Council Members
District 1: Terry Graham
District 2: Charlene McGriff
District 3: Billy Mosteller, Secretary
District 4: Larry Honeycutt
District 5: Steve Harper, Chair
District 6: Allen Blackmon
District 7: Brian Carnes, Vice-Chair

County Administrator
Dennis Marstall

County Attorney
John K. DuBose III

Clerk to Council
Sherrie Simpson

December 12, 2022 | **6:00 PM** | **101 North Main Street, Lancaster, SC 29720**

LANCASTER COUNTY COUNCIL
County Council Chambers, County Administration Building, 101 North Main Street, Lancaster, SC 29720

AGENDA

1. **Call to Order Regular Meeting - Vice-Chairman Brian Carnes**
2. **Welcome and Recognition - Vice-Chairman Brian Carnes**
3. **Pledge of Allegiance led by Sherry Brady, Daughter of Councilmember Larry Honeycutt, and Invocation led by Councilmember Larry Honeycutt**
4. **Approval of the Agenda**

   [deletion and additions of non-substantive matter]
5. **Special Presentations**

   a. Recognition of Retiring County Councilmember Larry Honeycutt, District 4

   b. Recognitions by the Keep Lancaster County Beautiful Committee - Mandy Catoe, Director

   c. Audit Presentation of the Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2022 for Lancaster County - Presented by Grant Davis, CPA, Director, Mauldin & Jenkins and Subsidiaries, LLC
6. **Citizens Comments**

   [Lancaster County Council welcomes comments and input from citizens who may not be able to attend Council meetings in person. Written comments may be submitted via mail to ATTN: Sherrie Simpson, Post Office Box 1809, Lancaster, SC, 29721, by email to Sherrie Simpson at ssimpson@lancastersc.net or by online submission by selecting the "Citizens Comments" quick link located on the County website homepage at https://www.mylancastersc.org/. Comments must be no longer than approximately 3 minutes when read aloud. Comments received will be acknowledged during the Citizens Comments portion of the meeting. Comments will need to be received prior to 4:00 p.m. on the day of the meeting. Please use the same link above in order to submit input/comments for Public Hearings.]
7. **Consent Agenda**

   [Items listed under the Consent Agenda have previously been discussed by Council and approved unanimously. As such, these items are normally voted on as a group through a single vote rather

than with a Council vote for each individual item. However, any Council member may remove any item on the Consent Agenda for individual discussion and vote]

a. Approval of Minutes from the November 16, 2022 County Council Committee Of The Whole Meeting

b. Approval of Minutes from the November 28, 2022 County Council Regular Meeting

8. Non-Consent Agenda

a. Resolution 1221-R2022 regarding Assignment of the Fee Agreement And the Special Source Revenue Credit Agreement By And Among Lancaster County, K2 Lancaster LLC and Cooley Incorporated to FIP Master Funding VIII LLC

A Resolution To Consent To, Approve, And Ratify The Assignment Of The Fee Agreement By And Among Lancaster County, South Carolina, K2 Lancaster, LLC And Cooley, Incorporated To FIP Master Funding VIII, LLC And The Assignment Of The Special Source Revenue Credit Agreement By And Among Lancaster County, South Carolina, K2 Lancaster, LLC And Cooley, Incorporated To FIP Master Funding VIII, LLC.

b. 3rd Reading of Ordinance 2022-1832 regarding Approval of a Development Agreement for Shiloh Woods (Applicant Century Communities)

Ordinance Title: An Ordinance To Approve A Development Agreement With Century Communities Southeast, LLC, In Accordance With Unified Development Ordinance Section 9.2.18 For A Proposed 398-Unit Single-Family Cluster Subdivision Development Located On Approximately 169.86 Acres Of Land At 500 And 516 W. Shiloh Unity Road (TMS#s 0049-00-004.13, 0049-00-004.16, 0049-00-005.01 And 0049-00-005.02). ***- Planning Department Case Number: DA-2022-0733. The Planning Commission recommended conditional approval by a vote of 4-1 and the Planning staff also recommended conditional approval of the development agreement. Passed 5-1-1 at the November 14, 2022 County Council Meeting (Terry Graham Opposed and Steve Harper Abstained). Passed 5-1-1 at the November 28, 2022 County Council Meeting (Terry Graham Opposed and Steve Harper Abstained). - Rox Burhans***

c. Public Hearing and 3rd Reading of Ordinance 2022-1836 Amending That Certain March 22, 2021 Special Source Revenue Credit Agreement By And Between Lancaster County And Studio Displays, Inc. To Add T&T Capital, LLC As A Party Thereto With Retroactive Effect

Ordinance Title: An Ordinance To Authorize The Execution And Delivery Of An Amendment To That Certain March 22, 2021 Special Source Revenue Credit Agreement By And Between Lancaster County, South Carolina And Studio Displays, Inc. (The "SSRC Agreement") To Add T&T Capital, LLC As A Party Thereto With Retroactive Effect; To Extend The Provision Of Special Source Revenue Credits Under The SSRC Agreement To Investment Made By T&T Capital, LLC In Lancaster County; And To Provide For Other Matters Related Thereto. ***- 1st Reading By Title Only Passed 7-0 at the November 14, 2022 County Council Meeting. 2nd Reading Passed 7-0 at the November 28, 2022 County Council Meeting. - John DuBose***

9. Discussion and Action Items

a. Approval of Appointment to the Health and Wellness Commission

- Chiquita "Nickie" Evans as an At Large representative to the Health and Wellness Commission to fill an unexpired term that ends on 06/30/2025

10. Status of items tabled, recommitted, deferred or held

a. DEFERRED UNTIL 1-9-2023 - 1st Reading of Ordinance 2022-1831 regarding Rezoning Property Located at 4263 Doby's Bridge Road, Indian Land, SC, from Low Density Residential District (LDR) to Institutional District (INS) to Allow Development of a Daycare Facility

Ordinance Title: An Ordinance To Amend The Official Zoning Map Of Lancaster County To Rezone Approximately 4.84 Acres (TM# 0013-00-024.00) Located At 4263 Doby's Bridge Road,

Indian Land, From Low Density Residential (LDR) District To Institutional (INS) District. ***- Planning Department Case Number: RZ-2022-1759. The Planning Commission recommended approval by unanimous vote and the Planning staff also recommended approval of the rezoning request. Public Hearing held at the November 14, 2022 County Council Meeting but 1st Reading deferred until the January 9, 2023 County Council Meeting. - Rox Burhans***

11. Miscellaneous Reports and Correspondence

12. Executive Session

[motions from Members may follow]

a. Four Items (AFTER EXECUTIVE SESSION, COUNCIL MEMBERS MAY MAKE MOTIONS IN OPEN SESSION):

1. ***Three Legal Briefings regarding Contractual Matters. SC Code 30-4-70(a)(2).***

2. ***One Economic Development Discussion: Project Raisin. SC Code 30-4-70(a)(5).***

13. Adjournment

Anyone requiring special services to attend this meeting should contact 285-1565 at least 24 hours in advance of this meeting. Lancaster County Council agendas are posted at the Lancaster County Administration Building and are available on the Website: **www.mylancastersc.org**

Meetings are live streamed and can be found by using the following link: https://mylancastersc.org/government/lancaster_county_council/County_Council_Meetings.php

Agenda Item Summary

Ordinance # / Resolution #: N/A
Contact Person / Sponsor: Dennis Marstall / Administration
Department: Administration
Date Requested to be on Agenda: 12/12/2022

Issue for Consideration:
Councilmember Larry Honeycutt, District 4, is retiring after 16 years of dedicated service to Lancaster County.

Points to Consider:
County Council would like to recognize him for his years of service to the County.

Funding and Liability Factors:
N/A

Council Options:

Recommendation:

Agenda Item Summary

Ordinance # / Resolution #: N/A
Contact Person / Sponsor: Mandy Catoe / Keep Lancaster County Beautiful Committee
Department: Administration
Date Requested to be on Agenda: 12/12/2022

Issue for Consideration:
The Keep Lancaster County Beautiful Committee will be presenting two new annual awards.

Points to Consider:
Each of the annual awards will be for exceptional service: one award will be for a group and one will be for an individual.

The areas can be in litter reduction, recycling or beautification.

Funding and Liability Factors:
N/A

Council Options:
N/A

Recommendation:
N/A

Agenda Item Summary

Ordinance # / Resolution #: N/A
Contact Person / Sponsor: Veronica C. Thompson, CFO
Department: Finance
Date Requested to be on Agenda: 12/12/2022

Issue for Consideration:
Presentation of the County's Annual Financial Comprehensive Report (ACFR) for the fiscal year ended, June 30, 2022.

Points to Consider:
The County received a clean audit with no noted deficiencies for FY 2022. The County ended fiscal year 2022 fiscally sound, with an unassigned fund balance of $48,533,918. This represents 64% of the current operations budget, which is well above our fund balance policy.

Highlights of the ACFR can be found in the Management's Discussion and Analysis beginning on page 5 of the report. The ACFR is attached separately for review.

Grant Davis, CPA of Mauldin & Jenkins will be presenting the results to Council. The Auditor's Discussion and Analysis is attached separately for review.

Funding and Liability Factors:
N/A

Council Options:
N/A

Recommendation:
N/A

ATTACHMENTS:

Description	Upload Date	Type
Lancaster County Annual Comprehensive Financial Report for FY2022	12/8/2022	Backup Material
Auditor's Discussion and Analysis 6.30.2022	12/8/2022	Backup Material
Presentation	12/8/2022	Presentation



Lancaster County
South Carolina

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2022

LANCASTER COUNTY,
SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Prepared by:
Department of Finance

LANCASTER COUNTY, SOUTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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INTRODUCTORY SECTION

Lancaster County
PO Box 1809
101 North Main Street
Lancaster, SC 29721

803-285-1565
www.mylancastersc.org

December 6, 2022

To the Chairman, Members of County Council, and Citizens of Lancaster County:

In compliance with South Carolina Code of Laws *Section 4-9-150*, we hereby issue the Annual Comprehensive Financial Report (ACFR) of Lancaster County, South Carolina, for the fiscal year ended June 30, 2022. Management assumes full responsibility for the completeness and reliability of all the information presented. To provide a reasonable basis for making these assertions, management has established an internal control structure designed to protect the county's assets from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The county's internal control structure has been designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. As management we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The certified public accounting firm of Mauldin & Jenkins, LLC audited the financial statements of Lancaster County. The independent audit involved examining, on a test basis, the following: 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 that there was reasonable basis for rendering an unmodified opinion on the County's financial statement for the year ended June 30, 2022. The independent auditor's report is included at the beginning of the financial section of this report.

