1,187,394</u>

9. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage of, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City participates in the South Carolina Municipal Insurance and Risk Financing Fund (SCMIRF) to cover risk that may occur in normal operations. These risks include loss of real property and its contents, motor vehicles, losses due to errors and omissions, general liability, and theft and dishonesty.

The City participates in the South Carolina Municipal Insurance Trust (SCMIT) for the sharing of risk associated with workers' compensation claims. The pooling agreement permits the pool to make additional assessments to its members in addition to the annual premiums.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

9. Risk Management (continued)

The City participates in a self-insurance medical program along with various other municipalities. The program is run by the State of South Carolina. This plan provides employee health benefits up to \$1,000,000 in a lifetime maximum. All funds of the City participate in the program and make payments to the Program based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses.

The workers' compensation policy provides coverage as required by statute. The automobile liability policy covers up to \$1,000,000 per occurrence. The comprehensive general liability policy covers up to \$1,000,000 per claim, and the crime policy covers up to \$100,000 per occurrence. The other policies essentially cover the amount of the loss. In the event a claim is settled for an amount exceeding the limits of these policies, the City would have to pay the excess. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

10. Interfund Balances and Activity

a. Due From/To Other Funds

The compositions of interfund balances as of June 30, 2019 are as follows:

	Payable Fund				Total
	General Fund	Gross Revenue Fund	Solid Waste Fund	Hospitality Fund	
Receivable Fund					
General Fund	\$ -	\$ 422,312	\$ 355,906	\$ 14,808	\$ 793,026
Solid Waste Fund	-	14,389	-	-	14,389
Gross Revenue Fund	-	-	-	-	-
	<u>\$ -</u>	<u>\$ 436,701</u>	<u>\$ 355,906</u>	<u>\$ 14,808</u>	<u>\$ 807,415</u>

The interfund balances were used primarily for operating purposes. These amounts are expected to be liquidated through normal operating activities of the individual funds.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

B. Liabilities (continued)

11. Commitments and Contingencies

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantor or their representatives. The amount of program expenditures, which may be disallowed by the granting agencies cannot be predicted, although the City expects such amounts, if any, to be immaterial.

Various claims and lawsuits are pending against the City. In the opinion of the City's management and City attorneys, the ultimate resolution of these legal matters will not have a material adverse effect on the City's financial position.

During 2014, the City entered into an Order of Consent with the Environmental Protection Agency (EPA) wherein the EPA levied a fine of \$70,800 against the City for discharges of untreated wastewater containing pollutants to navigable waters by the Catawba River Wastewater Treatment Plant at locations not authorized by a National Pollutant Discharge Elimination System (NPDES) permit in the current year and prior years. The unauthorized discharges were caused by blockages and other maintenance issues related to the wastewater treatment system.

Under the Order, the City will develop and submit to the EPA various assessments of the wastewater collection and transmission system, plans for repairs and improvements to the wastewater collection and transmission system, and plans for monitoring the wastewater collection and transmission system. The City estimates that the project will take up to seven years to complete. Management believes a reasonable estimate of the costs to meet the requirements of the Order of Consent will be between \$14 million and \$17 million. To date, the City has been awarded grants totaling approximately \$3.5 million and has received a commitment from the South Carolina State Revolving Loan Fund totaling \$7.7 million to help defray the costs of the remediation. \$1 million of the South Carolina State Revolving Loan Fund loan will be forgiven upon completion of the remediation project. The City anticipates it will receive additional funding for the project as it progresses. Although substantial, the City believes it has sufficient liquidity and borrowing capacity to handle the requirements of the Order of Consent without creating an adverse effect on the City's financial position.

On August 2, 2017, The City of Lancaster was informed by the management of the Duracell manufacturing facility, owned by Berkshire Hathaway and located within the city limits of Lancaster, that it would be closing the doors of its plant in March 2019. This closing will have a significant impact to the tax and utility revenues of the City in upcoming fiscal years. Although the City does not expect a significant impact during the 2018-2019 fiscal year, subsequent fiscal years will be significantly impacted. The potential overall revenue loss to the City is estimated to be approximately \$600,000 in property tax revenues and \$150,000 a year in utility revenues. The closing will result in the loss of the City's largest taxpayer and one of its largest utility customers. The City has already begun planning for the decreased revenues in future fiscal years and how to cope with the loss of revenue.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

C. Revenues, Expenditures and Expenses

1. Water Agreement – Lancaster County Water and Sewer District

The City of Lancaster entered into a Water Agreement with Lancaster County Water and Sewer District (LCWS) on October 11, 1994 to provide reserve water capacity. The agreement is for 20 years with a renewal clause for an additional 20 years. Under this agreement fees are assessed based on a ratio of the annual water purchased by the City from LCWS and the total water purchased by LCWS. This ratio is multiplied by the annual debt payment LCWS incurred as a result of LCWS financing the cost of providing the additional reserve capacity to the City. The cost to the City for year ended June 30, 2019 was \$633,637.

The City also entered into a Sewer Agreement with LCWS on October 11, 1994 to provide treatment and capacity of wastewater to LCWS. The agreement is for 20 years with a renewal clause for an additional 20 years. Fees are assessed in a manner similar to the water agreement above. Revenue recognized by the City related to this agreement was \$516,875 for the year ended June 30, 2019.

D. Changes in Accounting Principles

The City adopted GASB Statement No. 83, *Certain Asset Retirement Obligations* ("GASB 83") for the year ended June 30, 2019. The primary objective of this Statement is to enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain Asset Retirement Obligations (ARO), including obligations that may not have been previously reported. The adoption of GASB 83 had no impact on the City's financial statements.

The City adopted GASB Statement No. 86, *Certain Debt Extinguishment Issues* ("GASB86") for the year ended June 30, 2019. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. There was no impact to the City from this pronouncement.

The City adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Borrowings and Direct Placements* ("GASB 88") for the year ended June 30, 2019. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The disclosures related to debt have been modified to include these new requirements.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

D. Pending Implementation of GASB Statements

The Governmental Accounting Standards Board ("GASB") has issued the following statements:

Statement No. 84, *Fiduciary Activities*, which is effective for the City's year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The effect of implementation of the Statement on the financial statements has not been determined.

Statement No. 87, *Leases*, which is effective for the City's year ending June 30, 2021. The objective of this Statement is better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The effect of implementation of the Statement on the financial statements has not been determined.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is effective for the City's year ending June 30, 2021. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The effect of implementation of the Statement on the financial statements has not been determined.

Statement No. 90, *Majority Equity Interests*, which is effective for the City's year ending June 30, 2020. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The effect of implementation of the Statement on the financial statements has not been determined.

GASB Statement No. 91, *Conduit Debt Obligations*, which is effective for the City's year ending June 30, 2022. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The effect of implementation of the Statement on the financial statements has not been determined.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Basic Financial Statements

June 30, 2019

II. Detail Notes on All Funds (continued)

The City has evaluated all events subsequent to the balance sheet date of June 30, 2019, through November 15, 2019, which is the date these financial statements were issued, and have determined that there are no additional subsequent events that require disclosure.



REQUIRED SUPPLEMENTARY FINANCIAL INFORMATION



CITY OF LANCASTER, SOUTH CAROLINA

Schedule of Proportionate Share of Net Pension Liability
 South Carolina Retirement System
 Last Six Fiscal Years *

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
City of Lancaster's proportion of the net pension liability (%)	0.0375222%	0.040519%	0.042483%	0.043884%	0.043699%	0.043699%
City of Lancaster's proportion of the net pension liability (\$)	\$ 8,407,435	\$ 9,121,479	\$ 9,074,306	\$ 8,322,812	\$ 7,523,519	\$ 7,838,042
City of Lancaster's covered payroll	\$ 3,888,296	\$ 4,086,848	\$ 4,113,932	\$ 4,110,619	\$ 3,984,189	\$ 3,665,267
City of Lancaster's proportionate share of the net pension liability as a percentage of its covered payroll	216.22%	223.19%	220.58%	202.47%	188.83%	213.85%
Plan fiduciary net position as a percentage of the total pension liability	54.10%	53.30%	52.90%	57.00%	59.90%	56.39%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.





CITY OF LANCASTER, SOUTH CAROLINA

Schedule of Contributions
 South Carolina Retirement System
 Last Ten Fiscal Years

	Year ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 525,549	\$ 479,457	\$ 466,309	\$ 448,068	\$ 420,531	\$ 415,210	\$ 383,020	\$ 338,112	\$ 332,766	\$ 317,818
Contributions in relation to the contractually required contribution	525,549	479,457	466,309	448,068	420,531	415,210	383,020	338,112	332,766	317,818
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City of Lancaster's covered payroll	\$ 3,897,755	\$ 3,888,296	\$ 4,086,848	\$ 4,113,932	\$ 4,110,619	\$ 3,984,189	\$ 3,665,267	\$ 3,602,684	\$ 3,601,365	\$ 3,383,731
Contributions as a percentage of covered-employee payroll	13.48%	12.33%	11.41%	10.89%	10.23%	10.42%	10.45%	9.39%	9.24%	9.39%

CITY OF LANCASTER, SOUTH CAROLINA

Schedule of Proportionate Share of Net Pension Liability
 Police Officers' Retirement System
 Last Six Fiscal Years *

	Year Ended June 30,				
	2019	2018	2017	2016	2015
City of Lancaster's proportion of the net pension liability (%)	0.0179222%	0.0186669%	0.206300%	0.207500%	0.216920%
City of Lancaster's proportion of the net pension liability (\$)	\$ 5,078,277	\$ 5,114,377	\$ 5,232,671	\$ 4,522,433	\$ 4,152,757
City of Lancaster's covered payroll	\$ 2,481,968	\$ 2,512,627	\$ 2,625,241	\$ 2,570,626	\$ 2,568,885
City of Lancaster's proportionate share of the net pension liability as a percentage of its covered payroll	204.61%	203.55%	199.32%	175.93%	161.66%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	60.90%	60.40%	64.60%	67.50%
					190.30%
					\$ 2,362,887

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

The City implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.



CITY OF LANCASTER, SOUTH CAROLINA

Schedule of Contributions
Police Officers' Retirement System
Last Ten Fiscal Years

	Year ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 444,974	\$ 366,102	\$ 347,748	\$ 360,330	\$ 334,993	\$ 320,924	\$ 281,184	\$ 280,427	\$ 279,993	\$ 279,998
Contributions in relation to the contractually required contribution	444,974	366,102	347,748	360,330	334,993	320,924	281,184	280,427	279,993	279,998
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City of Lancaster's covered payroll	\$ 2,737,907	\$ 2,481,968	\$ 2,512,627	\$ 2,625,241	\$ 2,570,626	\$ 2,568,885	\$ 2,362,887	\$ 2,467,898	\$ 2,695,355	\$ 2,533,923
Contributions as a percentage of covered payroll	16.252%	14.750%	13.840%	13.726%	13.032%	12.493%	11.900%	11.363%	10.388%	11.050%



CITY OF LANCASTER, SOUTH CAROLINA

Schedule of Changes in Net OPEB Liability and Related Ratios

Last Two Fiscal Years

	Year Ended June 30, 2019	Year Ended June 30, 2018
Total OPEB liability:		
Service cost	\$ 39,587	\$ 38,322
Interest	58,414	57,885
Differences between expective and actual experience	10,012	15,164
Benefit payments, including refunds of member contributions	(101,182)	(99,316)
Net change in total OPEB liability	<u>6,831</u>	<u>12,055</u>
 Total OPEB liability - beginning of year	 1,279,771	 1,267,716
Total OPEB liability - end of year (a)	<u>1,286,602</u>	<u>1,279,771</u>
 OPEB plan fiduciary net position:		
Employer contribution	101,182	114,316
Net investment income	12,710	14,807
Benefit payments, including refunds of member contributions	(101,182)	(99,316)
Administrative expense	-	(14,215)
Net change in OPEN plan fiduciary net position	<u>12,710</u>	<u>15,592</u>
 OPEB plan fiduciary net position - beginning of year	 538,852	 523,260
OPEB plan fiduciary net position - end of year (b)	<u>551,562</u>	<u>538,852</u>
 Net OPEB liability (asset) - end of year (a) - (b)	 <u>\$ 735,040</u>	 <u>\$ 740,919</u>
 OPEB plan fiduciary net position as a percentage of the total OPEB liability	 42.87%	 42.11%
 Covered payroll	 \$ 5,425,669	 \$ 5,425,669
 Net OPEB liability as a percentage of covered payroll	 13.55%	 13.66%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of December 31 of the preceding year (measurement date). The City adopted GASB #75 during the year ended June 30, 2018. Information is not available for prior years.



CITY OF LANCASTER, SOUTH CAROLINA

Schedule of Contributions to the OPEB plan

Last Fiscal Year

	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
Actuarially determined contribution	\$ 71,726	\$ 61,650
Contributions in relation to the actuarially determined contribution	<u>101,182</u>	<u>114,316</u>
Contribution deficiency (excess)	<u>\$ (29,456)</u>	<u>\$ (52,666)</u>
Covered payroll	<u>\$ 5,425,669</u>	<u>\$ 5,425,669</u>
Contributions as a percentage of covered employee payroll	<u>1.86%</u>	<u>2.11%</u>

Notes to schedule:

The City adopted GASB #75 during the year ended June 30, 2018. Information is not available for prior years.

Valuation date: July 1, 2015 - July 1, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Amortization period	30 years
Asset valuation method	5 years smoothed market value
	80% to 120% Corridor
Inflation rate	2.25%
Healthcare cost trends rates	
	Range of 5.0% to 7.5% initial
	5% ultimate
Investment rate of return	4.75%

Other information:

None



COMBINING AND INDIVIDUAL FUND STATEMENT SECTION



GOVERNMENTAL FUNDS



CITY OF LANCASTER, SOUTH CAROLINA

Schedule 7

General Fund
Comparative Balance Sheets

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 10,031,295	\$ 9,170,110
Receivables:		
Taxes, net	302,981	721,359
Intergovernmental	597,450	290,663
Mortgages	670,000	720,000
Taxes - other	257,293	306,717
Due from other funds	793,027	558,951
Committed assets - cash and cash equivalents	1,333,373	1,329,693
Restricted assets - cash and cash equivalents	135,336	120,996
Inventory	33,976	20,150
Total assets	<u>\$ 14,154,731</u>	<u>\$ 13,238,639</u>
Liabilities		
Accounts payable and accrued expenses	\$ 1,481,824	\$ 1,167,135
Compensated absences payable	63,907	60,387
Total liabilities	<u>1,545,731</u>	<u>1,227,522</u>
Deferred inflows of resources		
Tax rollback	233,175	338,758
Property taxes	198,160	637,573
Vehicle tax	74,955	61,432
Lot clearing fees	11,104	11,081
Installment sale	670,000	720,000
Total deferred inflows of resources	<u>1,187,394</u>	<u>1,768,844</u>
Fund balances		
Nonspendable:		
Inventory	33,976	20,150
Restricted:		
Drug fund	135,336	120,996
Committed:		
Downtown development	1,307,519	1,165,016
Economic development	100,135	50,030
Assigned:		
Main street project	5,000	5,000
Subsequent year's expenditures	1,898,234	821,000
Unassigned	7,941,406	8,060,081
Total fund balances	<u>11,421,606</u>	<u>10,242,273</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 14,154,731</u>	<u>\$ 13,238,639</u>



CITY OF LANCASTER, SOUTH CAROLINA

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Revenues:				
Taxes:				
Property taxes	\$ 3,016,238	\$ 3,020,719	\$ 4,481	\$ 2,700,532
Vehicle taxes	234,000	234,074	74	222,518
Motor carrier taxes	35,000	32,938	(2,062)	57,465
Homestead	228,000	228,362	362	235,043
Delinquent taxes	259,000	260,459	1,459	5,237
Tax penalties	20,000	20,707	707	30,551
Local option sales tax	2,540,000	2,886,001	346,001	3,018,778
Total taxes	<u>6,332,238</u>	<u>6,683,260</u>	<u>351,022</u>	<u>6,270,124</u>
Fines, fees, licenses, and permits:				
Victim's services	18,000	10,376	(7,624)	13,442
Court fines	140,000	138,013	(1,987)	179,007
Duke power fees	660,000	661,873	1,873	652,382
Certification fees	3,000	3,565	565	3,700
Franchise fees	98,075	114,460	16,385	132,687
Privilege licenses	2,135,000	2,154,934	19,934	2,328,188
Building permits	65,000	66,372	1,372	87,663
Payments in lieu of taxes	495,000	495,605	605	685,465
Total fines, fees, licenses, and permits	<u>3,614,075</u>	<u>3,645,198</u>	<u>31,123</u>	<u>4,082,534</u>
Intergovernmental revenues:				
State shared revenue	185,000	194,944	9,944	192,576
Merchants inventory	70,000	71,687	1,687	71,687
Accommodations tax	55,000	60,300	5,300	60,465
Exemption	108,000	108,793	793	138,387
County note payments	50,507	50,000	(507)	50,000
Total intergovernmental	<u>468,507</u>	<u>485,724</u>	<u>17,217</u>	<u>513,115</u>



CITY OF LANCASTER, SOUTH CAROLINA

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Revenues (continued):				
Charges for services:				
Lot clearing	\$ 10,000	\$ 12,718	\$ 2,718	\$ 17,773
Fire protection contracts	180,000	187,522	7,522	34,699
School guards	71,000	73,303	2,303	51,642
See Lancaster	-	-	-	-
Performing arts	-	-	-	-
Total charges for services	<u>261,000</u>	<u>273,543</u>	<u>12,543</u>	<u>104,114</u>
Grants	-	3,000	3,000	10,000
Interest	<u>140,000</u>	<u>162,806</u>	<u>22,806</u>	<u>81,643</u>
Other revenues:				
Insurance proceeds	40,000	42,043	2,043	27,038
Sale of assets	11,600	10,368	(1,232)	-
Police revenues	25,000	30,976	5,976	27,934
Miscellaneous	22,000	35,799	13,799	163,362
Donations	10,000	5,000	(5,000)	23,144
Cemetery fees	10,000	9,350	(650)	6,600
Planning and zoning	2,000	3,800	1,800	2,490
Total other	<u>120,600</u>	<u>137,336</u>	<u>16,736</u>	<u>250,568</u>
Total revenues	<u>10,936,420</u>	<u>11,390,867</u>	<u>454,447</u>	<u>11,312,098</u>
Expenditures:				
General administration:				
Mayor and council:				
Personnel services	79,436	78,510	926	74,601
Operating expenses	<u>35,300</u>	<u>20,102</u>	<u>15,198</u>	<u>24,176</u>
Total mayor and council	<u>114,736</u>	<u>98,612</u>	<u>16,124</u>	<u>98,777</u>



CITY OF LANCASTER, SOUTH CAROLINA

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Expenditures (continued):				
General administration (continued):				
City administrator:				
Personnel services	\$ 219,370	\$ 207,469	\$ 11,901	\$ 228,733
Operating expenses	22,290	16,875	5,415	15,678
Total city administrator	<u>241,660</u>	<u>224,344</u>	<u>17,316</u>	<u>244,411</u>
Building and grounds maintenance:				
Personnel services	96,423	93,772	2,651	102,038
Operating expenses	<u>65,750</u>	<u>54,375</u>	<u>11,375</u>	<u>27,379</u>
Total building and grounds maintenance	<u>162,173</u>	<u>148,147</u>	<u>14,026</u>	<u>129,417</u>
Human resources:				
Personnel services	189,346	182,329	7,017	187,206
Operating expenses	<u>138,105</u>	<u>89,172</u>	<u>48,933</u>	<u>91,306</u>
Total human resources	<u>327,451</u>	<u>271,501</u>	<u>55,950</u>	<u>278,512</u>
Finance:				
Personnel services	188,924	175,388	13,536	181,008
Operating expenses	<u>26,650</u>	<u>23,015</u>	<u>3,635</u>	<u>19,915</u>
Total finance	<u>215,574</u>	<u>198,403</u>	<u>17,171</u>	<u>200,923</u>
Information technology:				
Personnel services	143,956	141,020	2,936	135,617
Operating expenses	<u>683,270</u>	<u>486,454</u>	<u>196,816</u>	<u>313,532</u>
Total information technology	<u>827,226</u>	<u>627,474</u>	<u>199,752</u>	<u>449,149</u>
Legal services:				
Personnel services	37,286	36,672	614	15,847
Operating expenses	<u>12,150</u>	<u>6,933</u>	<u>5,217</u>	<u>19,690</u>
Total legal services	<u>49,436</u>	<u>43,605</u>	<u>5,831</u>	<u>35,537</u>
General expense:				
Personnel services	932,000	696,805	235,195	712,281
Operating expenses	<u>1,054,050</u>	<u>848,934</u>	<u>205,116</u>	<u>839,038</u>
Total general expense	<u>1,986,050</u>	<u>1,545,739</u>	<u>440,311</u>	<u>1,551,319</u>



CITY OF LANCASTER, SOUTH CAROLINA

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Expenditures (continued):				
General administration (continued):				
Administrative services:				
Personnel services	\$ -	\$ (3,305)	\$ 3,305	\$ 169,127
Operating expenses	-	-	-	18,717
Total administrative services	-	(3,305)	3,305	187,844
Total general administration	3,924,306	3,154,520	769,786	3,175,889
Public safety:				
Police:				
Personnel services	2,664,389	2,351,470	312,919	2,096,378
Operating expenses	408,390	371,072	37,318	336,107
Capital outlay	18,000	5,952	12,048	28,618
Total police	3,090,779	2,728,494	362,285	2,461,103
Victims' services:				
Personnel services	21,477	20,819	658	20,071
Operating expenses	4,500	2,350	2,150	4,294
Total victims' services	25,977	23,169	2,808	24,365
Judiciary:				
Personnel services	253,904	250,321	3,583	189,279
Operating expenses	137,800	117,976	19,824	142,846
Total judiciary	391,704	368,297	23,407	332,125
Fire:				
Personnel services	1,620,303	1,505,056	115,247	1,364,982
Operating expenses	145,250	114,994	30,256	120,979
Total fire	1,765,553	1,620,050	145,503	1,485,961
Total public safety	5,274,013	4,740,010	534,003	4,303,554



CITY OF LANCASTER, SOUTH CAROLINA

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Expenditures (continued):				
Public works:				
Street division:				
Personnel services	\$ 333,695	\$ 315,121	\$ 18,574	\$ 299,950
Operating expenses	487,450	469,164	18,286	429,949
Total street division	<u>821,145</u>	<u>784,285</u>	<u>36,860</u>	<u>729,899</u>
Vehicle maintenance:				
Personnel services	68,205	66,129	2,076	80,598
Operating expenses	51,300	40,839	10,461	38,330
Total vehicle maintenance	<u>119,505</u>	<u>106,968</u>	<u>12,537</u>	<u>118,928</u>
Total public works	<u>940,650</u>	<u>891,253</u>	<u>49,397</u>	<u>848,827</u>
Code enforcement:				
Personnel services	214,497	211,547	2,950	190,058
Operating expenses	64,500	54,108	10,392	47,953
Total code enforcement	<u>278,997</u>	<u>265,655</u>	<u>13,342</u>	<u>238,011</u>
Parks and playgrounds:				
Operating expenses	<u>193,300</u>	<u>147,065</u>	<u>46,235</u>	<u>129,444</u>
Community service:				
Other community services:				
Operating expenses	214,500	134,784	79,716	86,478
Total other community services	<u>214,500</u>	<u>134,784</u>	<u>79,716</u>	<u>86,478</u>
See Lancaster:				
Personnel services	51,764	49,704	2,060	47,616
Operating expenses	22,915	17,807	5,108	16,386
Total See Lancaster	<u>74,679</u>	<u>67,511</u>	<u>7,168</u>	<u>64,002</u>
Total community service	<u>289,179</u>	<u>202,295</u>	<u>86,884</u>	<u>150,480</u>
Debt service:				
Principal	185,240	185,228	12	181,459
Interest and fees	7,460	6,656	804	9,181
Total debt service	<u>192,700</u>	<u>191,884</u>	<u>816</u>	<u>190,640</u>



CITY OF LANCASTER, SOUTH CAROLINA

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Expenditures (continued):				
Capital improvements:				
Capital outlay	\$ 631,000	\$ 618,852	\$ 12,148	\$ 224,184
Total expenditures	11,724,145	10,211,534	1,512,611	9,261,029
Excess of revenues over (under) expenditures	(787,725)	1,179,333	1,967,058	2,051,069
Other financing sources (uses):				
Fund balance appropriated	787,725	-	(787,725)	-
Total other financing sources	787,725	-	(787,725)	-
Excess of revenues and other sources over (under) expenditures	\$ -	1,179,333	\$ 1,179,333	2,051,069
Beginning of year, July 1		10,242,273		8,191,204
End of year, June 30		\$ 11,421,606		\$ 10,242,273



Schedule 9

CITY OF LANCASTER, SOUTH CAROLINA

Hospitality Tax Fund
Comparative Balance Sheets

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 100	\$ 350
Receivables:		
Taxes - other	82,543	81,081
Restricted assets	1,009,216	709,785
Total assets	<u>\$ 1,091,859</u>	<u>\$ 791,216</u>
Liabilities and fund balances		
Accounts payable and accrued expenses	\$ 874	\$ 1,755
Compensated absences payable	596	731
Due to other funds	14,808	7,137
Prepaid Performing Arts revenue	5,000	-
Total liabilities	<u>21,278</u>	<u>9,623</u>
Fund balances:		
Restricted	1,070,581	781,593
Total fund balances	<u>1,070,581</u>	<u>781,593</u>
Total liabilities and fund balances	<u>\$ 1,091,859</u>	<u>\$ 791,216</u>



CITY OF LANCASTER, SOUTH CAROLINA

Hospitality Tax Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019			Variance Positive (Negative)	2018
	Original Budget	Final Budget	Actual		Actual
Revenues					
Taxes	\$ 862,145	\$ 862,145	\$ 956,197	\$ 94,052	\$ 917,479
Charges for services	95,000	95,000	80,072	(14,928)	95,616
Interest	500	500	465	(35)	344
Grants	100,000	103,200	6,700	(96,500)	-
Miscellaneous	10,000	10,000	14,058	4,058	12,296
Total revenues	<u>1,067,645</u>	<u>1,070,845</u>	<u>1,057,492</u>	<u>(13,353)</u>	<u>1,025,735</u>
Expenditures					
Current:					
General administration	<u>1,092,645</u>	<u>1,095,845</u>	<u>768,504</u>	<u>327,341</u>	<u>864,053</u>
Total expenditures	<u>1,092,645</u>	<u>1,095,845</u>	<u>768,504</u>	<u>327,341</u>	<u>864,053</u>
Excess of revenues over (under) expenditures	<u>(25,000)</u>	<u>(25,000)</u>	<u>288,988</u>	<u>313,988</u>	<u>161,682</u>
Other financing sources					
Fund balance appropriated	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
Total other financing sources	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>288,988</u>	<u>\$ 288,988</u>	<u>161,682</u>
Beginning of year, July 1			<u>781,593</u>		<u>619,911</u>
End of year, June 30			<u>\$ 1,070,581</u>		<u>\$ 781,593</u>