In addition to meeting the state statutory requirements, the audit of the financial statements was designed to meet the federally mandated requirements of the Single Audit Act, as amended by the Single Audit Act of 1996, and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements applicable to the administration of federal grants. The independent auditor's reports related specifically to the Single Audit are included in the Single Audit Section.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A), which immediately follows the report of the independent auditor in the financial section. Generally Accepted Accounting Principles

(GAAP) require that management provide the MD&A, which is a narrative introduction, overview, and analysis of the accompanying basic financial statements.

Profile of the Government

***Lancaster County, SC*,** located in the fast-growing and highly desirable Charlotte, NC region, is one of the fastest growing counties in South Carolina with a population of 100,336. The County is committed to managing growth and enhancing the quality of life through sound policies, innovation, capital investments, business recruitment, public safety support, and parks and recreation amenities. The County is governed under the Council – Administrator form of government and includes six elected department directors. The workforce consists of 684 full-time employees and approximately 500 part-time employees and operates on a combined budget of over $124 million for FY23. The County consists of the City of Lancaster and three towns and is working to balance suburban growth and rural area service needs.

Lancaster County is governed under the Council – Administrator form of government. County Council, the governing body, represents seven single member districts. Councilmembers, who are elected on a partisan basis, serve four-year terms. The council bi-annually elects members to serve as Chairman, Vice-Chairman, and Secretary. County Council is responsible for adopting ordinances, adopting the county budget, establishing fees, and appointing the County Administrator. The County Administrator is responsible for the day-to-day operations of the government with the assistance of the Assistant County Administrator and senior leadership.

The County provides several services primarily to its unincorporated areas such as: law enforcement, fire protection, solid waste management, and roads & bridges. Stormwater management services, funded by a special fee, are provided in areas north of Hwy 5. The County also provides a variety of administrative services such as voter registration, tax assessment & collection, parks & recreation, and health & welfare.

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

Budgeting is an essential element of the financial planning, control, and evaluation process of the County. The annual budget process begins with the budget staff receiving requests from departments and agencies on behalf of the County Administrator. Meetings are held with senior leadership, Deputy County Administrator, and the County Administrator. Based on the administrator's recommendations, the budget staff prepares a draft budget. The draft budget is prepared by fund and department. The recommended budget is presented in multiple workshops for full Council to review. The Council then holds three readings, a public hearing and adopts the budget no later than June 30. The legal level of budgetary control is the fund level.

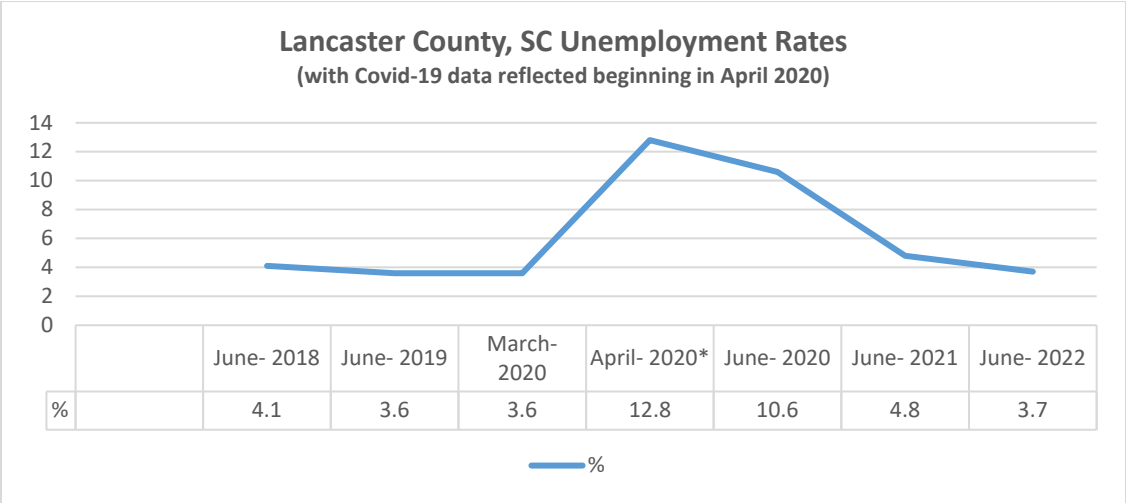
Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 74-75 as part of the required supplementary information. Special revenue & capital fund budget-to-actual comparisons are presented on pages 88-100. For the debt service fund, the comparison is presented on page 101.

Local Economy

Workforce and Economic Development

The County, once dependent upon manufacturing, has developed a diversified industry portfolio which includes retail and headquarters of technical & professional industries. According to the South Carolina Department of Employment and Workforce, employment in the retail trade was highest in the second quarter of calendar year 2022. Health care & social assistance was the second highest during this period and manufacturing third. There were 43,009 employed and 1,669 recorded as unemployed as of June 2022. The per capita income for the county is $55,033, which is the seventh highest in the state per BEA estimates.

The County's unemployment rate was 3.7% at June 2022, close to pre-pandemic levels. The five-year trend for unemployment is shown in the table below, along with data reflecting the beginning of the economic downturn due to the pandemic.



	June- 2018	June- 2019	March-2020	April- 2020*	June- 2020	June- 2021	June- 2022
%	4.1	3.6	3.6	12.8	10.6	4.8	3.7

Source: Bureau of Labor Statistics

Economic development provides opportunities to stimulate the County's economy and provide employment opportunities. We believe our economic development program expands the tax base and diversifies our local economy. According to the South Carolina Department of Commerce, the County announced a total of $86,700,000 in investments with a creation of 585 jobs during the fiscal year. The new and expansion announcements include the following:

- ***US Strapping Company, Inc.,*** a manufacturer of a wide range of packaging products for securing and protecting transports around the world, announced a $34.6 million investment which includes the creation of 63 new jobs. This represents an expansion for this company, which is expected to be complete by March 2023.

- ***Nutramax Laboratories,*** a manufacturer and marketer of nutritional supplement products for people and pets, announced plans for a $30 million expansion. The company currently has three existing locations in the County, this expansion will be the fourth located in Indian Land. The investment will create 200 new jobs and a grant of $500,000 was awarded by the State for this economic development project.
- ***Chief Buildings,*** a premier metal building system manufacturer, announced $22.1 million investment and the creation of 120 new jobs over the next five years. This a new manufacture operation in the County and a $200,000 state grant was awarded for this project.

Largest employers of the County include:

- ***Adornus Cabinetry***, a leading manufacturer and distributor of high-quality kitchen cabinets and bathroom vanities.
- ***CompuCom Systems***, an industry leader in digital workplace services, employs 300.
- ***Continental Tire headquarters***, one of the leading automotive tire suppliers worldwide, employs 609.
- ***Haile Gold Mine (OceanaGold Corporation)***, in the southern area of the county, is the largest gold mining operation on the East Coast. The mine employs of 450.
- ***Keer America,*** a textile industry which has the capacity to produce a wide range of pure cotton yarns, employs 401.
- ***Medical University of South Carolina*** Lancaster Medical Center, a 225-bed hospital.
- ***Movement Mortgage,*** one of the nation's largest retail mortgage lender, employs 725.
- ***Nutramax Manufacturing, Inc.,*** a manufacturer of nutritional supplements for people and pets, employs 438.
- ***PCI Group,*** a provider of mission critical print and mail services for businesses, employs 260.
- ***Red Ventures***, a multi-billion dollar digital media company with a 180-acre campus, employs 1925. The campus includes a sales center, 6-story office tower, a 260-unit apartment community, and a learning & development center.
- ***ServiceMac***, a mortgage servicing company.



RED VENTURES

Tax Abatements

The County offers industries tax incentives or tax abatements in the form of special source revenue credits and other methods permitted by state law. The abatement information for the County can be found in the notes on page 73. A cost-benefit analysis is performed by County Economic Development and presented to Council for consideration when reviewing a potential project. The analysis includes information such as job types, average wages, and the economic impact created by the industry. The economic development staff is responsible for monitoring and compliance. The industries are also required to file annual reports with the State.

Housing and Commercial Markets
The County's proximity to the Charlotte region, along with low taxes, has generated a highly attractive market for tremendous growth since 2007. The building department issued commercial and residential permits for values of $607,829,468 and $218,226,704, respectively during the fiscal year. This signified an 19% increase from the prior year and most permits were issued for the Indian Land area.

The County is experiencing growth in retail and dining options in the Indian Land area. The Promenade and RedStone are the two largest retail developments in the County. The Promenade includes about 300,000 square-feet of retail space, with additional phases soon. RedStone, adjacent to the Red Ventures campus, is a 310,000 square-foot retail center which includes a 55,400 square-foot movie theatre. RedStone Phase II will include additional retail and residential is expected to be completed in the second quarter of 2024.

Higher Education
The University of South Carolina Lancaster (USCL) is an accredited two-year public university, which also provides for the completion of selected bachelor's degrees through a partnership with USC Palmetto College. The university, established in 1959, is a regional campus of the University of South Carolina. USCL's enrollment is estimated to be 1,800 students. The university occupies a 150-acre campus and a satellite site in Indian Land. The County has appropriated $1 million of capital project sales tax to assist with creating a safe pedestrian and bike crossing on the main highway near the university. The County has also appropriated $1 million from its third capital project sales tax to defray the cost of constructing a new health education facility. This facility will support an expansion of the existing nursing program.

The college is committed to health and education equity. As a part of that commitment, USCL has partnered with South Carolina Department of Health and Environmental Control (DHEC) to offer a satellite site on campus for a teen clinic called, *The Hubb*. DHEC will provide preventative health services for teens and young people. This is an example of campus-community health partnerships.

Long-term Financial Planning

The County approved its Capital Improvement Program (CIP) during fiscal year 2021. The CIP will be updated at regular intervals and correspond with the annual budget process. Among several capital needs funded by fund balance and/or bonds, the CIP includes public safety and recreation projects funded by Impact Fees. The fees are collected with building permits, on new construction in the northern portion of the county, to help defray the cost of providing public facilities caused by growth.

The County has a fund balance reserve policy in place, as stated below. The goal is to strategically earmark the amounts above the threshold to address the CIP and other infrastructure needs.

Relevant financial policies

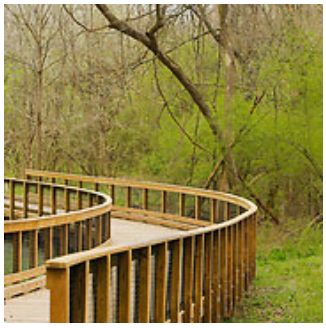
The County's financial policies were created with the general purpose of enabling the County to achieve a long-term stable and positive financial condition. Below are some of the relevant financial policies:

- Maintain a diversified and stable revenue system to protect itself from short run fluctuations.
- One-time or non-recurring revenues will not be used to fund current ongoing operations or for budget balancing purposes.
- Maintain a General Fund unassigned fund balance at a level of 28-32 percent of the general fund operating budget.
- The County's cash flow shall be managed to maximize the cash available to invest.
- The County Treasurer or designee shall minimize market risk while maintaining the highest possible yield.
- Conserve and protect the County's resources from accidents and loss exposures.

Major Initiatives

Lancaster 2040 Comprehensive Plan

State law requires the county to update its comprehensive plan every ten years. The Lancaster 2040 Comprehensive Plan is underway and should be completed in FY2023. A steering committee met multiple times beginning in fiscal year 2022. Public forums are being held to provide feedback on the following: population, economic development, natural resources, cultural resources, community facilities, housing, land use, transportation, priority investments, and resiliency.



Lindsay Pettus Greenway

With the significant housing and population growth, the Lancaster 2040 Comprehensive Plan will provide long-range vision and direction over the next 10 to 20 years. It will play a critical role in the community's vision for addressing growth and development.

American Rescue Plan Funding

The County received $19,037,682 from the American Rescue Plan Act (ARPA). The federal funds are being strategically earmarked to address projects on the CIP and to help defray future costs of addressing the County's needs. Council has approved funding IT infrastructure improvements, building improvements for security, HVAC replacement, coroner's office expansion, an EMS bay at the headquarters, an EMS mass transport bus, and among other projects, improving the recreation parking lot.

Awards and Acknowledgements

The County received its tenth Distinguished Budget Presentation Award for the annual budget for fiscal year beginning July 1, 2021. This award signifies that the County prepares a budget document of the highest quality and is used as an operations guide, financial plan, and communication device. The award is valid for one year only and the County has submitted its fiscal year beginning July 1, 2022 budget, for award consideration.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Lancaster County for its Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2021. This is the twenty-third consecutive year the County has received this award. To be awarded a Certificate of Achievement, Lancaster County published an easily readable and efficiently organized ACFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

The preparation of the ACFR would not have been possible without the valuable teamwork and dedication of the Lancaster County Finance staff. Moreover, the support and leadership of the County Council has been instrumental in the development of this report. We would also like to thank the accounting firm of Mauldin & Jenkins, LLC for their assistance with this project.

Respectfully submitted,

Dennis Marstall
County Administrator

Veronica C. Thompson
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

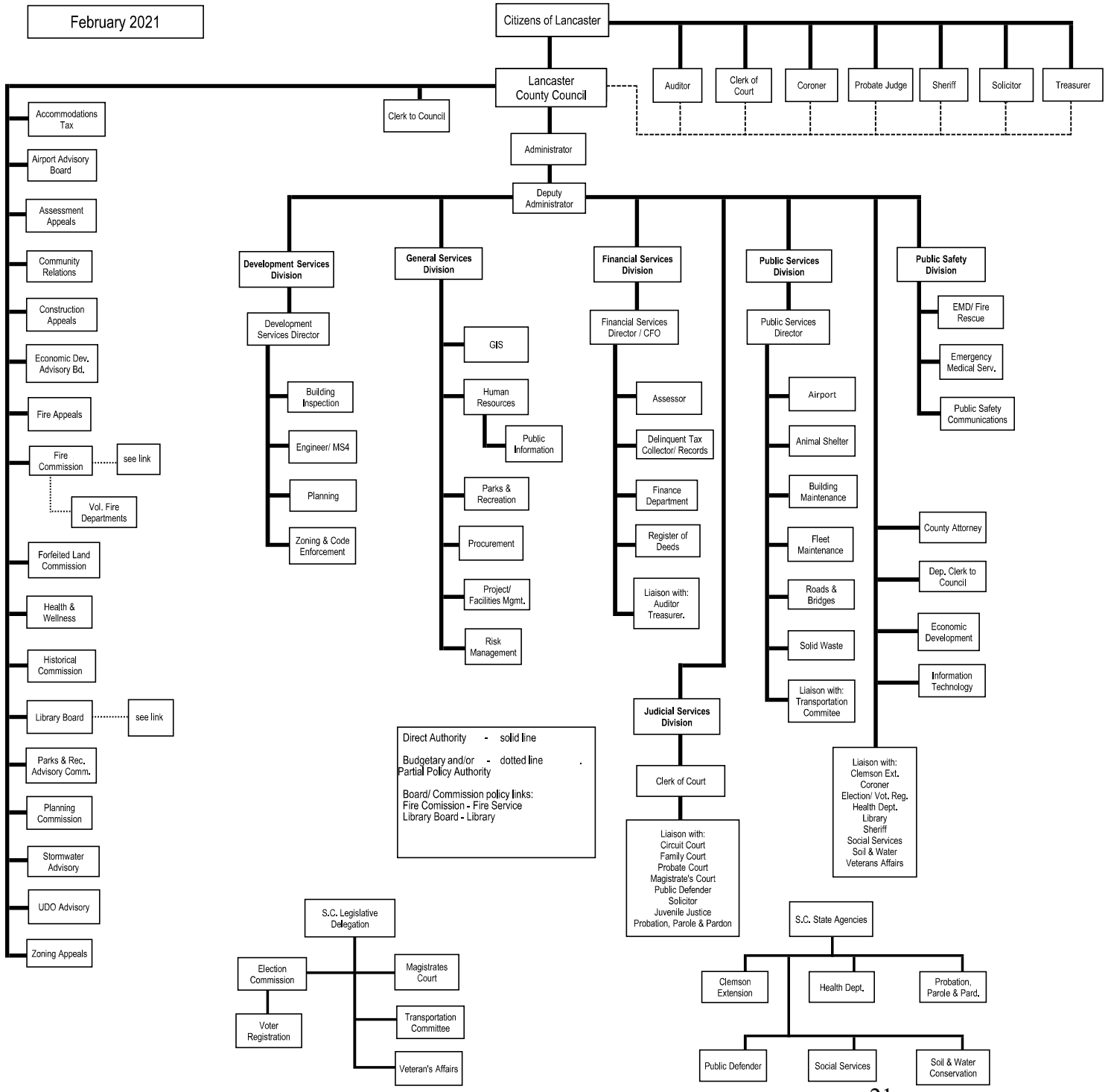
County of Lancaster
South Carolina

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO


February 2021
Citizens of Lancaster
Lancaster County Council
Auditor
Clerk of Court
Coroner
Probate Judge
Sheriff
Solicitor
Treasurer
Clerk to Council
Administrator
Deputy Administrator
Accommodations Tax
Airport Advisory Board
Assessment Appeals
Community Relations
Construction Appeals
Economic Dev. Advisory Bd.
Fire Appeals
Fire Commission
see link
Vol. Fire Departments
Forfeited Land Commission
Health & Wellness
Historical Commission
Library Board
see link
Parks & Rec. Advisory Comm.
Planning Commission
Stormwater Advisory
UDO Advisory
Zoning Appeals
Development Services Division
Development Services Director
Building Inspection
Engineer/ MS4
Planning
Zoning & Code Enforcement
General Services Division
GIS
Human Resources
Public Information
Parks & Recreation
Procurement
Project/ Facilities Mgmt.
Risk Management
Financial Services Division
Financial Services Director / CFO
Assessor
Delinquent Tax Collector/ Records
Finance Department
Register of Deeds
Liaison with: Auditor Treasurer.
Public Services Division
Public Services Director
Airport
Animal Shelter
Building Maintenance
Fleet Maintenance
Roads & Bridges
Solid Waste
Liaison with: Transportation Commitee
Public Safety Division
EMD/ Fire Rescue
Emergency Medical Serv.
Public Safety Communications
County Attorney
Dep. Clerk to Council
Economic Development
Information Technology
Liaison with: Clemson Ext. Coroner Election/ Vot. Reg. Health Dept. Library Sheriff Social Services Soil & Water Veterans Affairs
Judicial Services Division
Clerk of Court
Liaison with: Circuit Court Family Court Probate Court Magistrate's Court Public Defender Solicitor Juvenile Justice Probation, Parole & Pardon
Direct Authority - solid line
Budgetary and/or Partial Policy Authority - dotted line
Board/ Commission policy links:
Fire Comission - Fire Service
Library Board - Library
S.C. Legislative Delegation
Election Commission
Voter Registration
Magistrates Court
Transportation Committee
Veteran's Affairs
S.C. State Agencies
Clemson Extension
Health Dept.
Probation, Parole & Pard.
Public Defender
Social Services
Soil & Water Conservation

LANCASTER COUNTY,
SOUTH CAROLINA
PRINCIPAL COUNTY OFFICIALS
JUNE 30, 2022



MEMBERS OF COUNTY COUNCIL

Terry Graham, District 1, Member
Charlene McGriff, District 2, Member
Billy Mosteller, District 3, Secretary
Larry Honeycutt, District 4, Member
Steve Harper, District 5, Chair
Allen Blackmon, District 6, Member
Brian Carnes, District 7, Vice Chair

Seated: *Carnes, Harper, Mosteller*
Standing: Blackmon, Honeycutt, McGriff, Graham

ELECTED & APPOINTED OFFICIALS

Suzette Murphy, Auditor
Jeff Hammond, Clerk of Court
Karla Deese, Coroner
Mary Rathel, Probate Judge
Barry Faile, Sheriff
Carrie Helms, Treasurer
Brittany Grant, Register of Deeds

ADMINISTRATIVE OFFICIALS

Dennis E. Marstall, County Administrator
John Bodner, Assistant County Administrator
John K. Dubose, III, County Attorney
Sherrie Simpson, Clerk to Council

Veronica C. Thompson, Financial Services Director
Rox Burhans, Development Services Director
Jeffrey Catoe, Public Services Director

FINANCIAL SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the County Council
of Lancaster County
Lancaster, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Lancaster County** (the "County") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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 County as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Notes 1, 6, and 7 to the financial statements, in 2022 the County adopted new accounting guidance, GASB Statement No. 87*, Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (on pages 5 through 15), the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General Fund (on pages 74 and 75), the Schedule of Changes in the County's Total OPEB Liability and Related Ratios (on page 76), the Schedules of the Proportionate Share of the Net Pension Liability (on page 77), and the Schedules of Contributions (on pages 78 and 79) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements. The combining and individual nonmajor fund financial statements and schedules, the budgetary comparison schedules, the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and the Uniform Schedule of Court Fines, Assessments, and Surcharges, as required by the State of South Carolina are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, on our consideration of Lancaster County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lancaster County, South Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lancaster County, South Carolina's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
December 6, 2022

As management of Lancaster County, South Carolina, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal on pages i-vii and the County's financial statements.

Financial Highlights

- Lancaster County's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of June 30, 2022, by $167,923,745 for governmental and business-type activities as reflected in the Statement of Net Position.