CITY OF LANCASTER, SOUTH CAROLINACombining Balance Sheet
Nonmajor Governmental Funds

June 30, 2019

	<u>E911</u>	<u>Southside Project</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 68,795	\$ 28,415	\$ 97,210
Receivables:			
Mortgages	-	4,940	4,940
Other	6,096	-	6,096
Total assets	<u>\$ 74,891</u>	<u>\$ 33,355</u>	<u>\$ 108,246</u>
Liabilities and fund balances			
Liabilities:			
Fund balances			
Restricted:			
E911	74,891	-	74,891
Southside Housing	-	33,355	33,355
Total fund balances	<u>74,891</u>	<u>33,355</u>	<u>108,246</u>
Total liabilities and fund balances	<u>\$ 74,891</u>	<u>\$ 33,355</u>	<u>\$ 108,246</u>



CITY OF LANCASTER, SOUTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds

Year ended June 30, 2019

	<u>E911</u>	<u>Southside Project</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues			
Interest	\$ -	\$ 224	\$ 224
Other	37,982	-	37,982
Total revenues	<u>37,982</u>	<u>224</u>	<u>38,206</u>
Expenditures			
Current:			
Public safety	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	37,982	224	38,206
Fund balance - beginning	<u>36,909</u>	<u>33,131</u>	<u>70,040</u>
Fund balance - ending	<u>\$ 74,891</u>	<u>\$ 33,355</u>	<u>\$ 108,246</u>



CITY OF LANCASTER, SOUTH CAROLINA

E911

Comparative Balance Sheets

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 68,795	\$ 30,099
Other receivables	6,096	6,810
Total assets	<u>\$ 74,891</u>	<u>\$ 36,909</u>
Liabilities and fund balance		
Liabilities:		
Fund balances:		
Restricted	74,891	36,909
Total fund balances	<u>74,891</u>	<u>36,909</u>
Total liabilities and fund balance	<u>\$ 74,891</u>	<u>\$ 36,909</u>



CITY OF LANCASTER, SOUTH CAROLINA

E911

Comparative Statements of Revenues, Expenditures and Changes in Fund Balance*For the Fiscal Years Ended June 30, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
Revenues		
Other	\$ 37,982	\$ 41,208
Total revenues	<u>37,982</u>	<u>41,208</u>
Expenditures		
Current:		
Public safety	-	43,801
Total expenditures	<u>-</u>	<u>43,801</u>
Net change in fund balances	37,982	(2,593)
Beginning of year, July 1	<u>36,909</u>	<u>39,502</u>
End of year, June 30	<u>\$ 74,891</u>	<u>\$ 36,909</u>



CITY OF LANCASTER, SOUTH CAROLINASouthside Project
Comparative Balance Sheets*June 30, 2019 and 2018*

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 28,415	\$ 24,770
Mortgages	4,940	8,361
Total assets	<u>\$ 33,355</u>	<u>\$ 33,131</u>
Liabilities and fund balances		
Fund balances:		
Restricted	33,355	33,131
Total fund balances	<u>33,355</u>	<u>33,131</u>
Total liabilities and fund balances	<u>\$ 33,355</u>	<u>\$ 33,131</u>



CITY OF LANCASTER, SOUTH CAROLINA

Southside Project

Comparative Statements of Revenues, Expenditures and Changes in Fund Balance

For the Fiscal Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenues		
Interest	\$ 224	\$ 324
Total revenues	<u>224</u>	<u>324</u>
Expenditures		
Current:		
General administration	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Net change in fund balances	224	324
Beginning of year, July 1	<u>33,131</u>	<u>32,807</u>
End of year, June 30	<u>\$ 33,355</u>	<u>\$ 33,131</u>



ENTERPRISE FUNDS



CITY OF LANCASTER, SOUTH CAROLINA

Gross Revenue Fund
Comparative Balance Sheets

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 4,093,532	\$ 955,318
Receivables:		
Water and sewer	706,007	590,150
Other	345,328	941,844
Due from Hospitality Tax Fund	-	107
Inventory	125,942	191,598
Total current assets	<u>5,270,809</u>	<u>2,679,017</u>
Restricted assets		
Customer deposits	273,424	264,165
Bond depreciation account	2,008,741	1,581,567
Bond contingency account	774,919	397,349
Bond debt service and reserve account	660,734	644,799
Total restricted assets	<u>3,717,818</u>	<u>2,887,880</u>
Capital assets (net, where applicable, of accumulated depreciation)	<u>32,319,358</u>	<u>29,981,666</u>
Total noncurrent assets	<u>36,037,176</u>	<u>32,869,546</u>
Total assets	<u>41,307,985</u>	<u>35,548,563</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	140,783	512,871
Compensated absences payable	15,901	14,700
Current portion of long-term debt	664,413	553,904
Capital leases payable - current	291,133	270,824
Customer deposits	273,424	264,165
Due to General Fund	422,312	414,808
Due to Solid Waste Fund	14,389	3,130
Total current liabilities	<u>1,822,355</u>	<u>2,034,402</u>
Noncurrent liabilities		
Compensated absences payable	79,504	73,499
Revenue bonds and notes payable	8,115,997	5,178,361
Capital leases payable - long-term	393,327	684,460
Total noncurrent liabilities	<u>8,588,828</u>	<u>5,936,320</u>
Total liabilities	<u>10,411,183</u>	<u>7,970,722</u>
Net position		
Net investment in capital assets	22,854,488	23,294,118
Restricted for debt payments	3,444,394	2,623,715
Unrestricted	4,597,920	1,660,008
Total net position	<u>\$ 30,896,802</u>	<u>\$ 27,577,841</u>



CITY OF LANCASTER, SOUTH CAROLINA

Gross Revenue Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Revenues				
Water and sewer charges	\$ 7,678,200	\$ 7,837,888	\$ 159,688	\$ 6,352,764
Water penalties	267,500	270,061	2,561	254,904
Tap fees	10,000	10,750	750	42,330
Interest income	115,000	118,214	3,214	52,063
Other	55,000	61,055	6,055	66,986
Total revenues	<u>8,125,700</u>	<u>8,297,968</u>	<u>172,268</u>	<u>6,769,047</u>
Expenditures				
Public works administration:				
Salaries and employee benefits	109,131	107,123	2,008	138,053
Clothing	750	626	124	390
Vehicle maintenance	2,200	2,099	101	1,264
Communications	144,600	119,699	24,901	153,206
Utilities	70,500	70,225	275	55,745
Repairs and maintenance	450	333	117	-
Special contracts	1,500	265	1,235	22
Materials and supplies	6,800	5,867	933	4,886
Miscellaneous	7,700	4,774	2,926	3,031
Total public works administration	<u>343,631</u>	<u>311,011</u>	<u>32,620</u>	<u>356,597</u>
Water service:				
Salaries and employee benefits	316,797	280,408	36,389	307,674
Clothing	9,280	4,264	5,016	4,241
Vehicle maintenance	84,500	68,929	15,571	60,460
Communications	500	30	470	5,481
Repairs and maintenance	50,750	50,732	18	11,645
Special contracts	145,500	127,807	17,693	155,978
Materials and supplies	161,950	161,779	171	199,385
Miscellaneous	703,375	693,525	9,850	641,687
Total water service	<u>1,472,652</u>	<u>1,387,474</u>	<u>85,178</u>	<u>1,386,551</u>



CITY OF LANCASTER, SOUTH CAROLINA

Gross Revenue Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Expenditures (continued):				
Utility billing:				
Salaries and employee benefits	\$ 137,644	\$ 135,046	\$ 2,598	\$ 134,609
Communications	3,000	1,390	1,610	6,462
Repairs and maintenance	600	52	548	-
Special contracts	67,950	65,732	2,218	51,093
Materials and supplies	6,200	3,389	2,811	3,786
Miscellaneous	3,500	1,981	1,519	1,213
Total utility billing	<u>218,894</u>	<u>207,590</u>	<u>11,304</u>	<u>197,163</u>
Wastewater treatment:				
Salaries and employee benefits	206,417	187,326	19,091	169,090
Clothing	3,990	3,876	114	3,908
Vehicle maintenance	23,000	18,603	4,397	11,783
Communications	50	14	36	8,420
Utilities	264,250	262,587	1,663	223,828
Repairs and maintenance	185,150	151,978	33,172	106,340
Special contracts	27,000	26,778	222	18,069
Materials and supplies	32,900	25,388	7,512	92,090
Miscellaneous	424,215	418,598	5,617	347,802
Total wastewater treatment	<u>1,166,972</u>	<u>1,095,148</u>	<u>71,824</u>	<u>981,330</u>
Wastewater collection:				
Salaries and employee benefits	548,047	527,027	21,020	482,040
Clothing	8,300	8,235	65	4,422
Vehicle maintenance	98,800	65,273	33,527	101,901
Communications	-	-	-	2,435
Repairs and maintenance	32,000	1,544	30,456	15,626
Special contracts	6,000	5,322	678	5,398
EPA Compliance	791,500	5,000	786,500	17,867
Materials and supplies	101,750	89,990	11,760	99,013
Miscellaneous	9,450	3,818	5,632	3,514
Total wastewater collection	<u>1,595,847</u>	<u>706,209</u>	<u>889,638</u>	<u>732,216</u>



CITY OF LANCASTER, SOUTH CAROLINA

Gross Revenue Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Expenditures (continued):				
General:				
Communications	\$ -	\$ -	\$ -	\$ 21,006
Insurance	257,000	219,208	37,792	230,419
Repairs and maintenance	39,000	455	38,545	6,511
Special contracts	45,000	21,074	23,926	42,134
Miscellaneous	1,436,550	340,919	1,095,631	353,668
Total general	<u>1,777,550</u>	<u>581,656</u>	<u>1,195,894</u>	<u>653,738</u>
Vehicle maintenance:				
Salaries and employee benefits	<u>61,371</u>	<u>56,168</u>	<u>5,203</u>	<u>48,224</u>
Building and grounds maintenance:				
Salaries and employee benefits	<u>52,038</u>	<u>47,268</u>	<u>4,770</u>	<u>53,776</u>
Information technology:				
Salaries and employee benefits	49,973	48,156	1,817	45,234
Repairs and maintenance	141,800	108,845	32,955	-
Total information technology	<u>191,773</u>	<u>157,001</u>	<u>34,772</u>	<u>45,234</u>
Debt service:				
Principal payments	3,005,414	824,728	2,180,686	495,238
Interest	129,190	111,278	17,912	110,608
Total debt service	<u>3,134,604</u>	<u>936,006</u>	<u>2,198,598</u>	<u>605,846</u>
Capital outlay	<u>3,661,400</u>	<u>3,523,999</u>	<u>137,401</u>	<u>5,860,066</u>
Total expenditures	<u>13,676,732</u>	<u>9,009,530</u>	<u>4,667,202</u>	<u>10,920,741</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,551,032)</u>	<u>(711,562)</u>	<u>4,839,470</u>	<u>(4,151,694)</u>
Other financing sources (uses)				
Fund balance appropriated	1,443,782	-	(1,443,782)	-
Loan proceeds	3,302,750	3,652,793	350,043	1,971,406
Capital grant income	804,500	863,062	58,562	4,138,210
Total other financing sources (uses)	<u>5,551,032</u>	<u>4,515,855</u>	<u>(1,035,177)</u>	<u>6,109,616</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 3,804,293</u>	<u>\$ 3,804,293</u>	<u>\$ 1,957,922</u>



CITY OF LANCASTER, SOUTH CAROLINA

Gross Revenue Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:		
Revenues and other sources over (under) expenditures	\$ 3,804,293	\$ 1,957,922
Payment of debt principal	824,728	495,238
Loan proceeds	(3,652,793)	(1,971,406)
Insurance proceeds and other	5,041	1,729
Depreciation and amortization	(1,186,307)	(1,343,079)
Capital outlay	3,523,999	5,860,066
	<u>\$ 3,318,961</u>	<u>\$ 5,000,470</u>
Change in net position per full accrual basis - Exhibit H		



CITY OF LANCASTER, SOUTH CAROLINA

Gross Revenue Fund
Comparative Statement of Cash Flows

For the Fiscal Years Ended June 30, 2019 and 2018

	2019	2018
Operating activities		
Cash received from customers	\$ 8,660,413	\$ 5,912,460
Cash paid to employees	(1,381,316)	(1,380,886)
Cash paid to suppliers	(3,467,435)	(2,520,648)
Net cash provided by operating activities	<u>3,811,662</u>	<u>2,010,926</u>
Noncapital financing activities		
Due to other funds	18,870	(61,380)
Customer deposits	9,259	20,359
Net cash provided by (used in) noncapital activities	<u>28,129</u>	<u>(41,021)</u>
Capital and related financing activities		
Loan proceeds	3,652,793	1,971,406
Proceeds from capital grants	863,062	4,138,210
Insurance proceeds	1,194	1,731
Proceeds from sale of capital assets	3,847	-
Acquisition of capital assets	(3,523,999)	(5,860,066)
Principal paid on capital leases	(270,824)	(251,577)
Principal paid on bond and note maturities	(604,648)	(495,260)
Interest and bond fees	(111,278)	(110,608)
Net cash provided by (used in) capital and related financing activities	<u>10,147</u>	<u>(606,164)</u>
Investing activities		
Interest on investments	118,214	52,063
Net cash provided by investing activities	<u>118,214</u>	<u>52,063</u>
Net increase in cash and cash equivalents/investments	3,968,152	1,415,804
Cash and cash equivalents/investments		
Beginning of year	3,843,198	2,427,394
End of year	<u>\$ 7,811,350</u>	<u>\$ 3,843,198</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income (loss)	\$ 2,443,922	\$ 919,076
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,186,307	1,343,079
Change in assets and liabilities		
Accounts receivable	480,659	(804,524)
Inventory	65,656	109,569
Accounts payable and accrued expenses	(372,088)	445,912
Compensated absences	7,206	(2,186)
Total adjustments	<u>1,367,740</u>	<u>1,091,850</u>
Net cash provided by operating activities	<u>\$ 3,811,662</u>	<u>\$ 2,010,926</u>

See notes to financial statements.