- A positive increase in net position of $32,460,904 was reported.

- At the close of the fiscal year, the County's combined governmental funds reported ending fund balances of $117,031,219, an increase of $16,736,352 from the prior year.

- Total Unassigned Fund Balance for the Governmental Funds was $45,686,605.

Overview of the Financial Statements

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

Government-wide financial statements

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

The *statement of net position* presents financial information on all the County's assets and liabilities, deferred inflows/outflows of resources, with the difference reported as net position. The County's net position is a way to measure financial health. Over time, increases or decreases in the County's net position are one indicator of whether financial health is improving or deteriorating.

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

The government-wide financial statements includes information about the County (known as the primary government), which is mainly supported by taxes and charges for services. The County Airport (Enterprise Fund) is also reflected, which is supported by fees, charges, and the primary government.

The government-wide financial statements can be found on pages 16-17 of this report.

Fund financial statements

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

Governmental funds

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

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

The County maintains twenty-eight individual governmental funds. The General Fund accounts for all financial resources except those required to be accounted for in another fund. Major Funds, other than the *General Fund*, include:

- The Capital Projects Sales Tax 2 Fund, accounts for 1 cent sales tax approved by a referendum and became effective, May 1, 2016. Activity for the current fiscal year include road improvements, library improvements, and a transfer to the debt service fund.
- The General Obligation Bond Projects Fund which accounts for activity for recreation projects, EMS headquarter improvements, and the purchase of fire apparatus.
- The Debt Service Fund.
- ARPA (American Rescue Plan Act) Fund used to account for funds allocated by the federal government to address the economic and public health effects of Covid-19.

The County's remaining twenty-three funds, (7) capital projects funds and (16) special revenue funds, are presented as non-major funds.

Lancaster County annually adopts an appropriated budget for its general, debt service and special revenue funds. Project length budgets are adopted for the capital projects fund. Budgetary comparison statements have been provided for the General Fund as required supplementary information. The OPEB and Pension liability schedules are also required supplementary information. Budgetary comparisons for the debt service, capital projects, and special revenue funds, are included as other supplementary information.

The governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary Funds

Proprietary funds are used to account the same functions presented as business-like transactions of the government. The types of proprietary funds are enterprise and internal service. The County maintains one enterprise fund used to account for its Airport operations.

The proprietary fund financials can be found on pages 22-24 of this report.

Fiduciary funds

Fiduciary funds account for resources held by the County for the benefit of other parties. The resources of fiduciary funds are not available to support the County's programs and are therefore excluded from the government-wide financial statements. There are four types of fiduciary funds: pension and other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. The County only reports custodial funds.

The fiduciary financial statements can be found beginning on page 25 of this report.

Notes to the financial statements
The notes provide additional information essential to a full understanding of the data provided in the government-wide and government fund financial statements.

The notes to the financial statements begin on page 27.

Other information
In addition to the basic financial statements and accompanying notes, this report presents the previously mentioned budgetary comparisons for the general fund, special revenue and capital projects funds. Combining and individual statements and schedules for nonmajor funds are presented. Pension and other post-employment benefits (OPEB) funding obligations are also included as supplementary information. Included are a schedule required by state law applicable to expenditures on behalf of victims of crime and financial trends information.

The supplementary information begins on page 74.

Government-wide Financial Analysis

As noted earlier, the statement of net position over time may serve as an indicator of its financial position. In the case of Lancaster County, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $167,923,745 on June 30, 2022.

The following table presents a summary of the statement of net position on June 30, 2022:

Lancaster County's Net position

	Governmental Activities		Business-type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Assets						
Current and other assets	$155,260,733	$116,244,622	$ (41,355)	$(105,571)	$155,219,378	$116,139,051
Capital assets	132,791,590	111,812,164	7,143,320	7,090,299	139,934,910	118,902,463
Total assets	288,052,323	228,056,786	7,101,965	6,984,728	295,154,288	235,041,514
Deferred Outflows of Resources	13,012,991	13,795,513	23,875	24,163	13,036,866	13,819,676
Liabilities						
Long-term liabilities	100,138,401	103,134,246	125,610	133,070	100,264,011	103,267,316
Other liabilities	30,736,779	9,650,035	22,500	85,393	30,759,279	9,735,428
Total liabilities	130,875,180	112,784,281	148,110	218,463	131,023,290	113,002,744
Deferred Inflows of Resources	9,131,386	395,081	112,733	524	9,244,119	395,605
Net position:						
Net investment in capital assets	106,455,305	90,773,584	7,143,320	7,090,299	113,598,625	97,863,883
Restricted	42,641,349	38,876,125	-	-	42,641,349	38,876,125
Unrestricted	11,962,094	(976,772)	(278,323)	(300,395)	11,683,771	(1,277,167)
Total net position	**$161,058,748**	**$128,672,937**	**$6,864,997**	**$6,789,904**	**$167,923,745**	**$135,462,841**

The largest portion (66%) of Lancaster County's **net position** reflects **net investment in capital assets** less any outstanding debt used to acquire those assets. These capital investments play an integral role in providing services and addressing population growth. The **restricted** portion represents resources that are subject to external restrictions on their use such as funds for property tax reduction, general obligations bond proceeds, gasoline tax funds, and capital projects sales tax 2. The increase in restricted net position is attributed to hospitality tax revenue which will be used to fund a future sports complex. Debt service funds restricted also increased from activity in the bond fund. The increase in the **current and other assets** includes pooled cash for various funds and reflected increase in hospitality tax, capital projects sales tax 2, county transportation and development agreement funds. Investments include ARPA funds and cash held at the state investment pool. The **capital assets** of the government increased due to several construction projects, such as recreation improvements and public safety equipment. The capital assets are discussed in detail later in this analysis. **Long-Term liabilities** increase due to the issuance of a $7,500,000 general obligation and $6,140,000 special obligation bonds. **Other liabilities** reflected a large increase due to unearned ARPA funds in the amount of $15,286,785. The accrued payables also increased compared to prior year. Deferred inflows increased from prior year based upon the actuarial report from the state, these resources were not available for this period. It appears the pension investments were affected by the economy. **Net investment in capital assets** increased due to an increase in assets acquired during the period, including construction in progress. The capital assets are discussed later in this report.

Governmental Activities. As stated before, the County's activities increased the net position $32,460,904 from the prior year.

Key elements of the change include:

- **Total revenues** increased for the government's activities by $15,873,589 for the fiscal year. Charges for services, operating grants & contributions, and property taxes attributed the increase. *Charges for services* increases reflect the population and economic growth of the county in building permits and register of deeds fees. *Operating grants & contributions* include ARPA revenue used during the year, a grant to make improvements to the DSS building, and an increase in state aid. The County also received one-time funding in the amount of $945,900 for road improvements. *Property taxes* increased due to growth in the local option sales taxes, vehicles taxes, and a small increase in the debt service millage. *Capital grants & contributions* increased due to a $516,699 donation from a developer recorded in the public safety fund.

- **Total expenses** increased by $3,704,601 for governmental activities compared to the prior year. Overall, there was a 3% cost of living adjustment for employees. To provide enhanced services and address growth, 29 positions were added to the government's activities. There were significant increases in general government expenses to address the County's growth. *General Government* due to building improvement expenses in the amount of $1.1 million for the County's Department of Social Services paid with grant funds. The County also expensed a total of $3.7 million in ARPA funds for premium pay for essential workers ($1.3M), building and HVAC improvements for several buildings to help reduce the spread of infectious diseases ($1.2M), and $864K in IT improvements to help protect our infrastructure and provide services to the citizens in an efficient manner.

  Public Safety expense decreased partly due to a decrease in COVID-19 expenses from the prior year and a one-time purchase in the amount of $665,728 to replace a damaged fire apparatus. There were a number of grant expenses carried forward to the subsequent year.

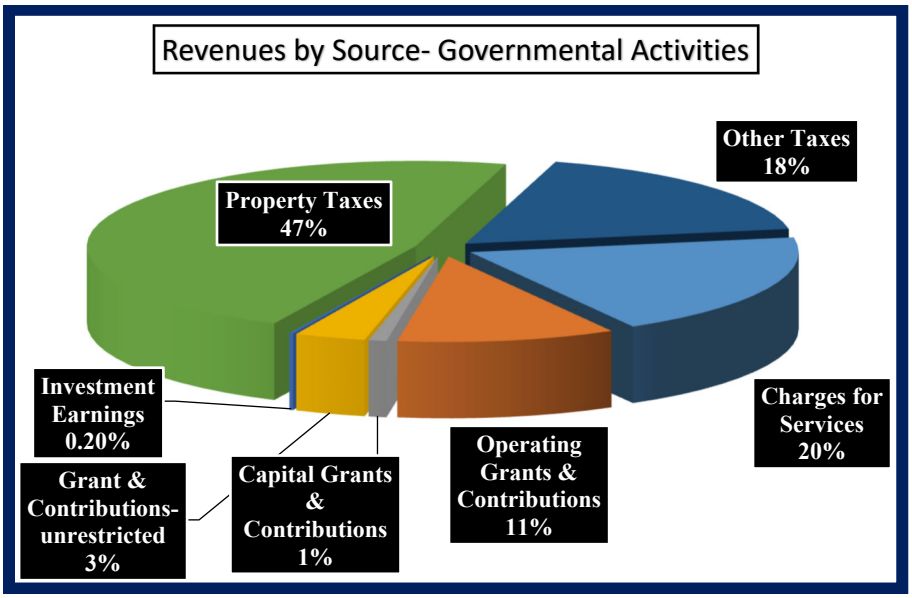
Business-type Activities. Business-type activities (Airport) net position increased by $75,093 compared to the prior year. Fuel sales increased during the year and the County increased its support to airport operations.

The table below summarizes the changes in net position for the County for the year ended June 30, 2022:

Lancaster County's Changes in Net Position

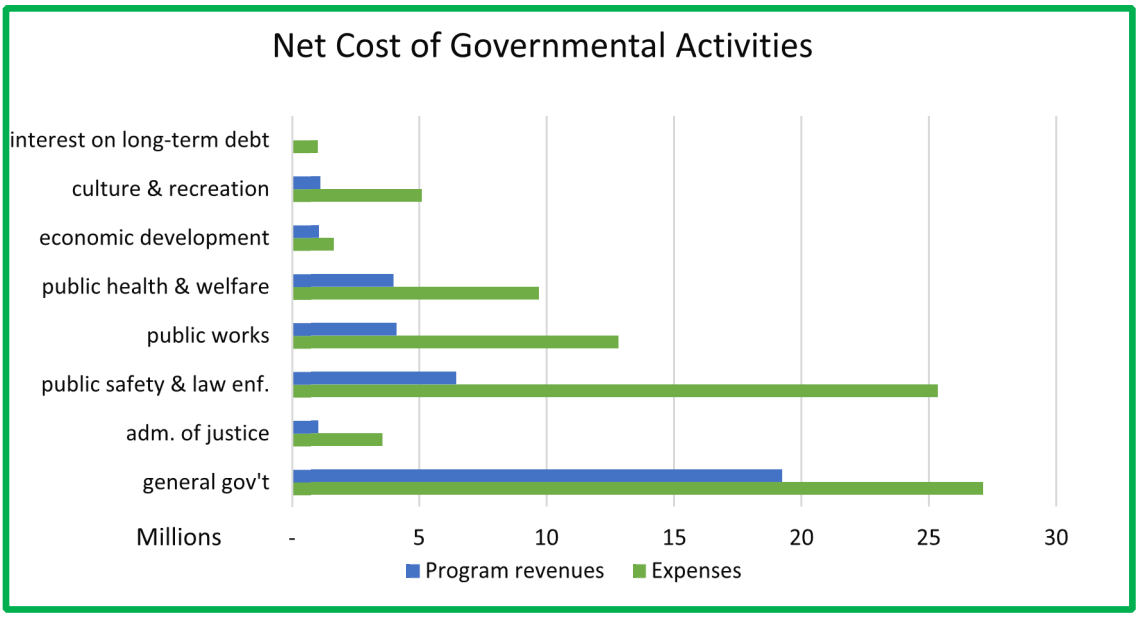
	Governmental Activities		Business-type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Revenues:						
Program Revenues:						
Charges for services	$23,659,275	$19,980,747	$230,789	$180,551	$23,890,064	$20,161,298
Operating grants & contributions	12,745,061	7,027,593	-	-	12,745,061	7,027,593
Capital grants & contributions	1,050,320	249,204	466,786	778,646	1,517,106	1,027,850
General Revenues:						
Property taxes	56,297,856	52,256,106	-	-	56,297,856	52,256,106
Other taxes	21,136,519	20,169,722	-	-	21,136,519	20,169,722
Unrestricted grants & contributions	3,718,212	3,119,897	-	-	3,718,212	3,119,897
Unrestricted investment earnings	233,670	164,055	-	-	233,670	164,055
Other	-	-	-	-	-	-
Total revenues	**118,840,913**	**102,967,324**	**697,575**	**959,197**	**119,538,488**	**103,926,521**
Expenses:						
General government	27,134,070	20,581,760	-	-	27,134,070	20,581,760
Administration of justice	3,560,929	3,288,860	-	-	3,560,929	3,288,860
Public safety and law enforcement	25,352,662	28,658,281	-	-	25,352,662	28,658,281
Public works	12,818,803	13,257,472	-	-	12,818,803	13,257,472
Public health & welfare	9,700,243	9,419,576	-	-	9,700,243	9,419,576
Economic development	1,651,113	1,666,221	-	-	1,651,113	1,666,221
Culture & recreation	5,105,234	4,692,437	-	-	5,105,234	4,692,437
Interest on long-term debt	1,022,918	1,076,764	-	-	1,022,918	1,076,764
Airport	-	-	731,612	665,304	731,612	665,304
Total expenses	**86,345,972**	**82,641,371**	**731,612**	**665,304**	**87,077,584**	**83,306,675**
Increase (Decrease) in net position before Transfers	32,494,941	20,325,953	(34,037)	293,893	32,460,904	20,619,846
Transfers	(109,130)	(78,930)	109,130	78,930	-	-
Increase (Decrease) in net position	32,385,811	20,247,023	75,093	372,823	32,460,904	20,619,846
Net position-beginning of year (restated)	128,672,937	108,425,914	6,789,904	6,417,081	135,462,841	114,842,995
Net position- end of year	**$161,058,748**	**$128,672,937**	**$6,864,997**	**$6,789,904**	**$167,923,745**	**$135,462,841**

The pie chart below depicts the percentages of revenues by source for the County's governmental activities:



As illustrated in the pie chart above, **Property Taxes (47%)** are the government's main source of revenue. This category includes taxes collected for general fund, debt service, court security, and capital improvement. **Charges for services**, another major source (20%), include: Stormwater management, EMS charges, & building permit fees. **Investment earnings** represent the least source of general revenue. **Other taxes** (18%) reflect revenue from road improvement fees, hospitality taxes, and capital projects sales tax 2 (CPST2).

The chart below represents the cost of governmental activities in comparison to the program revenues that support them (net cost of governmental activities):



Financial Analysis of the County's Funds

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

At June 30, 2022, the sum of all the County's governmental funds fund balances totaled $117,031,219 of which $45,686,605 is classified as unassigned. The **General Fund** is the major governmental fund of the County. At the end of the fiscal year, the general fund reported an unassigned fund balance of $48,533,918 compared to $39,617,495 the prior year. Property taxes account for 64% of the general fund revenues. Property tax collections increased due to growth in assessed values and local option sales tax revenue. Building permit collections ($6,334,126) were 10% higher from prior due to residential and commercial growth. There was 19% increase in building permit values compared to the prior due to the addition of high-end apartment buildings. The permits have contributed to the growth of the County's reserves since the year 2007. Historically, when there are positive collections in building permits the same trend is apparent with register of deed fees. There was a 26% increase in register of deed fees compared to the prior year. This is reflective of lower interest rates and increased value of property sales. The County continues to maintain a healthy fund balance due to conservatively estimating revenues and controlled spending. There were vacancy savings throughout the year and projects carried forward, as explained in the *general budgetary highlights* below.

The **Capital Projects Sales Tax 2 Fund (CPST),** also a major fund, reports the County's second CPST approved by the voters which became effective May 2015 and ended April 2022. The fund balance increased by $9,093,173 compared to the prior year. The library improvements were mostly completed in FY2021. There are road projects remaining and additional projects approved by Council. It is expected that excess funds will be transferred to the County's third imposition (CPST3) which became effective May 2022. There was also $3,780,000 transferred to the debt service fund for the final payment of bond series 2015A. The County's **Debt Service Fund,** which reports general obligation debt, is also reported as a major fund. The County debt expenses were more than property tax levied for debt due to the issuance of debt in the second quarter of the fiscal year. The fund balance for this fund decreased by $157,034. The debt expenses were covered by net position restricted in the fund. The **Bond Projects Fund** accounts for the $19,905,000 mixed debt general obligation bonds issued May 2019. Debt was issued in November 2021 for the completion of the recreation referendum ($7.5M) and a special obligation bond ($6.1M) for fire apparatus. The decrease in fund balance of $6,406,187 reflects activity for multiple recreation projects which will be completed at different stages. The County also ordered the above-mentioned apparatus at a cost of $6 million. **Nonmajor Governmental Funds** include capital projects and special revenue funds for which fund balances are restricted. The fund balance increased by $2,038,577 mainly due to *hospitality tax*, as the County is accumulating funds to issue future debt for a sports complex. Also, the *county transportation fund* received one-time donor funding and $1M in encumbrances carried forward. The County's new fund, *capital project sales tax 3*, saw a decline in fund balance due to the purchase of land for the new detention center near the end of the fiscal year. The deficit will be removed once the transfer is made from CPST2 in the subsequent year. The *capital improvement fund* recorded increases in fund balances but there was a $798K encumbrance carried forward to the subsequent year.

General Fund Budgetary Highlights

A budgetary comparison schedule is included for the general fund on pages 74-75. After accounting for other financing sources and uses, the net change in fund balance was an increase of $10,755,369. Actual revenues were above budgetary estimates by $8,937,505. Actual expenditures were below budgetary appropriations by $15,863,745 due to reasons explained below. Transfers were made for the following: $109,130 to assist the airport operations and $32,546 transfer in from the state accommodations tax.

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

- Property Taxes- This fiscal year was the year of reassessment in which the County rolled back millage per state law. In a reassessment year, you are still allowed to capture growth derived from new assessments. While ad valorem taxes were below projections, other taxes were more than projected and made up the difference. Taxes were more than anticipated in the following categories: Rollback taxes ($133K), fee-in-lieu of taxes ($464,323), local option sales tax rollback ($1.6M), and local option sales tax revenue

($729,187). All reflect the ongoing residential and commercial growth in the County. The rollback revenue will be given back to the taxpayers as a credit on their tax bills in the subsequent tax year.

- Other Taxes- Include road fees per vehicle and the increase is due to population growth, which collected $484,698 more than anticipated. There was a fee increase from $35 to $40 for collections beginning in January 2022.
- Licenses & Permits- Total collections were $5,408,594 above revenue estimates in this category due to conservative budgeting for this market driven revenue. Building permits collected were $2,834,126 above estimates and register of deeds fees, were $1,369,303 above estimates. These excess revenues contribute to building the County's fund balance.
- Intergovernmental Revenue- Reflected a favorable variance attributed to $563,976, above projections, received for state aid. The increase reflects adjustments due to the most recent census data.
- Interest Revenue- An unfavorable variance, the rates have been low but a rebound is reflected in the subsequent year.
- Other Revenue- A favorable variance due reclassifying unearned revenue for funds received from a developer for improvements and insurance claim funds for various departments.

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

Below were the significant negative variances:

- Legal team ($111,165).
- Coroner ($200,851) - Increase in the number of autopsies and forensic expertise attributed by an increase in deaths.
- Debt Service- principal ($169,466)- Implementation of the new GASB 87- accounting for leases.

Below were the significant positive variances and the explanations for those variances:

- Non-departmental $385,388- Unemployment and volunteer worker's compensation expenditure lower than expected and property insurance $240K lower than budget.
- County Council $382,173- savings in grant match and professional services.
- Administrator $158,360- Savings medical contract for employees and travel line items:
- Finance $159,975- Savings in personnel line items due to vacancies and AP automation project carried forward to subsequent year.
- Management information services $106,758- Encumbrances of $62,406 carried forward.
- Building $416,886- Savings in outsourcing commercial plan reviews, demolition expense, and wages.
- Planning $1,241,569- Vacancies, encumbrances for UDO revision & comp plan carried forward to subsequent year ($679,693).
- Assessor $147,836- Vacancies.
- Voter's Registration $304,203- Savings in part-time and shelving project carried forward to FY2023.
- Sheriff $231,665- Savings in personnel line items and $54,354 in encumbrances rolled.
- Detention center $302,625- Vacancy savings $267,685.
- Communications $631,424- Personnel savings due to vacancies ($300K), $41K encumbrance rolled forward, savings in radio maintenance agreement due to purchase of new radio system.
- Fire Commission $242,566- Savings in recruitment/retention program and encumbrances for two trucks rolled forward.
- Roads and Bridges $824,932- Savings due to underutilization of road fee while waiting on legal ruling from state, vehicle maintenance newer fleet, delayed road inventory and vacancies.
- Solid Waste $439,085- Landfill disposal savings and vacancies.
- EMS $126,354- Savings in personnel line items.
- Recreation $431,948- Vacancies during the year and reduction in programs due to one facility being upgraded.
- Economic Development $160,231- Vacancies and travel savings.