CITY OF LANCASTER, SOUTH CAROLINA

Solid Waste Fund
Comparative Balance Sheets

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,098,762	\$ 1,527,654
Receivables:		
Garbage and trash	118,579	112,673
Roll-off containers	28,447	25,032
Other	256,756	175,218
Due from other funds	14,389	3,130
Total current assets	<u>2,516,933</u>	<u>1,843,707</u>
Capital assets (net, where applicable, of accumulated depreciation)	2,093,805	1,944,895
Total noncurrent assets	<u>2,093,805</u>	<u>1,944,895</u>
Total assets	<u>4,610,738</u>	<u>3,788,602</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	22,613	29,870
Compensated absences payable	9,229	10,319
Capital leases payable - current	125,503	161,684
Due to General Fund	355,906	137,113
Total current liabilities	<u>513,251</u>	<u>338,986</u>
Noncurrent liabilities		
Compensated absences payable	46,144	51,598
Capital leases payable - long-term	285,963	411,466
Total noncurrent liabilities	<u>332,107</u>	<u>463,064</u>
Total liabilities	<u>845,358</u>	<u>802,050</u>
Net position		
Net investment in capital assets	1,682,339	1,371,745
Unrestricted	2,083,041	1,614,807
Total net position	<u>\$ 3,765,380</u>	<u>\$ 2,986,552</u>



CITY OF LANCASTER, SOUTH CAROLINA

Solid Waste Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Revenues				
Garbage fees	\$ 1,350,000	\$ 1,369,812	\$ 19,812	\$ 1,308,720
Roll-off containers	215,000	219,265	4,265	164,484
Recycling sales	25,000	26,909	1,909	57,425
Transfer station	1,135,000	1,172,209	37,209	1,086,295
Interest	6,000	18,880	12,880	10,047
Other	356,000	2,489	(353,511)	71
Total revenues	<u>3,087,000</u>	<u>2,809,564</u>	<u>(277,436)</u>	<u>2,627,042</u>
Expenditures				
General:				
Salaries and employee benefits	81,009	79,589	1,420	78,678
Insurance	157,000	147,987	9,013	151,393
Repairs and maintenance	90,000	-	90,000	-
Special contracts	6,500	6,262	238	4,886
Utilities	36,000	35,426	574	32,092
Miscellaneous	104,150	100,950	3,200	99,809
Total general	<u>474,659</u>	<u>370,214</u>	<u>104,445</u>	<u>366,858</u>
Administrative:				
Clothing	400	20	380	156
Vehicle maintenance	2,350	1,774	576	3,538
Communications	1,200	754	446	3,143
Special contracts	1,000	597	403	572
Materials and supplies	12,800	9,695	3,105	1,259
Miscellaneous	1,750	415	1,335	703
Total administrative	<u>19,500</u>	<u>13,255</u>	<u>6,245</u>	<u>9,371</u>
Vehicle maintenance:				
Salaries and employee benefits	<u>119,900</u>	<u>112,336</u>	<u>7,564</u>	<u>96,448</u>
Residential garbage:				
Salaries and employee benefits	289,219	247,833	41,386	213,091
Clothing	4,000	3,117	883	2,340
Communications	-	-	-	630
Vehicle maintenance	120,000	85,841	34,159	102,845
Materials and supplies	6,000	4,071	1,929	18,264
Miscellaneous	3,500	2,011	1,489	2,283
Total residential garbage	<u>422,719</u>	<u>342,873</u>	<u>79,846</u>	<u>339,453</u>



CITY OF LANCASTER, SOUTH CAROLINA

Solid Waste Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Expenditures (continued):				
Recycling:				
Salaries and employee benefits	\$ 71,771	\$ 54,465	\$ 17,306	\$ 51,928
Clothing	900	508	392	326
Vehicle maintenance	37,000	36,799	201	25,518
Communications	500	5	495	24
Materials and supplies	20,000	13,501	6,499	37,155
Miscellaneous	4,000	2,171	1,829	2,349
Total recycling	<u>134,171</u>	<u>107,449</u>	<u>26,722</u>	<u>117,300</u>
Commerical garbage:				
Salaries and employee benefits	138,868	65,301	73,567	95,731
Clothing	1,500	653	847	366
Vehicle maintenance	107,000	70,429	36,571	61,638
Special contracts	135,000	115,818	19,182	103,246
Materials and supplies	30,400	26,097	4,303	20,576
Miscellaneous	1,100	129	971	-
Total commercial garbage	<u>413,868</u>	<u>278,427</u>	<u>135,441</u>	<u>281,557</u>
Transfer station:				
Salaries and employee benefits	376,502	317,586	58,916	301,140
Clothing	3,200	2,419	781	1,597
Vehicle maintenance	310,750	309,553	1,197	310,097
Communications	-	-	-	737
Special contracts	16,000	10,065	5,935	42,003
Materials and supplies	7,000	4,694	2,306	3,789
Miscellaneous	2,000	1,202	798	840
Total transfer station	<u>715,452</u>	<u>645,519</u>	<u>69,933</u>	<u>660,203</u>
Information technology	<u>54,950</u>	<u>45,919</u>	<u>9,031</u>	<u>27,574</u>
Building and grounds maintenance:				
Salaries and employee benefits	<u>55,339</u>	<u>51,037</u>	<u>4,302</u>	<u>50,006</u>



CITY OF LANCASTER, SOUTH CAROLINA**Solid Waste Fund****Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)***For the Fiscal Year Ended June 30, 2019**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)*

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Expenditures (continued):				
Debt service:				
Principal	\$ 161,715	\$ 161,684	\$ 31	\$ 89,054
Interest	9,635	4,082	5,553	9,030
Total debt service	<u>171,350</u>	<u>165,766</u>	<u>5,584</u>	<u>98,084</u>
Capital outlay	<u>568,000</u>	<u>565,634</u>	<u>2,366</u>	<u>566,172</u>
Total expenditures	<u>3,149,908</u>	<u>2,698,429</u>	<u>451,479</u>	<u>2,613,026</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,908)</u>	<u>111,135</u>	<u>174,043</u>	<u>14,016</u>
Other financing sources (uses)				
Fund balance appropriated	62,908	-	(62,908)	-
Proceeds from capital lease	-	-	-	433,000
Total other financing uses	<u>62,908</u>	<u>-</u>	<u>(62,908)</u>	<u>433,000</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 111,135</u>	<u>\$ 111,135</u>	<u>\$ 447,016</u>
			2019	2018
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Revenues and other sources over expenditures			\$ 111,135	\$ 447,016
Payment of debt principal			161,684	89,054
Insurance proceeds and other			20,575	44,128
Proceeds from settlement			335,000	
Proceeds from capital lease			-	(433,000)
Depreciation and amortization			(415,200)	(358,666)
Capital outlay			<u>565,634</u>	<u>566,172</u>
Change in net position per full accrual basis - Exhibit H			<u>\$ 778,828</u>	<u>\$ 354,704</u>



CITY OF LANCASTER, SOUTH CAROLINA

Schedule 22

Solid Waste Fund
Comparative Statement of Cash Flows

For the Fiscal Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating activities		
Cash received from customers	\$ 2,699,825	\$ 2,560,188
Cash paid to employees	(934,691)	(882,848)
Cash paid to suppliers	(1,046,139)	(1,043,645)
Net cash provided by operating activities	<u>718,995</u>	<u>633,695</u>
Noncapital financing activities		
Due from other funds	(4,336)	(4,336)
Due to other funds	211,870	85,725
Net cash provided by noncapital activities	<u>207,534</u>	<u>81,389</u>
Capital and related financing activities		
Insurance proceeds and other	15,066	44,129
Proceeds from settlement	335,000	-
Proceeds from sale of capital assets	7,033	-
Acquisition of capital assets	(565,634)	(133,172)
Principal paid on capital leases	(161,684)	(89,055)
Interest and bond fees	(4,082)	(9,030)
Net cash used in capital and related financing activities	<u>(374,301)</u>	<u>(187,128)</u>
Investing activities		
Interest on investments	18,880	10,047
Net cash provided by investing activities	<u>18,880</u>	<u>10,047</u>
Net increase in cash and cash equivalents/investments	571,108	538,003
Cash and cash equivalents/investments		
Beginning of year	<u>1,527,654</u>	<u>989,651</u>
End of year	<u>\$ 2,098,762</u>	<u>\$ 1,527,654</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 408,455	\$ 309,559
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	415,200	358,666
Change in assets and liabilities		
Accounts receivable	(90,859)	(56,807)
Accounts payable and accrued expenses	(7,257)	18,103
Compensated absences	(6,544)	4,174
Total adjustments	<u>310,540</u>	<u>324,136</u>
Net cash provided by operating activities	<u>\$ 718,995</u>	<u>\$ 633,695</u>
Noncash capital activity		
Purchase of capital assets with capital lease	<u>\$ -</u>	<u>\$ 433,000</u>



FIDUCIARY FUND



CITY OF LANCASTER, SOUTH CAROLINA

Fiduciary Fund Type- Agency Fund- Firemen's Fund

Comparative Statement of Fiduciary Net Position

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and temporary investments	\$ 38,836	\$ 32,332
Total assets	<u>\$ 38,836</u>	<u>\$ 32,332</u>
Liabilities		
Due to firemen's association	\$ 38,836	\$ 32,332
Total liabilities	<u>\$ 38,836</u>	<u>\$ 32,332</u>



CITY OF LANCASTER, SOUTH CAROLINA

Statement of Changes in Fiduciary Assets and Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2019

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2019</u>
Firemen's Fund				
Assets				
Cash and temporary investments	\$ 32,332	\$ 18,156	\$ 11,652	\$ 38,836
Total assets	<u>\$ 32,332</u>	<u>\$ 18,156</u>	<u>\$ 11,652</u>	<u>\$ 38,836</u>
Liabilities				
Due to firemen's association	\$ 32,332	\$ 18,156	\$ 11,652	\$ 38,836
Total liabilities	<u>\$ 32,332</u>	<u>\$ 18,156</u>	<u>\$ 11,652</u>	<u>\$ 38,836</u>



OTHER FINANCIAL INFORMATION SECTION



CITY OF LANCASTER, SOUTH CAROLINASchedule of Debt Coverage
Gross Revenue Fund*For the Fiscal Year Ended June 30, 2019*

Operating revenues	<u>\$ 8,179,754</u>
Operating expenses (including depreciation)	5,047,075
Contract with Lancaster Water and Sewer District	<u>688,757</u>
Total operating expenses	<u>5,735,832</u>
Nonoperating revenues (expenses):	
Interest income	118,214
Interest expense and bond fees	(111,278)
Insurance proceeds	1,194
Gain on sale of capital assets	<u>3,847</u>
Total nonoperating revenue	<u>11,977</u>
Net income	<u>2,455,899</u>
Add:	
Depreciation allowance	1,186,307
Interest and fees on bonds	<u>111,278</u>
Total additions	<u>1,297,585</u>
Net earnings	<u>\$ 3,753,484</u>
Debt service requirements	<u>\$ 759,205</u>
Debt coverage ratio	<u>4.94</u>

(1.2 debt coverage required by the 2003 State Revolving Loan)



CITY OF LANCASTER, SOUTH CAROLINA*Analysis of Victims' Services
For the Fiscal Year Ended June 30, 2019*

Funds available for the year ended June 30, 2018	\$ -
Victims' percentage of assessments	<u>10,376</u>
Total revenues	10,376
Actual expenditures	<u>(23,477)</u>
Grant and assessment receipts under expenditures	<u>(13,101)</u>
Funds available for the year ended June 30, 2019	<u>\$ (13,101)</u>



CITY OF LANCASTER, SOUTH CAROLINA

Schedule of Victims' Fines, Assessments and Fees Collected

For the Fiscal Year Ended June 30, 2019

	Retained By City			Remitted to State			Total Collected
	Victim Assessment	Victim Surcharge	Fines Collected	Assessment	Other Fees	Revenue	
July-18	\$ 503	\$ 353	\$ 4,409	\$ 4,005	\$ 1,778	\$ 80	\$ 11,128
August-18	524	286	4,617	4,174	1,669	166	11,436
September-18	348	179	3,126	2,766	989	69	7,477
October-18	317	295	2,922	2,524	917	83	7,058
November-18	361	202	2,857	2,872	868	110	7,270
December-18	409	153	3,460	3,257	1,081	129	8,489
January-19	521	271	4,811	4,147	2,107	87	11,944
February-19	868	326	7,041	6,911	2,610	192	17,948
March-19	1,272	650	625	10,103	3,586	116	16,352
April-19	632	236	15,171	5,003	1,518	113	22,673
May-19	512	435	4,392	4,043	1,891	86	11,359
June-19	497	226	4,388	3,954	1,487	15	10,567
	<u>\$ 6,764</u>	<u>\$ 3,612</u>	<u>\$ 57,819</u>	<u>\$ 53,759</u>	<u>\$ 20,501</u>	<u>\$ 1,246</u>	<u>\$ 143,701</u>



STATISTICAL SECTION - UNAUDITED

This section of the City of Lancaster, South Carolina's comprehensive annual financial report presents detailed trend and other information as a context for understanding what the information in the basic financial statements, notes to the basic financial statements, required supplementary information and other supplementary information says about the City's overall financial health.