The County amended its general fund budget on June 27, 2022. Fund balance was appropriated to pay a legal settlement in the amount of $120K.

Capital Assets

Lancaster County's net investment in capital assets for its governmental activities at June 30, 2022, totaled $132,791,590, net of accumulated depreciation. This investment in capital assets includes land, buildings and building improvements, vehicles, furniture and equipment, and infrastructure assets added during the fiscal year. The lease assets are now reported at the total of $277,665.

Lancaster County's Capital Assets (net of depreciation) and Lease Assets

	Governmental Activities		Business-type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Land	$ 12,386,465	$ 10,568,755	$ 598,607	$ 598,607	$ 12,985,072	$ 11,167,362
Buildings & Improvements	66,418,388	66,044,139	6,058,434	5,435,419	72,476,822	71,479,558
Vehicles	10,233,804	10,616,228	17,810	22,456	10,251,614	10,638,684
Furniture & Equipment	8,897,896	9,088,050	54,614	54,614	8,952,510	9,142,664
Infrastructure	11,025,116	11,458,403	-	-	11,025,116	11,458,403
Construction in Progress	23,552,256	4,036,590	413,855	413,855	23,966,111	4,450,445
Lease assets, net	277,665	-	-	-	277,665	
Total	**$132,791,590**	**$111,812,165**	**$7,143,320**	**$6,524,951**	**$139,934,910**	**$118,337,116**

Major capital asset activities during the fiscal year included the following:

Administration of Justice
- Two Ford F-150- $72,100
- Courtroom audio & video upgrades- $174,864

Culture and Recreation
- HVAC replacements- $208,626

General Administration
- Shelving System- $103,894
- Chiller and HVAC improvements- $509,549

Public Health & Welfare
- HVAC improvements- $164,724
- EMS headquarters- $1,996,348

Public Safety
- Two ambulances - $609,626
- 17 public safety vehicles
- Transit van- $75,688
- 12 console radio system- $1,010,283
- Purchase land for detention center- $1,817,710
- Fire apparatus & mobile command- $6,070,000

Public Works
- Four 2022 Mack trucks- $$676,825
- MowerMax with attachments- $197,716
- Two 2023 Mack trucks- $328,556
- Subdivision roads added- $512,100

Construction in progress

- Air Rail Park Improvements- $743,091
- IT network overhaul- $504,388
- Security upgrades in admin bldg.- $63,728
- IL recreation building improvements- $4,687,613
- IL soccer complex- $3,554,105
- Heath Springs soccer complex- $4,687,613
- Airport terminal preliminary- $413,855
- DSS renovations- $589,332
- Detention Center planning- $230,749

Additional information on the County's capital assets can be found in note 5 beginning on page 47.

Debt Administration

The legal limit on the amount of general obligation bonded indebtedness that the County can incur is 8% of assessed value. The debt limit is estimated to be $39,048,145 with a legal debt margin of $23,970,00 available without a referendum. At the end of the current fiscal year, the County's long-term liabilities outstanding totaled, $100,138,401, which includes long-term debt, leases, compensated absences, and net pension liability. General obligation bonds make up 27% ($27,524,538) of long-term debt and are backed by the full faith and credit of the government.

Lancaster County's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
General Obligation Bonds	$27,524,538	$27,917,646	$ -	$ -	$27,524,538	$27,917,646
Special Source Revenue Bonds	4,856,716	5,812,293	-	-	4,856,716	5,812,293
Special Obligation Bonds	6,140,000	-	-	-	6,140,000	-
Total	$38,521,254	$33,729,939	-	-	$38,521,254	$33,729,939

The County's general obligation debt decreased by $8,542,268 partially due a large principal payment for a 2015A Referendum Debt in the amount of $3,600,000. The 2015A debt matured in the reported fiscal year. There were principal payments made for the 2015C, 2016A, 2019, and 2021 bond series. The County issued debt in the amount of $7,500,000 which was the not-to-exceed balance remaining for the recreation referendum which allowed the projects to be funded in its entirety. Debt was also issued in the amount of $6,140,000 to purchase three aerial fire apparatus and a mobile command center.

The County currently has ratings of AA- and Aa1 from Standard & Poor's Corporation and Moody's Investors Service, respectively, on general obligation bond issues. Additional information on the County's long-term debt can be found in note 6 on pages 49 through 56 of this report.

Economic Factors and Next Year's Budgets and Tax Rates

The unemployment rate for Lancaster County was 3.7% at June 2022 while statewide unemployment was 3.4% during the same period. The national rate was 3.8%.

The fiscal year 2022-2023 budgets reflected the following major focus areas:

- Understand the goals of the County Council
- Understand the needs of the departments
- Evaluate County services and the impacts of population growth on those services
- Safeguard the fiscal health of the County, with the understanding that the budget is primarily supported by local taxpayer funding
- Identify service enhancements and prepare for future growth and impacts.

The fiscal year 2023 budget includes the following:

- 5%-6% cost-of-living adjustments for fulltime employees
- Enhance service needs with the addition of 23 new positions
- Continued investment in public safety equipment
- Funds for county-wide strategic plan
- Utilizing fund balance for airport terminal in the amount of $3.5M
- One-time funding from the state for road improvements
- Capital sales tax projects

To maintain the County's net position and fund balances at current levels and address the focus areas mentioned above, County Council adopted a general fund budget for fiscal year 2023 which includes 84.3 mils. County Council also adopted 4.8 mils for capital replacement needs, 9.6 mils for debt service, and 3.6 mils for Court Security. The Budget in its entirety can be found on the County's website at:

https://www.mylancastersc.org/
Finance Department's webpage.

The County approved budgets total, $124,304,772:

Lancaster County, South Carolina
Original Adopted Budgets
Fiscal Year Ended June 30, 2023

General Funds		
General Fund		75,987,386
Capital Project Sales Tax Special Revenue Fund		20,602,500
Other Special Revenue Funds		
Court Security	$ 1,816,676	
Victims Services	47,000	
E-911	740,040	
Stormwater	2,881,985	
Transportation	7,900,000	
Indian Land Fire District	1,201,707	
Local Accommodations Tax	120,000	
Lancaster County Airport Commission	367,088	
Pleasant Valley Fire District	932,428	
Hospitality Tax Fund	1,700,000	
State Accommodations Tax Fund	255,000	
Van Wyck Fire District	148,140	
	$ 18,110,064	18,110,064
Debt Service Funds		
Debt Service		7,204,407
Capital Project Fund		
Capital Improvement		2,400,415
Total All Budgeted Funds		$ 124,304,772

Requests for Information

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

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

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 49,761,320	$ 100	$ 49,761,420
Investments	85,397,070	-	85,397,070
Receivables:			
Taxes	1,374,552	-	1,374,552
Accounts	6,686,142	755	6,686,897
Leases	151,612	114,720	266,332
Due from other governments	8,809,050	76,305	8,885,355
Internal balances	270,736	(270,736)	-
Inventories	156,670	37,501	194,171
Prepaid expenses	1,838,455	-	1,838,455
Assets held for resale	815,126	-	815,126
Capital assets:			
Nondepreciable	35,938,721	1,012,462	36,951,183
Depreciable, net	96,852,869	6,130,858	102,983,727
Total assets	288,052,323	7,101,965	295,154,288
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	70,805	-	70,805
Pension - South Carolina Retirement System	6,336,830	23,875	6,360,705
Pension - South Carolina Police Officers Retirement System Retirement System	5,302,303	-	5,302,303
Other postemployment benefits	1,303,053	-	1,303,053
Total deferred outflows of resources	13,012,991	23,875	13,036,866
LIABILITIES			
Accounts payable	11,559,882	-	11,559,882
Accrued liabilities	2,952,398	-	2,952,398
Unearned revenues	15,973,195	22,500	15,995,695
Accrued interest payable	251,304	-	251,304
Noncurrent liabilities:			
Due within one year	7,013,175	-	7,013,175
Due in more than one year	37,774,076	-	37,774,076
Total other postemployment benefits liability	5,271,921	-	5,271,921
Net pension liability:			
South Carolina Retirement System	31,450,773	125,610	31,576,383
South Carolina Police Officers Retirement System	18,628,456	-	18,628,456
Total liabilities	130,875,180	148,110	131,023,290
DEFERRED INFLOWS OF RESOURCES			
Lease receipts	147,319	104,580	251,899
Pension - South Carolina Retirement System	4,621,350	8,153	4,629,503
Pension - South Carolina Police Officers Retirement System	4,234,432	-	4,234,432
Other postemployment benefits	128,285	-	128,285
Total deferred inflows of resources	9,131,386	112,733	9,244,119
NET POSITION			
Net investment in capital assets	106,455,305	7,143,320	113,598,625
Restricted for:			
Property tax reduction	2,409,082	-	2,409,082
Capital projects	21,634,863	-	21,634,863
Public safety	5,635,787	-	5,635,787
Public works	3,593,446	-	3,593,446
Public health and welfare	83,014	-	83,014
Cultural and recreation	561,109	-	561,109
Economic development	7,653,033	-	7,653,033
Debt service	1,071,015	-	1,071,015
Unrestricted	11,962,094	(278,323)	11,683,771
Total net position	$ 161,058,748	$ 6,864,997	$ 167,923,745

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

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Business-type Activities	Net (Expenses) Revenues and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 27,134,070	$ 13,508,091	$ 6,166,039	$ -	$ (7,459,940)	$ -	$ (7,459,940)
Administration of justice	3,560,929	919,217	123,138	-	(2,518,574)	-	(2,518,574)
Public safety	25,352,662	3,981,502	1,955,862	515,268	(18,900,030)	-	(18,900,030)
Public works	12,818,803	304,731	3,804,288	-	(8,709,784)	-	(8,709,784)
Public health and welfare	9,700,243	3,955,055	36,419	-	(5,708,769)	-	(5,708,769)
Culture and recreation	5,105,234	922,662	26,820	172,505	(3,983,247)	-	(3,983,247)
Economic development	1,651,113	68,017	632,495	362,547	(588,054)	-	(588,054)
Interest on long-term debt	1,022,918	-	-	-	(1,022,918)	-	(1,022,918)
Total governmental activities	86,345,972	23,659,275	12,745,061	1,050,320	(48,891,316)	-	(48,891,316)
Business-type activities:							
Airport	731,612	230,789	-	466,786	-	(34,037)	(34,037)
Total business-type activities	731,612	230,789	-	466,786	-	(34,037)	(34,037)
Total primary government	$ 87,077,584	$ 23,890,064	$ 12,745,061	$ 1,517,106	(48,891,316)	(34,037)	(48,925,353)
General revenues:							
Property taxes levied for:							
General purposes					46,832,132	-	46,832,132
Public safety					1,880,054	-	1,880,054
Debt service					4,409,120	-	4,409,120
Capital projects					3,176,550	-	3,176,550
Other taxes							
Capital projects sales tax					15,068,141	-	15,068,141
E-911 taxes					408,652	-	408,652
Local accommodations tax					164,248	-	164,248
Hospitality taxes					2,035,305	-	2,035,305
Road improvement fees and taxes					3,460,173	-	3,460,173
Grants and contributions not restricted for a specific purpose					3,718,212	-	3,718,212
Unrestricted investment earnings					233,670	-	233,670
Transfers					(109,130)	109,130	-
Total general revenues and transfers					81,277,127	109,130	81,386,257
Change in net position					32,385,811	75,093	32,460,904
Net position, beginning of year					128,672,937	6,789,904	135,462,841
Net position, end of year					$ 161,058,748	$ 6,864,997	$ 167,923,745

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

LANCASTER COUNTY, SOUTH CAROLINA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General Fund	Capital Projects Sales Tax 2 Fund	Bond Projects Fund	Debt Service Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 48,964,773	$ -	$ -	$ 781,583	$ -	$ 14,964	$ 49,761,320
Investments	63,650,369	-	5,955,542	-	15,790,144	1,015	85,397,070
Taxes receivable, net	1,123,499	-	-	122,340	-	128,713	1,374,552
Accounts receivable, net	6,397,671	-	-	143	-	288,328	6,686,142
Leases receivable	151,612	-	-	-	-	-	151,612
Due from other governments	2,417,747	4,006,437	-	-	300	2,384,566	8,809,050
Due from other funds	5,536,672	27,081,123	-	580,917	-	22,032,803	55,231,515
Prepaid expenditures	1,838,455	-	-	-	-	-	1,838,455
Inventories	156,670	-	-	-	-	-	156,670
Land held for resale	815,126	-	-	-	-	-	815,126
Total assets	$ 131,052,594	$ 31,087,560	$ 5,955,542	$ 1,484,983	$ 15,790,444	$ 24,850,389	$ 210,221,512
LIABILITIES							
Accounts payable	$ 10,221,022	$ 61,018	$ 1,142,395	$ -	$ -	$ 135,447	$ 11,559,882
Accrued liabilities	2,952,398	-	-	-	-	-	2,952,398
Due to other funds	49,694,843	-	1,687,344	-	472,289	3,106,303	54,960,779
Unearned revenues	387,217	-	-	-	15,286,785	299,193	15,973,195
Total liabilities	63,255,480	61,018	2,829,739	-	15,759,074	3,540,943	85,446,254
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	1,058,066	-	-	113,968	-	120,437	1,292,471
Unavailable revenue - emergency medical services	4,961,521	-	-	-	-	-	4,961,521
Unavailable revenue - intergovernmental	-	-	-	-	-	1,342,728	1,342,728
Lease receipts	147,319	-	-	-	-	-	147,319
Total deferred inflows of resources	6,166,906	-	-	113,968	-	1,463,165	7,744,039
FUND BALANCES							
Nonspendable:							
Prepaid expenditures	1,838,455	-	-	-	-	-	1,838,455
Inventories	156,670	-	-	-	-	-	156,670
Land held for resale	815,126	-	-	-	-	-	815,126
Restricted for:							
Property tax reduction	2,409,082	-	-	-	-	-	2,409,082
DSS IV-D Incentive	83,014	-	-	-	-	-	83,014
Victim services	-	-	-	-	-	34,210	34,210
Drug task force	177,169	-	-	-	-	-	177,169
Inmate commissary	160,989	-	-	-	-	-	160,989
Capital projects	-	19,727,476	-	-	-	1,907,387	21,634,863
Public safety	19,623	-	-	-	-	5,243,796	5,263,419
Public works	-	-	-	-	-	1,805,920	1,805,920
Culture and recreation	-	-	-	-	-	561,109	561,109
Economic development	-	-	-	-	-	7,653,033	7,653,033
Roads and bridges	-	-	-	-	-	1,787,526	1,787,526
Debt service	-	-	-	1,071,015	-	-	1,071,015
Assigned:							
General government	378,000	-	-	-	-	-	378,000
Public safety	22,277	-	-	-	-	-	22,277
Roads and bridges	1,000,000	-	-	-	-	-	1,000,000
Culture and recreation	94,768	-	-	-	-	-	94,768
Subsequent year's budget	5,941,117	11,299,066	3,125,803	300,000	31,370	3,700,613	24,397,969
Unassigned	48,533,918	-	-	-	-	(2,847,313)	45,686,605
Total fund balances	61,630,208	31,026,542	3,125,803	1,371,015	31,370	19,846,281	117,031,219
Total liabilities, deferred inflows of resources, and fund balances	$ 131,052,594	$ 31,087,560	$ 5,955,542	$ 1,484,983	$ 15,790,444	$ 24,850,389	$ 210,221,512

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

LANCASTER COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2022

Total fund balances for governmental funds:		$ 117,031,219
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		132,791,590
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		7,596,720
Certain long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds. All liabilities, both current and long-term, are reported in the Statement of Net Position net of issuance premiums and discounts.		
General obligation bonds	$ (27,524,538)	
Unamortized refunding deferral amount on general obligation bonds	70,805	
Special obligation bonds	(6,140,000)	
Unamortized bond premium	(2,920,877)	
Capital lease obligations	(520,000)	
Leases payable	(290,128)	
Special source revenue bonds	(4,856,716)	
Post-closure care liabilities	(975,604)	
Compensated absences payable	(1,559,388)	
Total other postemployment benefits liability, net of related outflows and inflows of resources	(4,097,153)	
Net pension liability, net of related outflows and inflows of resources	(47,295,878)	
Total long-term liabilities		(96,109,477)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(251,304)
Net position of governmental activities		$ 161,058,748

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

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund	Capital Projects Sales Tax 2 Fund	Bond Projects Fund	Debt Service Fund	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	$ 47,183,218	$ -	$ -	$ 4,409,120	$ -	$ 5,103,672	$ 56,696,010
Sales and other local taxes	3,460,173	15,068,141	-	-	-	2,608,205	21,136,519
Licenses and permits	10,971,741	-	-	-	-	-	10,971,741
Intergovernmental	5,826,715	-	-	-	3,750,897	7,426,664	17,004,276
Charges for services	4,620,948	-	-	-	-	3,725,240	8,346,188
Fines and forfeitures	784,576	-	-	-	-	68,254	852,830
Interest revenue	73,556	86,736	25,645	1,680	31,370	14,683	233,670
Contributions and donations	70,752	-	-	-	-	1,006,577	1,077,329
Other revenues	1,201,376	-	-	-	-	189	1,201,565
Total revenues	74,193,055	15,154,877	25,645	4,410,800	3,782,267	19,953,484	117,520,128
EXPENDITURES							
Current:							
General government	19,032,541	-	-	-	3,750,897	1,347,348	24,130,786
Administration of justice	2,501,719	-	-	-	-	119,985	2,621,704
Public safety	22,433,935	-	-	-	-	5,326,764	27,760,699
Public works	6,219,271	2,075,804	-	-	-	3,048,288	11,343,363
Public health and welfare	8,664,921	-	-	-	-	209,591	8,874,512
Culture and recreation	3,926,760	205,900	-	-	-	145,206	4,277,866
Economic development	378,299	-	-	-	-	1,171,747	1,550,046
Capital outlay	-	-	20,602,181	-	-	4,189,692	24,791,873
Debt service:							
Principal	219,466	-	-	7,665,000	-	1,521,127	9,405,593
Interest	781	-	-	1,259,270	-	60,689	1,320,740
Fees	-	-	286,290	3,306	-	10,000	299,596
Total expenditures	63,377,693	2,281,704	20,888,471	8,927,576	3,750,897	17,150,437	116,376,778
Excess (deficiency) of revenues over (under) expenditures	10,815,362	12,873,173	(20,862,826)	(4,516,776)	31,370	2,803,047	1,143,350
OTHER FINANCING SOURCES (USES)							
Transfers in	32,546	-	-	4,359,742	-	-	4,392,288
Transfers out	(109,130)	(3,780,000)	(579,742)	-	-	(32,546)	(4,501,418)
Issuance of bonds	-	-	13,640,000	-	-	649,160	14,289,160
Premium on bonds issued	-	-	1,396,381	-	-	-	1,396,381
Sale of capital assets	16,591	-	-	-	-	-	16,591
Total other financing sources (uses), net	(59,993)	(3,780,000)	14,456,639	4,359,742	-	616,614	15,593,002
Net change in fund balances	10,755,369	9,093,173	(6,406,187)	(157,034)	31,370	3,419,661	16,736,352
Fund balances, beginning of year	50,874,839	21,933,369	9,531,990	1,528,049	-	16,426,620	100,294,867
Fund balances, end of year	$ 61,630,208	$ 31,026,542	$ 3,125,803	$ 1,371,015	$ 31,370	$ 19,846,281	$ 117,031,219

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

LANCASTER COUNTY, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds		$ 16,736,352
Amounts reported for governmental activities in the Statement of Activities are different because		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	$ 29,559,460	
Depreciation and amortization expense	(8,800,969)	20,758,491
The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position		(289,488)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		958,238
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Also, the refunding deferral amount, which is the difference in the amount that is sent to the paying agent to be escrowed for payment of refunded debt and the principal amount of debt refunded, is amortized as an adjustment of interest expense in the statement of activities. The effects of these items are as follows:		
Repayment of the principal of long-term debt	$ 9,768,140	
Issuance of general obligation bonds	(9,545,541)	
Issuance of special obligation bonds	(6,140,000)	
Amortization of premium/discount on long-term debt	742,718	
Amortization of the refunding deferral amount on the refunding general obligation bonds	(41,496)	(5,216,179)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The following amounts represent the net liability changes using the full accrual method of accounting:		
Pension liability	$ (527,788)	
Landfill post-closure liability	35,193	
Compensated absences	50,607	
Accrued interest on long-term debt	87,458	
Other postemployment benefits liability	(207,073)	(561,603)
Change in net position - governmental activities		$ 32,385,811