	Pages
Financial Trends Information These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	119 - 123
Revenue Capacity Information These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	124 - 128
Debt Capacity Information These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	129 - 133
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	134 - 135
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	136 - 138





CITY OF LANCASTER, SOUTH CAROLINA

Net Position by Component,
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 10,506,563	\$ 12,066,363	\$ 11,656,059	\$ 14,182,421	\$ 13,868,088	\$ 14,017,881	\$ 14,025,979	\$ 15,440,991	\$ 12,916,897	\$ 12,605,785
Restricted for drug fund	-	-	-	-	97,188	103,533	107,104	117,809	120,996	135,336
Restricted for tourism	1,098,480	1,278,497	1,308,988	422,789	488,230	536,320	488,899	556,937	709,785	1,009,216
Restricted for debt service	-	-	-	-	-	-	-	-	-	-
Restricted for Southside project	-	44,357	29,792	30,573	31,221	31,878	32,389	32,807	33,131	33,355
Restricted for E911	11,558	-	-	-	-	37,548	38,935	39,502	36,909	74,891
Restricted for victims' services	-	-	-	-	-	-	121	-	-	-
Unrestricted	7,895,843	7,688,851	8,836,720	8,808,039	9,684,200	(2,672,112)	(2,492,991)	(3,908,705)	(1,749,385)	(1,106,849)
Total governmental activities net position	19,512,444	21,080,068	21,831,559	23,443,822	24,136,927	12,055,048	12,201,436	12,279,341	12,068,333	12,751,714
Business-type activities										
Net investment in capital assets	\$ 12,867,301	\$ 15,231,207	\$ 16,437,282	\$ 17,150,724	\$ 18,477,800	\$ 18,918,661	\$ 20,371,884	\$ 21,509,883	\$ 24,665,863	\$ 24,536,827
Restricted for debt service	2,057,211	2,081,342	1,818,267	1,916,813	1,845,139	1,847,080	1,496,751	1,441,869	2,623,715	3,444,394
Unrestricted	3,870,984	2,927,088	2,691,169	2,059,948	1,456,644	1,430,175	1,614,858	2,257,467	3,274,815	6,680,961
Total business-type activities net position	\$ 18,795,496	\$ 20,239,647	\$ 20,946,718	\$ 21,127,485	\$ 21,781,583	\$ 22,195,916	\$ 23,683,493	\$ 25,209,219	\$ 30,564,393	\$ 34,662,182
Primary government										
Net investment in capital assets	\$ 23,373,864	\$ 27,299,570	\$ 28,093,341	\$ 31,333,145	\$ 32,343,888	\$ 32,936,542	\$ 34,397,863	\$ 36,950,874	\$ 37,582,760	\$ 37,142,592
Restricted for drug fund	-	-	-	-	97,188	103,533	107,104	117,809	120,996	135,336
Restricted for tourism	1,098,480	1,278,497	1,308,988	422,789	488,230	536,320	488,899	556,937	709,785	1,009,216
Restricted for Southside project	-	-	-	-	-	-	-	-	-	-
Restricted for E911	-	44,357	29,792	30,573	31,221	31,878	32,389	32,807	33,131	33,355
Restricted for debt service	2,057,211	2,081,342	1,818,267	1,916,813	1,845,139	1,847,080	1,496,751	1,441,869	2,623,715	3,444,394
Restricted for victims' services	11,558	-	-	-	-	-	121	-	-	-
Unrestricted	11,772,827	10,615,949	11,527,889	10,867,987	11,142,844	(1,241,937)	(678,135)	(1,651,238)	1,525,430	5,574,112
Total primary government net position	\$ 38,313,940	\$ 41,319,715	\$ 42,778,277	\$ 44,571,307	\$ 45,918,510	\$ 34,250,964	\$ 35,684,929	\$ 37,488,560	\$ 42,632,726	\$ 47,413,896

1 The unrestricted net position for business-type activities for the year ended June 30, 2013 includes a \$33,632 prior period restatement due to the implementation of GASB 65. Prior years net positions reported in this schedule do not reflect the implementation of GASB 65 requirements.

2 The unrestricted net position for governmental activities for year ended June 30, 2018 includes a \$1,140,402 prior period restatement due to the implementation of GASB 75. Prior years net position reported in this schedule do not reflect the implementation of GASB 75 requirements.



CITY OF LANCASTER, SOUTH CAROLINA

Changes in Net Position, Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
General administration	\$ 3,653,829	\$ 3,693,014	\$ 3,933,606	\$ 4,205,847	\$ 4,329,293	\$ 4,771,780	\$ 4,701,706	\$ 5,041,327	\$ 4,487,906	\$ 4,230,149
Public safety	4,482,373	4,848,268	4,587,600	4,562,968	4,938,363	4,973,382	5,057,988	5,028,021	5,054,358	5,322,163
Public works	864,617	909,897	945,278	747,106	881,275	1,307,459	1,148,616	1,207,223	1,144,103	986,661
Code enforcement	187,303	196,393	205,859	161,030	209,902	238,755	248,533	260,213	250,374	265,707
Parks and playgrounds	102,767	134,555	117,349	112,629	114,672	129,114	145,027	191,871	150,326	167,948
Community service	401,993	539,769	125,733	91,784	121,369	135,193	148,002	106,049	150,249	201,192
Interest and fees	52,630	37,216	27,458	26,598	12,539	4,123	13,096	13,621	9,181	6,656
Total governmental activities expense	9,745,512	10,359,112	9,942,893	9,927,362	10,607,413	11,559,807	11,462,968	11,848,325	11,246,497	11,180,476
Business-type activities										
Water and sewer	5,363,105	5,445,120	5,610,577	5,686,101	6,194,613	6,571,781	5,921,348	5,746,927	5,908,516	5,847,113
Solid waste	1,323,073	1,468,507	1,609,897	1,935,024	1,979,594	1,732,674	1,969,888	2,115,237	2,316,466	2,386,310
Total business-type activities expense	6,686,178	6,913,627	7,420,474	7,621,125	8,174,207	8,304,455	7,891,236	7,862,164	8,224,982	8,233,423
Total primary government expenses	\$ 16,431,690	\$ 17,272,739	\$ 17,363,357	\$ 17,548,487	\$ 18,781,620	\$ 19,864,262	\$ 19,354,204	\$ 19,710,489	\$ 19,471,479	\$ 19,413,899
Program revenues										
Governmental activities										
Charges for service:										
General administration	\$ 114,932	\$ 135,530	\$ 279,244	\$ 285,386	\$ 265,641	\$ 293,689	\$ 264,170	\$ 211,992	\$ 238,850	\$ 391,620
Public safety	412,569	401,010	394,443	312,892	328,653	336,102	255,719	270,502	192,449	148,389
Code enforcement	71,498	41,421	66,965	48,269	61,619	36,438	29,120	27,630	87,663	66,372
Community service	117,665	211,984	27,102	(410)						
Operating grants and contributions	586,489	1,657,897	172,877	612,195	105,401	32,680	38,000	111,603	33,144	14,700
Capital grants and contributions	-	-	-	-	12,100	-	790,900	21,925	-	-
Total governmental activities program revenues	1,313,153	2,447,852	942,631	1,258,332	773,614	698,909	1,377,909	643,652	552,106	621,081
Business-type activities										
Water and sewer	5,787,000	5,635,995	5,596,440	5,936,167	6,284,753	6,069,645	6,516,709	6,512,979	6,649,898	8,118,698
Solid waste	1,141,793	1,553,612	1,678,737	1,746,101	1,780,594	2,054,286	1,961,532	2,260,646	2,616,924	2,786,195
Operating grants and contributions	731,674	1,135,749	391,470	-	228,949	84,488	-	490,540	4,138,210	863,062
Capital grants and contributions	7,660,457	8,325,356	7,666,647	7,682,268	8,294,296	8,208,419	8,478,241	9,284,165	13,405,132	11,769,955
Total business-type activities program revenues	8,973,620	10,773,208	8,605,278	8,940,600	9,067,910	8,907,328	9,856,150	9,907,817	13,957,238	12,391,036



CITY OF LANCASTER, SOUTH CAROLINA

Changes in Net Position, Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (expense)/revenue										
Governmental activities	\$ (8,432,359)	\$ (7,911,260)	\$ (9,000,252)	\$ (8,669,030)	\$ (9,633,799)	\$ (10,860,888)	\$ (10,085,059)	\$ (11,204,673)	\$ (10,694,391)	\$ (10,556,395)
Business-type activities	974,289	1,417,729	246,173	61,143	120,089	(96,036)	587,005	1,402,001	5,190,150	3,536,532
Total primary government net expense	<u>(7,458,070)</u>	<u>(6,493,531)</u>	<u>(8,754,079)</u>	<u>(8,607,887)</u>	<u>(9,713,710)</u>	<u>(10,956,924)</u>	<u>(9,498,054)</u>	<u>(9,802,672)</u>	<u>(5,514,241)</u>	<u>(7,022,863)</u>
General revenues and other changes in net position										
Governmental activities	4,897,937	5,064,683	5,410,709	5,575,802	5,691,746	5,699,301	5,817,640	5,766,751	5,803,156	5,563,462
Ad valorem taxes	3,960,039	3,955,793								
Other taxes and licenses			359,431	375,588	387,246	397,799	412,879	440,819	430,896	370,093
Property tax			1,233,425	1,221,374	1,270,638	1,329,261	1,458,985	1,573,470	1,618,753	1,778,829
Sales tax			1,547,204	1,922,319	1,916,492	2,000,306	2,053,191	2,178,794	2,331,888	2,158,499
Business licenses			802,316	746,765	820,246	835,373	828,657	793,894	765,070	776,333
Franchise fees			253,818	293,048	303,333	310,153	314,094	327,178	324,728	326,931
Unrestricted intergovernmental	325,019	278,732								
Unrestricted investment earnings	33,068	27,032	21,070	24,424	12,579	14,205	28,279	44,910	82,310	163,495
Miscellaneous	82,119	146,150	69,134	118,467	120,636	120,006	67,351	187,933	239,720	136,025
Donations	50,290									
Gain (loss) on sale of capital assets		6,494	54,636	3,506	3,988	5,053	371	(31,181)		(30,891)
Transfers						(353,249)	(750,000)			
Total governmental activities	9,348,472	9,478,884	9,751,743	10,281,293	10,528,904	10,358,208	10,231,447	11,282,568	11,616,521	11,242,776
Business-type activities										
Unrestricted investment earnings	19,337	13,586	8,843	7,316	4,007	3,981	8,410	21,471	62,110	137,094
Miscellaneous	387,310	11,805	384,317	105,280	519,887	109,575	94,622	95,860	112,914	414,807
Gain on sale of capital assets		7,032	67,736	40,660	10,115	43,566	47,540	6,392		9,356
Transfers						353,249	750,000			
Total business-type activities	<u>406,647</u>	<u>32,423</u>	<u>460,896</u>	<u>153,256</u>	<u>534,009</u>	<u>510,371</u>	<u>900,572</u>	<u>123,723</u>	<u>175,024</u>	<u>561,257</u>
Change in net position										
Governmental activities	916,113	1,567,624	751,491	1,612,263	699,105	(502,600)	146,388	77,895	922,130	685,381
Business-type activities	1,360,936	1,444,152	707,071	214,399	654,099	414,335	1,487,577	1,525,724	5,355,174	4,097,789
Total primary government	<u>\$ 2,297,049</u>	<u>\$ 3,011,776</u>	<u>\$ 1,458,562</u>	<u>\$ 1,826,662</u>	<u>\$ 1,347,203</u>	<u>\$ (88,355)</u>	<u>\$ 1,633,965</u>	<u>\$ 1,603,619</u>	<u>\$ 6,277,304</u>	<u>\$ 4,781,170</u>

CITY OF LANCASTER, SOUTH CAROLINA

Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$ 59,040	\$ 6,276	\$ 4,092	\$ 5,639	\$ 5,811	\$ 7,747	\$ 15,194	\$ 13,734	\$ 20,150	\$ 33,976
Restricted	313,239	278,215	285,092	287,883	97,188	103,533	107,225	117,809	120,996	135,336
Committed	497,591	621,127	1,332,732	742,059	812,830	828,552	891,951	1,061,014	1,215,046	1,407,654
Assigned	587,770	1,082,368	374,600	708,411	1,488,749	1,124,483	741,601	451,528	826,000	1,903,234
Unassigned	6,288,709	5,536,433	5,748,321	6,281,788	5,275,397	4,709,112	5,245,121	6,547,119	8,060,081	7,941,406
Total General Fund	\$ 7,726,349	\$ 7,524,419	\$ 7,744,837	\$ 8,025,780	\$ 7,679,975	\$ 6,773,427	\$ 7,001,092	\$ 8,191,204	\$ 10,242,273	\$ 11,421,606
All Other Governmental Funds										
Restricted	\$ 1,223,616	\$ 1,298,661	\$ 848,645	\$ 453,978	\$ 515,835	\$ 653,027	\$ 616,530	\$ 692,221	\$ 851,633	\$ 1,178,827
Total all other governmental funds	\$ 1,223,616	\$ 1,298,661	\$ 848,645	\$ 453,978	\$ 515,835	\$ 653,027	\$ 616,530	\$ 692,221	\$ 851,633	\$ 1,178,827





CITY OF LANCASTER, SOUTH CAROLINA

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 6,127,349	\$ 5,894,256	\$ 5,871,363	\$ 6,196,001	\$ 6,332,316	\$ 6,461,779	\$ 6,835,443	\$ 7,268,316	\$ 7,187,603	\$ 7,639,457
Fines, fees, licenses and permits	3,174,474	3,287,007	3,537,736	3,629,371	3,754,106	3,799,995	3,780,820	3,975,419	4,082,534	3,645,198
Intergovernmental	465,672	420,298	388,927	430,077	441,967	450,557	508,925	522,922	513,115	485,724
Charges for services	233,296	339,284	306,143	287,467	264,407	247,203	217,003	172,177	199,730	353,615
Grants	596,489	631,897	172,877	660,195	142,212	81,425	34,000	96,353	10,000	9,700
Interest	33,068	27,031	21,069	24,424	12,580	14,205	28,279	44,910	82,311	163,495
Other	132,409	152,644	94,021	123,973	137,061	178,776	121,791	245,762	304,072	189,376
Total revenues	10,762,757	10,752,417	10,392,136	11,351,508	11,084,649	11,233,940	11,526,261	12,325,859	12,379,365	12,486,565
Expenditures										
General administration	3,356,589	3,581,263	3,661,123	3,867,450	4,029,476	4,409,671	4,306,049	4,574,619	4,039,942	3,923,024
Public safety	4,213,301	4,652,427	4,352,009	4,319,397	4,626,113	4,573,953	4,540,179	4,285,793	4,347,355	4,740,010
Public works	815,736	839,537	862,836	648,105	737,370	1,090,126	909,222	901,866	848,827	891,253
Code enforcement	183,814	191,894	201,546	163,087	204,198	232,029	234,120	246,380	238,011	265,655
Parks and playgrounds	97,858	124,245	106,473	97,778	98,892	111,645	157,338	167,677	129,444	147,065
Community service	399,636	539,976	125,597	93,040	120,610	135,505	113,507	106,021	150,480	202,295
Capital outlay	637,134	582,563	1,140,041	2,099,261	1,377,973	1,678,481	417,859	566,163	224,184	618,852
Debt service:										
Principal	315,524	330,212	144,651	150,516	161,428	12,390	130,723	177,927	181,459	185,228
Interest and fees	52,630	37,216	27,458	26,598	12,539	4,123	13,096	13,621	9,181	6,656
Total expenditures	10,072,222	10,879,333	10,621,734	11,465,232	11,368,599	12,247,923	10,822,093	11,040,057	10,168,883	10,980,038
Excess of revenues over (under) expenditures	690,535	(126,916)	(229,598)	(113,724)	(283,950)	(1,013,983)	704,168	1,285,802	2,210,482	1,506,527
Other financing sources (uses)										
Proceeds from capital lease	-	-	-	-	-	597,879	237,000	-	-	-
Transfers in	229,087	176,246	-	402,955	104,545	104,545	209,090	-	-	-
Transfers out	(229,087)	(176,246)	-	(402,955)	(104,545)	(457,794)	(959,090)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	244,630	(513,000)	-	-	-
Net change in fund balance	\$ 690,535	\$ (126,916)	\$ (229,598)	\$ (113,724)	\$ (283,950)	\$ (769,353)	\$ 191,168	\$ 1,285,802	\$ 2,210,482	\$ 1,506,527
Debt service as a percentage of noncapital expenditures	3.90%	3.57%	1.82%	1.89%	1.74%	0.16%	1.36%	1.83%	1.92%	1.85%

CITY OF LANCASTER, SOUTH CAROLINA

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Business License</u>	<u>Hospitality</u>	<u>Total</u>
2010	\$ 3,203,068	\$ 1,656,818	\$ 707,745	\$ 5,567,631
2011 *	3,080,628	1,606,468	720,449	5,407,545
2012	3,036,358	1,545,019	731,037	5,312,414
2013	3,260,499	1,919,284	737,587	5,917,370
2014	3,281,304	1,913,382	745,050	5,939,736
2015	3,173,568	1,997,306	797,921	5,968,795
2016	3,197,003	2,049,216	845,119	6,091,338
2017	2,854,394	2,175,554	880,049	5,909,997
2018	2,700,532	2,278,277	910,481	5,889,290
2019	3,020,719	2,154,934	956,157	6,131,810
Change 2010-2019	\$ (182,349)	\$ 498,116	\$ 248,412	\$ 564,179

* Note: The reduction in property tax revenue for FY2010/2011 was the result of a reclassification of certain industrial property by Lancaster County to the fee-in-lieu category for the 2010 tax year.



CITY OF LANCASTER, SOUTH CAROLINA

Assessed Value and Estimated Market Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Total		Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
	Assessed Value	Estimated Actual Taxable Value	Assessed Value	Estimated Actual Taxable Value	Assessed Value	Estimated Actual Taxable Value		
2010	\$ 24,276,030	\$ 450,874,564	\$ 9,970,555	\$ 99,180,999	\$ 34,246,585	\$ 550,055,563	6.23%	143.5
2011	25,499,690	481,563,033	9,254,667	84,365,382	34,754,357	565,928,415	6.14%	143.5
2012	26,359,540	494,407,616	6,394,735	72,919,848	32,754,275	567,327,464	5.77%	143.5
2013	25,877,230	487,758,917	6,994,080	108,889,862	32,871,310	596,648,779	5.51%	149.7
2014	25,794,570	454,694,441	7,046,990	68,963,049	32,841,560	523,867,494	6.27%	154.7
2015	25,812,570	454,187,151	6,163,025	68,457,867	31,975,595	522,645,018	6.12%	156.9
2016	25,778,470	454,642,901	7,586,585	78,084,995	33,365,055	532,727,896	6.26%	164.4
2017	25,823,850	454,731,787	6,136,915	72,465,158	31,960,765	527,196,945	6.06%	176.4
2018	25,437,440	439,813,338	5,671,059	98,052,610	31,108,499	537,865,948	5.78%	178.2
2019	26,109,240	451,428,760	6,213,680	107,434,527	32,322,920	558,863,287	5.78%	172.9

Source: Lancaster County Auditor

Notes:

Real property in Lancaster County is reassessed once every four years 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 has been declining by 0.75% each year since 2002 and stopped at 6% in 2007.

Personal property assessed value decreased in fiscal year 2012 due to a large industry's personal property being reclassified by the Lancaster County Auditor to the category of fee in lieu of taxes (FILOT) because of the inclusion of the industry in a multi-county industrial park by Lancaster County. This reclassification of personal property is the reason for the decrease in personal property assessed and market value for fiscal year 2012.



CITY OF LANCASTER, SOUTH CAROLINA

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per 1,000 of assessed value)

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>Lancaster County</u>	<u>USC - Lancaster</u>	<u>Lancaster County School District</u>	<u>Total Direct & Overlapping</u>
2010	143.50	80.90	3.30	172.00	399.70
2011	143.50	83.60	3.40	175.25	405.75
2012	143.50	83.00	3.60	183.50	413.60
2013	149.70	85.10	3.80	187.00	425.60
2014	154.70	87.11	3.95	188.00	433.76
2015	156.90	89.40	4.10	192.50	442.90
2016	164.40	94.30	4.30	202.50	465.50
2017	176.40	87.60	4.30	217.50	485.80
2018	178.50	95.60	4.50	217.50	496.10
2019	172.90	101.20	4.70	219.50	498.30

Source: Lancaster County Auditor

Note: The City's direct rate is approved for all operational and debt service expenditures and is not broken down in the budget ordinance by those categories.



CITY OF LANCASTER, SOUTH CAROLINA

Principal Property Taxpayers,
Current and Ten Years Ago

Taxpayer	Tax Year 2019			Tax Year 2010		
	Taxable Assessed Value	Rank	% of Total City Assessed Value	Taxable Assessed Value	Rank	% of Total City Assessed Value
Duracell (Gillette)	\$ 4,413,022	1	14.19%	\$ 4,098,650	2	12.70%
Lancaster Hospital Corp	4,156,070	2	13.36%	4,349,990	1	11.97%
Springland Associates, LLC	1,193,150	3	3.84%	2,157,970	3	6.30%
Duke Energy Corp	967,190	4	3.11%	778,170	5	2.27%
Cole WM Lancaster SC, LLC	850,190	5	2.73%			
Lancaster Telephone Company	565,125	6	1.82%	514,900	6	1.50%
Springmaid Federal Credit Union	527,795	7	1.70%			
TSO Quality Lancaster LP	447,855	8	1.44%			
HD Development of Maryland Inc	405,130	9	1.30%	375,930	8	1.10%
Time Warner Cable Southeast, LLC	392,500	10	1.26%			
Kanawha Insurance Company				1,165,940	4	3.41%
Founders Federal Credit Union						
Lancer Center LLC				415,550	7	1.21%
Springland Associates, Inc.				361,570	9	1.06%
				298,610	10	0.87%
Total	\$ 13,918,027		44.74%	\$ 14,517,280		42.39%

Source: Lancaster County Treasurer's and Auditor's Office



CITY OF LANCASTER, SOUTH CAROLINA

Real Property Tax Levies and Collections
Last Ten Years

Levy Year	Original Levy	Adjustments	Total Adjusted Levy	Collected in the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Adjusted Levy Percentage		Amount	Adjusted Levy Percentage
2009	\$ 3,566,312	\$ 140,682	\$ 3,706,994	\$ 3,203,068	86.41%	\$ 355,489	\$ 3,558,557	96.00%
2010	3,639,078	456,676	4,095,754	3,606,238	88.05%	480,466	4,086,704	99.78%
2011	3,689,696	755,959	4,445,655	3,785,925	85.16%	345,246	4,131,171	92.93%
2012	3,868,158	2,000,675	5,868,833	3,867,994	65.91%	1,982,698	5,850,692	99.69%
2013	3,903,659	2,194,637	6,098,296	3,945,413	64.70%	2,133,207	6,078,620	99.68%
2014	3,698,618	1,837,072	5,535,690	3,787,136	68.41%	1,725,436	5,512,572	99.58%
2015	3,632,897	1,759,287	5,392,184	3,817,073	70.79%	1,551,250	5,368,323	99.56%
2016	3,383,426	1,499,690	4,883,116	3,608,352	73.89%	1,236,459	4,844,811	99.22%
2017	2,885,258	146,297	3,031,555	2,968,649	97.92%	22,497	2,991,146	98.67%
2018	3,414,343	199,923	3,614,266	3,520,292	97.40%			

Source: Lancaster County Auditor and Treasurer



CITY OF LANCASTER, SOUTH CAROLINA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Per Capita
	General Obligation Bonds (8% Limit)	Capital Leases		Utility		State Revolving Fund			
				Revenue Bonds	Capital Leases				
2010	\$ 550,000	\$ 351,882	\$ 400,000	\$ 3,093,533	\$ 9,632,477	\$ 14,027,892	\$ 1,381		
2011	425,000	146,752	205,000	2,767,349	8,847,667	12,391,768	1,453		
2012	290,000	137,101	-	2,443,222	8,028,959	10,899,282	1,278		
2013	150,000	126,585	-	2,102,155	7,182,369	9,561,109	1,103		
2014	-	115,158	-	2,084,212	6,337,178	8,536,548	941		
2015	-	700,647	-	1,838,723	5,522,701	8,062,071	904		
2016	-	806,924	-	1,757,057	4,693,566	7,257,547	811		
2017	-	628,996	-	1,436,066	4,256,119	6,321,181	702		
2018	-	447,537	-	1,528,434	5,732,265	7,708,236	859		
2019	-	262,309	-	1,095,844	8,635,918	9,994,071	1,089		

Notes:

- 1) Population data can be found in the Schedule of Demographic and Economic Statistics
- 2) There is no personal income information for the City of Lancaster available. Therefore, percentage of personal income information is not provided in this schedule.



CITY OF LANCASTER, SOUTH CAROLINA

Ratios of General Direct Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation		Capitalized Leases	Total General Direct Debt	Percentage of Estimated Actual Taxable Value	Debt Per Capita
	Bonds					
2010	\$ 550,000	\$ 351,882	\$ 901,882	0.16%	\$ 89	
2011	425,000	146,752	571,752	0.10%	67	
2012	290,000	137,101	427,101	0.08%	49	
2013	150,000	126,585	276,585	0.05%	31	
2014	-	115,158	115,158	0.02%	13	
2015	-	700,647	700,647	0.13%	79	
2016	-	806,924	806,924	0.15%	90	
2017	-	628,996	628,996	0.12%	69	
2018	-	447,537	447,537	0.08%	50	
2019	-	262,309	262,309	0.05%	29	

Notes:

- 1) See the Schedule of Assessed Value and Estimated Market Value of Taxable Property for property value data.
- 2) Population data can be found in the Schedule of Demographic and Economic Statistics.



CITY OF LANCASTER, SOUTH CAROLINA

Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

<u>Governmental Unit</u>	<u>Net Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to the City (1)</u>	<u>Amount Applicable to the City</u>
Direct:			
City of Lancaster	\$ 262,309	100%	\$ 262,309
Overlapping:			
Lancaster County	54,088,726	8.74%	4,724,964
Lancaster School District	267,909,585	8.45%	22,633,904
	<u>321,998,311</u>		<u>27,358,868</u>
Total direct and overlapping debt	<u>\$ 322,260,620</u>		<u>\$ 27,621,177</u>

Note:

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation. The debt outstanding includes general obligation bonds.





CITY OF LANCASTER, SOUTH CAROLINA

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit (8% of assessed value)	\$ 2,706,705	\$ 2,780,349	\$ 2,614,522	\$ 2,554,134	\$ 2,627,325	\$ 2,558,048	\$ 2,669,204	\$ 2,556,861	\$ 2,488,680	\$ 2,585,834
Total net debt applicable to limit	550,000	425,000	290,000	150,000	-	-	-	-	-	-
Legal debt margin	\$ 2,156,705	\$ 2,355,349	\$ 2,324,522	\$ 2,404,134	\$ 2,627,325	\$ 2,558,048	\$ 2,669,204	\$ 2,556,861	\$ 2,488,680	\$ 2,585,834
Total net debt applicable to the limit as a percentage of the debt limit	20.32%	15.29%	11.09%	5.87%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed value	\$ 32,322,920
Debt limit (8% of assessed value)	2,585,834
Debt applicable to limit	-
Legal debt margin without referendum	\$ 2,585,834

Notes:

- 1) The legal debt limit is 8% of total assessed value
- 2) 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.

CITY OF LANCASTER, SOUTH CAROLINA

Pledged Revenue Coverage Last Ten Fiscal Years

Fiscal Year	Combined Utility System Revenue Bonds					Coverage
	Operating Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Debt Service (3)		
2010	\$ 6,544,305	\$ 3,828,930	\$ 2,715,375	\$ 1,191,286		2.28
2011	6,793,898	3,956,834	2,837,064	1,197,787		2.37
2012	6,404,032	4,335,654	2,068,378	1,178,977		2.16
2013	6,044,372	4,196,683	1,847,689	958,695		1.93
2014	6,806,566	4,691,085	2,115,481	943,079		2.24
2015	6,175,412	5,049,926	1,125,486	896,231		1.26
2016	6,575,293	4,370,069	2,205,224	493,008		4.47
2017	6,588,568	5,625,881	962,687	493,008		1.95
2018	6,770,776	4,445,937	2,324,839	632,533		3.68
2019	8,303,008	4,548,592	3,754,416	759,205		4.95

Notes:

- 1) Operating revenue does not include interest.
- 2) Operating expenses do not include interest, depreciation, or amortization expenses.
- 3) Details to the City's outstanding debt can be found in the notes to the financial statements.



CITY OF LANCASTER, SOUTH CAROLINA

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City		County Population	Total County Personal Income (in thousands) (1)		County Per Capita Income (1) (2) (3)		Unemployment Rate (1) (4)
	Population	Population		Income	Income	Income	Income	
2010	10,160	77,767	\$	1,822,945	\$	23,441	14.9%	
2011	8,526	76,652		1,450,946		18,929	13.5%	
2012	8,667	77,908		1,504,248		19,308	11.7%	
2013	8,813	79,303		2,049,128		25,839	9.9%	
2014	9,068	80,458		1,681,492		20,899	7.5%	
2015	8,916	83,097		1,745,286		21,003	6.7%	
2016	8,952	85,842		1,861,688		21,943	5.6%	
2017	9,134	89,594		2,029,035		22,647	4.8%	
2018	8,976	92,550		2,270,066		24,528	4.1%	
2019	9,175	95,380		2,520,417		26,425	4.1%	

Source: Bureau of Census/SC Budget and Control Board Office of Research & Statistics/Bureau of Economic Analysis/SC Department of Employment and Workforce.

- (1) Some demographic information is for Lancaster County as a whole because information is not kept specific to the City of Lancaster.
- (2) Statistics based on calendar year ending December 31 prior to the fiscal year ending date.
- (3) Last updated November 2017
- (4) SCDEW current year information is preliminary



CITY OF LANCASTER, SOUTH CAROLINA

Principal Employers
Current and Ten Years Ago

<u>Employer</u>	2018			2010		
	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment (2)</u>	<u>Employees</u>	<u>Rank</u>	<u>% of Total County Employment</u>
Red Ventures	1,925	1	4.66%	575	5	1.90%
Lancaster County School District	1,800	2	4.36%	1,532	1	5.07%
Continental Tire	814	3	1.97%	400	6	1.32%
Movement Mortgage	725	4	1.76%			
MUSC Health Lancaster Med Center	642	5	1.55%	710	3	2.35%
Cardinal Health	621	6	1.50%	700	4	2.32%
Lancaster County (3)	535	7	1.30%	734	2	2.43%
Nutramax Laboratories	483	8	1.17%			
Keer America	401	9	0.97%			
Oceana Gold/Haile Gold Mine	396	10	0.96%			
Duracell				400	7	1.32%
Inspiration Ministries				335	8	1.11%
Founders Federal Credit Union				320	9	1.06%
Wal-Mart (4)				303	10	1.00%
Total	8,342		20.20%	6,009		19.90%
Total County Labor Force (2)	41,302			30,192		

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

- 1) Some information estimated due to unavailability of data.
- 2) Information is only available on county-wide level. Employer information is not kept at city level.
- 3) Total employees includes part-time poll workers as employees.
- 4) Some information estimated due to unavailability of data.



CITY OF LANCASTER, SOUTH CAROLINA

Full-Time Equivalent (FTE) City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	FTE Employees as of June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Administration										
City Administrator	3.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0	2.0	2.0
Building and Grounds Maintenance	4.0	4.0	4.0	3.0	3.0	3.0	6.0	3.0	5.0	4.0
Human Resources	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0
Finance	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0
Information Technology	0.0	0.0	0.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Legal	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Support Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	0.0	0.0
See Lancaster SC	3.0	3.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Events Management	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Performing Arts	0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0
Public Safety										
Police	48.5	48.5	48.5	53.5	53.5	53.5	51.5	42.0	45.0	43.0
Victims' Services	1.0	1.0	1.0	0.5	0.5	0.5	0.5	1.0	1.0	1.0
Court Administration	6.5	6.5	7.0	7.0	7.0	7.0	7.0	5.0	4.0	4.0
Fire	26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0	29.0	28.0
Public Works										
Street Division	7.0	6.0	6.0	6.0	8.0	8.0	8.5	6.0	7.0	4.0
Vehicle Maintenance	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Code Enforcement										
Building, Planning & Zoning	3.0	3.0	3.0	3.0	4.0	4.0	4.0	3.0	4.0	4.0
Utilities										
Public Works Administration	3.0	5.0	6.0	5.0	4.0	4.0	2.0	2.0	2.0	2.0
Water Service	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0	8.0	11.0
Utility Billing	4.0	4.0	4.0	3.0	3.0	3.0	4.0	3.0	4.0	4.0
Wastewater Treatment	7.0	6.0	7.0	6.0	6.0	6.0	5.0	3.0	4.0	4.0
Wastewater Collection	13.0	13.0	12.0	14.0	14.0	14.0	14.0	12.0	12.0	11.0
Solid Waste										
Solid Waste Administration	0.0	0.0	0.0	0.0	0.0	0.0	1.5	2.0	2.0	2.0
Residential	10.0	10.0	10.0	12.0	11.0	11.0	6.0	6.0	6.0	5.0
Recycling	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0
Commercial	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	2.0	1.0
Transfer Station	4.0	4.0	4.0	4.0	4.0	4.0	6.0	7.0	6.0	7.0
Total FTE Employees	170.0	170.0	171.5	179.0	181.0	182.0	182.0	160.0	162.0	155.0

Source: City Human Resources Department

Note: A full-time city employee is scheduled to work 1,966, 2,080, or 2,093 hours (including vacation and sick leave) depending on departmental requirements.



CITY OF LANCASTER, SOUTH CAROLINA

Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Administration										
Human Resources (1)	537	274	215	471	361	141	286	144	387	314
Employment applications processed	24	62	49	52	87	123	58	31	24	10
Workers Compensation cases										
Information Technology (2)										
Issued tickets						1,733	2,767	3,560	4,901	2,842
Closed tickets						1,724	2,781	3,599	4,835	2,798
Public Safety (1)										
Police Department										
Arrest warrants served (3)	1,109	562	1,070	942	1,069	596	570	385	692	
Fraudulent check warrants served (3)	1,108	15	7	28	16	9	15	9	7	
Traffic citations (4)	2,630	2975	2,941	2,481	1,800	1,869	1,783	1,292	2,128	1,928
Narcotics cases (4)			138	201	174	219	163	100	210	368
Average Response Time - Mins (4)			4.15	4.00	4.15	4.15	3.25	3.75	4.00	5.00
Community Programs (4)			40	90	56	62	51	83	51	80
Fire Department										
Fire responses	167	197	164	68	86	115	198	197	199	222
Medical responses	497	471	471	335	361	419	880	883	964	1,102
Other responses	415	430	429	77	132	216	400	462	667	716
Judiciary										
Criminal Docket total cases filed	2,137	1,962	1,146	1,269	1,214	917	1,028	883	1,127	1,050
Traffic Docket total cases filed	3,034	3,061	2,523	1,993	1,517	1,759	1,412	1,710	1,987	1,644
DUI Docket total cases filed	112	102	95	99	83	77	65	47	65	45
Code Enforcement										
Building, Planning & Zoning	474	488	537	475	543	455	490	450	1,026	772
Number of projects	4,355	4,726	4,228	5,742	6,840	6,241	6,364	6,118	6,749	6,731
Number of inspections										
Utilities										
Utility Billing	5,921	5,846	5,805	5,750	5,795	5,812	5,757	5,877	5,935	5,979
Number of utility customers										
Wastewater Treatment										
Number of gallons treated (in millions)	932	952	848	792	852	782	875	755	909	983
Avg Daily Flow MGD	3	3	2	2	2	2	2	2	2	3
Solid Waste										
Transfer Station				791,737						
Tons of household garbage disposed of	21,655	21,423	23,830		26,201	25,286	28,229	31,409	33,054	40,418

Sources: Various city departments.

- Notes:
- (1) Statistics are based on the calendar year ending December 31 prior to the fiscal year ending date.
 - (2) Information Technology became a separate department during 2015 fiscal year.
 - (3) Information not tracked after FY2018
 - (4) Information not available prior to FY2012



CITY OF LANCASTER, SOUTH CAROLINA

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of fire stations	2	2	2	2	2	2	2	2	2	2
Public Works										
Miles of paved roads maintained	15.96	15.96	15.96	15.96	15.96	15.96	15.96	15.96	15.96	15.96
Parks & Playgrounds										
Number of parks	14	14	14	14	15	15	16	16	16	16

Sources: Various city departments



COMPLIANCE SECTION



CITY OF LANCASTER, SOUTH CAROLINA

Schedule of Expenditures of Federal Awards Year Ended June 30, 2019

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal/State Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>
Federal Grants:			
<u>U. S. Department of Housing and Urban Development</u>			
Passed-through Lancaster County:			
Community Development Block Grant	14.239	4-CI-16-011	199,298
Total U.S. Department of Housing and Urban Development			<u>199,298</u>
<u>U.S. Environmental Protection Agency</u>			
Passed-through the South Carolina Water Quality Revolving Fund Authority:			
South Carolina Water Pollution Control Revolving Fund	66.458	F1-16-497-17	663,764
Total U.S. Environmental Protection Agency			<u>663,764</u>
Total expenditures of federal awards			<u>\$ 863,062</u>

* The accompanying notes are an integral part of this schedule.



CITY OF LANCASTER, SOUTH CAROLINA

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

Note 1. Basis of Accounting

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the City of Lancaster, South Carolina under programs of the federal government for the year ended June 30, 2019. The information in this SEFA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Because the Schedule presents only a selected portion of the operations of the City of Lancaster, South Carolina, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Lancaster, South Carolina.

Note 2. Summary of Significant Accounting Policies

Expenditures reported in the SEFA are reported on the accrual basis of accounting which is described in Note 1 to the City of Lancaster, South Carolina's financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

The City of Lancaster, South Carolina has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.





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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and City Council
City of Lancaster, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, South Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Lancaster, South Carolina's basic financial statements, and have issued our report thereon dated November 15, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a 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 City of Lancaster, South Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Blair, Bohle & Whitsitt, PC

Charlotte, North Carolina
November 15, 2019





Blair Bohlé & Whitsitt
Certified Public Accountants

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and City Council
City of Lancaster, South Carolina

Report on Compliance for Each Major Federal Program

We have audited City of Lancaster, South Carolina's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2019. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Lancaster, South Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the City 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 City's internal control over compliance

with the types of requirements that could have a direct and material effect on each major federal program 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Blair, Bohle & Whittitt, PC

Charlotte, North Carolina
November 15, 2019



CITY OF LANCASTER, SOUTH CAROLINA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) yes no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
66.458	U.S. Environmental Protection Agency Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? yes no



CITY OF LANCASTER, SOUTH CAROLINA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – Summary Schedule of Prior Audit Findings

None reported.



Petal Park

OPINION OF PROBABLE CONSTRUCTED COST - REVITALIZATION PLAN ESTIMATE

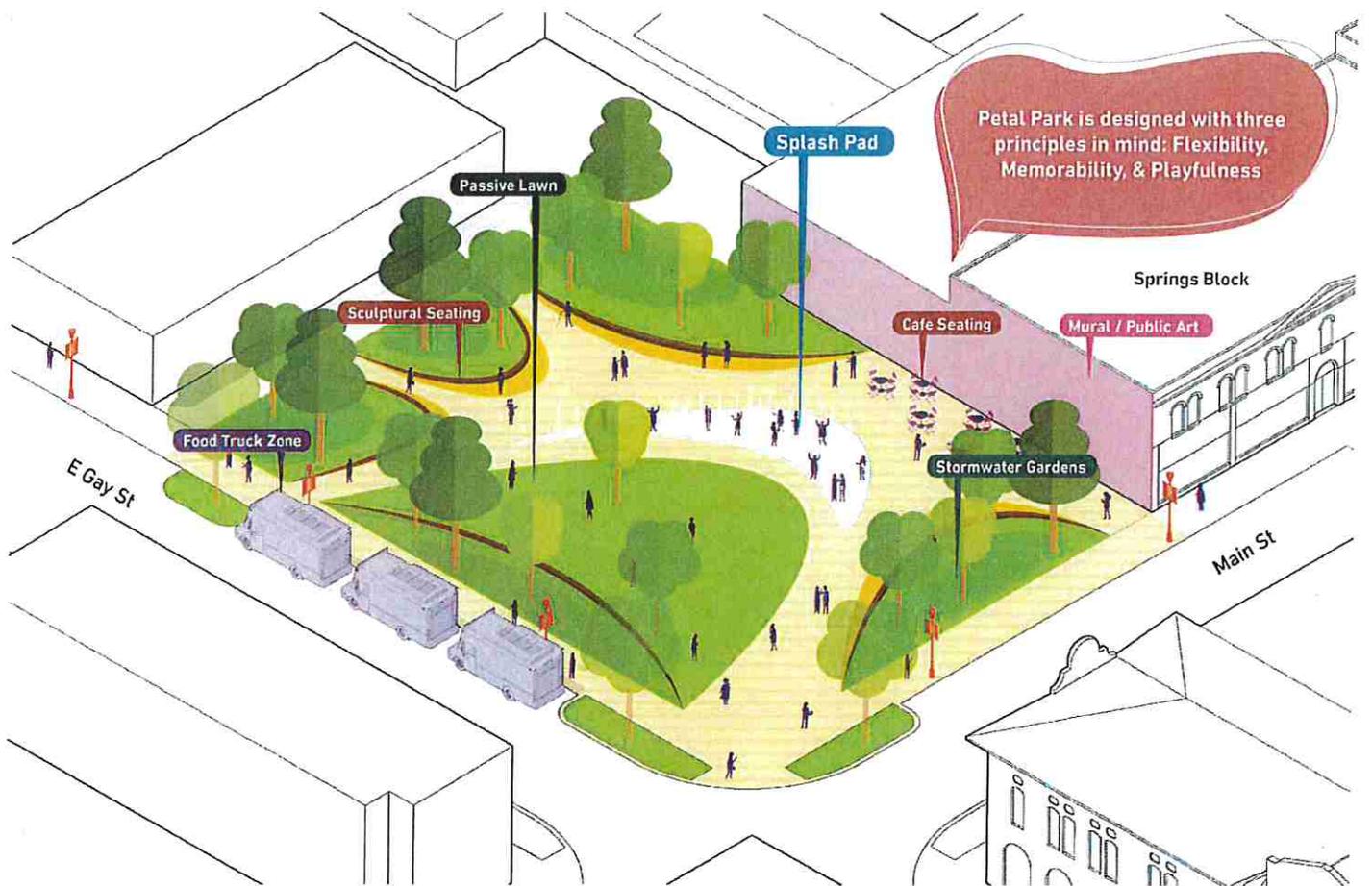
MKSK

PROJECT NAME: Lancaster Downtown Revitalization Plan
 LOCATION: Lancaster, South Carolina
 OWNER: City of Lancaster
 PROJECT NUMBER: 18729
 DATE: January 31, 2020
 PREPARED BY: MKSK

LEGEND
 C.Y. - Cubic Yard
 S.Y. - Square Yard
 Allow - Allowance
 L.F.T. - Linear Foot of Tread
 F.S.F. - Face Square Foot
 Ea. - Each
 L.F. - Linear Foot
 L.S. - Lump Sum
 S.F. - Square Foot
 Ac. - Acre

ASSUMPTION OF SITE IMPROVEMENTS

Item	Description	Total Qty.	Unit	Unit cost (\$)	Sub total (\$)	Total Cost (\$)	Remarks
DIV 03 CAST IN PLACE CONCRETE							
	Pedestrian Concrete Pavement						
	Concrete pavement, broom finish, 4" depth	855	S.F.	\$8.00	\$6,840.00		Main Street sidewalk plus Gay Street Intersection landing
	Subtotal					\$6,840	
	Seat Walls						
	18" w x 18" ht. Concrete Seat Wall	198	L.F.	\$300.00	\$59,400.00		
	Subtotal					\$59,400	
DIV 04 MASONRY							
	Stone Materials - Roadway						
	6" w x 6" ht. Granite Cub	111	L.F.	\$115.00	\$12,765.00		At planters, not including curb adjacent to roadway
	Subtotal					\$12,765	
	Stone Materials - Site						
	4" w x 3" ht Granite Curb	480	L.F.	\$100.00	\$48,000.00		At edges of ornaments/planters
	Large Natural Boulders	10	Ea.	\$5,000.00	\$50,000.00		
	Subtotal					\$98,000	
DIV 05 ROUGH CARPENTRY							
	Wood Seating Boards						
	1" Boards for Seat Walls	111	L.F.	\$300.00	\$33,300.00		
	Subtotal					\$33,300	
DIV 10 SPECIALTIES							
	Custom Site Furniture						
	10.01 Swing Benches with Shade Structure	1	Allow	\$60,000.00	\$60,000.00		(4) benches @ +/- \$15,000 ea.
	Subtotal					\$60,000	
DIV 26 ELECTRICAL							
	Exterior Lighting						
	26.01 String Lighting	500	L.F.	\$35.00	\$17,500.00		
	26.02 Ornamental 14" Pole Lights	3	Ea.	\$7,000.00	\$21,000.00		
	26.03 Pedestrian Pole Lights	20	Ea.	\$5,000.00	\$100,000.00		
	Subtotal					\$138,500	
DIV 31 EARTHWORK							
	Site Clearing						
	31.01 Selective low-growth vegetation, stump removal & limbing	1	L.S.	\$5,000.00	\$5,000.00		
	31.02 Fine Grading & Site Preparation	1	L.S.	\$5,000.00	\$5,000.00		
	Subtotal					\$10,000	
DIV 32 EXTERIOR IMPROVEMENTS							
	Splashpad Feature						
	Water Feature	1	Allow	\$350,000.00	\$350,000.00		Flush mounted pop jets, excluding pavement costs
	Subtotal					\$350,000	
	Pedestrian Paving						
	Black Unit Paver, Pedestrian Grade, Running Bond	300	S.F.	\$25.00	\$7,500.00		Main Street sidewalk accents
	Natural Stone Unit Paver, Pedestrian Grade	1,692	S.F.	\$75.00	\$126,900.00		12" w x 18" h unit tile, 14" foot segment
	Natural Stone Unit Paver, Pedestrian Grade	6,235	S.F.	\$75.00	\$467,625.00		Remaining hardscape areas
	Subtotal					\$602,025	
	Site Furniture						
	Movable Cafe Seating - Set of (4) Chairs, Table, Umbrella	6	Ea.	\$7,500.00	\$45,000.00		
	Movable Seating - Adirondack Chair	6	Ea.	\$700.00	\$4,200.00		
	Movable Seating - Ottoman	2	Ea.	\$475.00	\$950.00		
	6" Pipe and Steel Backed Bench	4	Ea.	\$2,555.00	\$10,260.00		
	Litter / Recycling Receptacles	4	Ea.	\$2,000.00	\$8,000.00		
	Bike Racks	10	Ea.	\$500.00	\$5,000.00		
	Lit Bollard	5	Ea.	\$1,500.00	\$7,500.00		
	Artistic Bollard	5	Ea.	\$2,000.00	\$10,000.00		
	Large Plant Pots	3	Ea.	\$500.00	\$1,500.00		
	Subtotal					\$93,310	
	Signs						
	Primary Park ID, double-sided	1	Ea.	\$5,500.00	\$5,500.00		
	DownTown Wayfinding Kiosk	1	Ea.	\$5,500.00	\$5,500.00		
	Wayfinding & Regulatory Signage, double-sided	1	Allow	\$5,000.00	\$5,000.00		
	Pedestrian Light Pole Banners	6	Ea.	\$25.00	\$150.00		
	Subtotal					\$16,150	
	Public Art						
	Public Art Allowance - Murals, Sculptures, etc.	1	Allow	\$50,000.00	\$50,000.00		
	Subtotal					\$50,000	
	Irrigation System						
	Irrigation system and controls	1	L.S.	\$20,000.00	\$20,000.00		
	Subtotal					\$20,000	
	Planting						
	Planting Soils						
	Scarf & fill subgrade	7,878	S.F.	\$0.20	\$1,575.60		
	Turfgrass Soils	33	C.Y.	\$60.00	\$1,980.00		4" Depth
	Tree Pit Soils	2	C.Y.	\$80.00	\$160.00		3 CY per tree
	Planting Soils	153	C.Y.	\$80.00	\$12,240.00		18" Depth
	Stormwater Basin Soils	84	C.Y.	\$80.00	\$6,720.00		18" Depth, higher sand content. Basins located in large planting areas between sidewalks and splashpad
	Subtotal					\$25,876	
	Plants						
	Turf & Grasses						
	Seed	2,708	S.F.	\$0.56	\$1,516.48		
	Subtotal					\$1,516	
	Containerized / BAB Plants						
	Large Deciduous Tree, 4" cal.	20	Ea.	\$1,200.00	\$24,000.00		
	Shrubs, Perennials, Groundcovers, and Mulch - Ornamental	3,470	S.F.	\$35.00	\$121,450.00		
	Shrubs, Perennials, Groundcovers, and Mulch - Stormwater Basin	1,507	S.F.	\$35.00	\$52,745.00		Basins located in large planting areas between sidewalks and splashpad
	Subtotal					\$198,195	
	Planting Accessories						
	Refillable water bags	20	Ea.	\$50.00	\$1,000.00		
	Subtotal					\$1,000	
DIV 33 UTILITIES							
	Subsurface Drainage						
	Trench drains and underground piping	1	Allow	\$20,000.00	\$20,000.00		Splashpad area
	Subtotal					\$20,000	
TOTAL PARK COST						\$1,796,877	



Petal Park

A new public park at the corner of Main Street and East Gay Street could become the premier public space in Lancaster County as well as a signature, family-friendly anchor for Downtown. This place, called Petal Park, would be a high-visibility project that would become a major destination capable of attracting people of all ages, incomes, and abilities to Downtown Lancaster. Petal Park would also take advantage of Downtown's "100% Corner" and serve as a catalyst for much-needed investment in adjacent properties, including the Old Bank of Lancaster Building and the Springs Block.

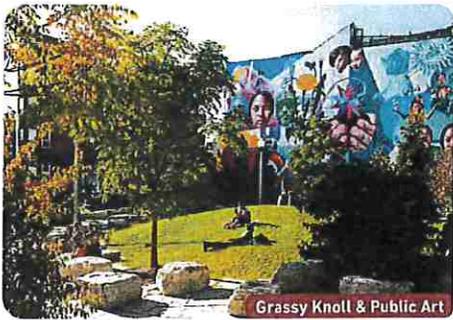
Petal Park would feature numerous high-quality amenities, including:

- a crescent-shaped splash pad with flush-mounted pop-jets (which would enable the space to act as a plaza when not in operation)
- a passive lawn for picnicking and seating during special events, such as outdoor concerts and movies
- Movable cafe seating, including tables, chairs, and umbrellas

- On-street parking that would be utilized as a food truck zone during festivals and other special events
- Shade-giving trees and signature vegetation, including native grasses and red rose bushes
- Stormwater gardens wrapped by low walls that provide seating
- A wide variety of public art, including murals, sculptures, and banners.

Recommendations

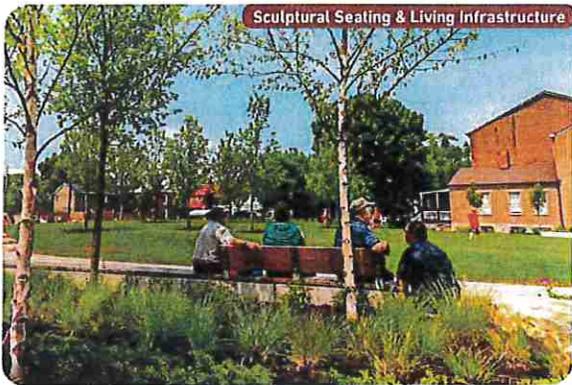
- **Design and build the park.** The City should acquire the property, explore funding opportunities, develop a detailed site plan, and construct the park.
- **Prepare an operations and maintenance plan for the park.** The City should be prepared to maintain the park, with special attention paid to the splash pad.
- **Develop a plan for park programming, public art, and special events.** As a signature Downtown space, Petal Park should include a wide array of activities, events, and displays.
- **Market and promote the park.** Ensure Petal Park is featured prominently in local and external marketing for Downtown.



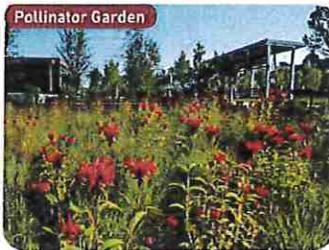
Grassy Knoll & Public Art



Splash Pad



Sculptural Seating & Living Infrastructure



Pollinator Garden



Shade Structure & Swings

Public investment in Petal Park will incentivize private investment in adjacent buildings, such as the Springs Block



Petal Park