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

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	Major Enterprise Fund Airport Fund
ASSETS	
CURRENT ASSETS	
Cash	$ 100
Accounts receivable	755
Lease receivable	114,720
Due from other governments	76,305
Inventory	37,501
Total current assets	229,381
NONCURRENT ASSETS	
Capital assets:	
Nondepreciable	1,012,462
Depreciable, net of accumulated depreciation	6,130,858
Total noncurrent assets	7,143,320
Total assets	7,372,701
DEFERRED OUTFLOWS OF RESOURCES	
Pension	23,875
Total deferred outflows of resources	23,875
LIABILITIES	
CURRENT LIABILITIES	
Due to other funds	270,736
Unearned revenues	22,500
Total current liabilities	293,236
NONCURRENT LIABILITIES	
Net pension liability	125,610
Total noncurrent liabilities	125,610
Total liabilities	418,846
DEFERRED INFLOWS OF RESOURCES	
Lease receipts	104,580
Pension	8,153
Total deferred inflows of resources	112,733
NET POSITION	
Investment in capital assets	7,143,320
Unrestricted	(278,323)
Total net position	$ 6,864,997

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

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Major Enterprise Fund Airport Fund
OPERATING REVENUES	
Charges for services:	
Sale of fuel	$ 164,077
Rental income	66,712
Total operating revenues	230,789
OPERATING EXPENSES	
Salaries and fringe benefits	85,823
Costs of services	242,888
Depreciation	402,901
Total operating expenses	731,612
Operating loss	(500,823)
Loss before capital contributions and transfers	(500,823)
CAPITAL CONTRIBUTIONS	466,786
TRANSFERS	
Transfers in	109,130
Total transfers	109,130
Change in net position	75,093
Net position, beginning of year	6,789,904
Net position, end of year	$ 6,864,997

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

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Major Enterprise Fund Airport Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$ 274,380
Payments to suppliers	(309,008)
Payments to employees	(85,366)
Net cash used in operating activities	(119,994)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	109,130
Net cash provided by noncapital financing activities	109,130
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(455,922)
Intergovernmental revenues	466,786
Net cash provided by capital and related financing activities	10,864
Net change in cash and cash equivalents	-
Cash and cash equivalents:	
Beginning of year	100
End of year	$ 100
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (500,823)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	402,901
Changes in assets and liabilities:	
Decrease in accounts receivable	582
Decrease in lease receivable	1,239
Decrease in due from other governments	518,901
Decrease in inventory	5,573
Decrease in deferred outflows of resources	288
Decrease in accounts payable	(71,693)
Decrease in due to other funds	(474,552)
Increase in unearned revenues	8,800
Decrease in deferred inflows of resources - lease receipts	(11,379)
Decrease in net pension liability	(7,460)
Increase in deferred inflows of resources	7,629
Net cash used in operating activities	$ (119,994)

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

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Custodial Funds
ASSETS	
Cash and cash equivalents	$ 32,229,154
Investments	22,410,549
Taxes receivable	3,938,055
Accounts receivable	1,057,592
Total assets	$ 59,635,350
LIABILITIES	
Due to other taxing districts and agencies	$ 53,207,428
Due to others	3,938,055
Total liabilities	$ 57,145,483
NET POSITION	
Restricted for individuals, organizations, and other governments	$ 2,489,867
Total net position	$ 2,489,867

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

LANCASTER COUNTY, SOUTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Custodial Funds
ADDITIONS	
Taxes and assessments	$ 105,672,967
Fine and fees	1,780,631
Funds from state and participants	11,835
Inmate funds collected	470,762
Funds from foreclosure sales	4,382,061
Total additions	112,318,256
DEDUCTIONS	
Taxes and fees paid to other governments	112,187,727
Inmate funds disbursed	470,762
Other custodial disbursements	11,835
Total deductions	112,670,324
Change in net position	(352,068)
NET POSITION, BEGINNING OF YEAR	2,841,935
NET POSITION, END OF YEAR	$ 2,489,867

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Lancaster County, South Carolina is a political subdivision of the State of South Carolina. These financial statements present all the fund types of the County. Component units may be presented by two different methods. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County. The County reports no component units.

Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position, a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

The ***Capital Projects Sales Tax 2 Fund*** is used to account for the County's second local one-cent sales and use tax revenues that are restricted to pay for projects outlined in the County's bond resolution as well as additional capital projects not funded with bond proceeds.

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

The ***Debt Service Fund*** is used to account for and report financial resources that are restricted, committed or assigned for the payment of governmental activities long-term debt principal and interest.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The ***ARPA Fund*** accounts for the proceeds directed to the County by the U.S. Department of Treasury under the American Rescue Plan.

The County reports the following major proprietary fund:

The ***Airport Fund*** accounts for the activities of the County's airport operations. It is also used to account for intergovernmental funds received from state and federal governments for grants that are restricted for airport improvements and capital projects.

Additionally, the County reports the following fund types:

The ***Special Revenue Funds*** are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes. Resources restricted to expenditure for purposes normally financed from the General Fund may be accounted for through the General Fund provided that applicable legal requirements can be appropriately satisfied; and use of special revenue funds is not required unless they are legally mandated.

The ***Capital Projects Funds*** are used to account for and report financial resources that are restricted, committed or assigned for the acquisition of capital assets or construction of major capital facilities.

The ***Custodial Funds*** are used to account for monies held on behalf of school districts, special districts and other agencies that use the County as a depository or property taxes that are collected on behalf of the other governments.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Government-wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements (Continued)

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

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

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

Revenue - Exchange and Non-exchange Transactions

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Revenue - Exchange and Non-exchange Transactions (Continued)

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

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

Unearned Revenue

The County reports unearned revenue on its Statement of Net Position and Governmental Funds Balance Sheet. In both the government-wide and governmental fund statements, resources received that are "intended to finance" a future period are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the Statement of Net Position and Governmental Funds Balance sheet and revenue is recognized.

Unavailable Revenue

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

Property taxes for which there is an enforceable legal claim as of year-end, but which were levied to finance fiscal year 2022 operations, have been recorded as unavailable revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unavailable revenue.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Expenses/Expenditures

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

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The assigned fund balance for the subsequent year's budget includes outstanding encumbrances of $1,010,712, $3,998,066, $3,125,803, $31,370 and $1,093,367 in the General Fund, the Capital Projects Sales Tax 2 Fund, Bond Projects Fund, ARPA Fund and the Nonmajor Governmental Funds, respectively. The assigned fund balance for the subsequent year's budget also includes appropriations of existing unassigned fund balance at year-end to eliminate a deficit in next year's budget of $4,930,405 in the General Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity

Cash and Investments

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

Taxes and Accounts Receivable

Property taxes receivable represents delinquent and unpaid real and personal property tax billings less an allowance for the amounts estimated to be uncollectible. Accounts receivable represent unpaid receipts as well as EMS billings that have not been collected as of year-end less an allowance for any amounts deemed to be uncollectable.

Intergovernmental Receivable

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

Inventories and Prepaid Assets

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets

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

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

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

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

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

Assets	Years
Buildings and improvements	40
Right-to-use leased buildings	7-10
Vehicles	5 - 15
Right-to-use leased vehicles	7-10
Furniture and equipment	5 - 15
Infrastructure	20

Compensated Absences

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Deferred Inflows/Outflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has five (5) items that qualify for reporting in this category. One item is deferred charge on refunding, which is reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The other four (4) items relate to the County's pension and other postemployment benefits (OPEB) plans and are reported in the government-wide and proprietary fund Statements of Net Position. (1) Experience gains result from periodic studies by the County's actuary, which adjust the net pension and OPEB liabilities for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains are recorded as deferred outflows of resources and are amortized into pension and OPEB expense over the expected remaining service lives of the plan members. (2) Changes in actuarial assumptions adjust the net pension and OPEB liabilities and are amortized into pension and OPEB expense over the expected remaining service lives of plan members. (3) The changes in the County's proportionate share of the collective net pension liability and differences between actual employer contributions and proportionate share of the total plan employer contributions are specific to cost-sharing multiple employer defined benefit pension plans and represent the current period amortized portions of these deferred outflows. (4) Any contributions made by the County to the pension and OPEB plan before year end but subsequent to the measurement date of the County's net pension liability and total OPEB liability are reported as deferred outflows of resources.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet reports a separate section for d*eferred inflows of resources*. This separate financial statement element represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has seven (7) types of items that qualify for reporting in this category, three of which arise only under a modified accrual basis of accounting. Accordingly, the items, *unavailable revenue*, are reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenues from (1) property taxes, (2) emergency medical services, and (3) intergovernmental grant revenues and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Deferred Inflows/Outflows of Resources (Continued)

The other items relate to the County's pension and OPEB plans and are reported in the government-wide and proprietary fund Statements of Net Position. Certain experience losses (discussed in the previous paragraph) are deferred and amortized against expense over a five-year period, resulting in recognition as deferred inflows of resources. The differences between projected investment return on pension investments and actual return on those investments are deferred and amortized against pension expense over a five-year period. Finally, changes in actuarial assumptions (discussed in the previous paragraph) adjust the total OPEB liability and are amortized against OPEB expense over the expected remaining service lives of plan members. *Deferred inflows from lease receipt*s are reported in the Governmental Funds Balance Sheet as well as the government-wide Statement of Net Position. The County reports deferred inflows from lease receipts, and amortized into lease revenues over the remaining life of the lease.

Interfund Transactions

Transactions among the County's funds that would be treated as revenues and expenditures or expenses if they involved organizations external to County government are accounted for as revenues and expenditures or expenses in the funds involved. Transactions, which constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund. Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's operating statements. Activities between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Leases

Lessee

The County is a lessee for noncancellable leases of several pieces of equipment, buildings and land. The County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Leases (Continued)

Lessor

The County is the lessor for certain noncancellable lease of real property and spaces within existing County buildings. The County recognizes a lease receivable and a deferred inflow of resources for deferred lease receipts in accordance with these transactions.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date, less certain other amounts to be paid by the County (if any). Subsequently, the deferred inflow of resources is amortized into lease revenue on a straight-line basis over the lease term.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The lease agreements entered into by the County as lessor do not include stated interest rates. Therefore, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease receivable are composed of fixed payments that the County will receive over the term of the lease agreement.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity (Continued)

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

It is the policy of the County to maintain adequate levels of fund balance to mitigate current and future risks and to ensure stable tax rates. The County intends to maintain a General Fund unassigned fund balance of at least 28 to 32 percent of the General Fund operating budget. If the year-end unassigned fund balances exceeds 32 percent of the General Fund operating budget, the excess may be used to fund the following activities: a) one-time capital expenditures which do not increase ongoing operational costs; b) other one-time costs; and c) debt reduction.

If the unassigned fund balance declines below 28 percent of the General Fund operating budget, the County Council will pursue ways of increasing revenues or decreasing expenditures, or a combination of both until the 28 to 32 percent threshold is attained.

Proprietary fund equity is classified the same as in the government-wide statements.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as needed, but County Council reserves the right to selectively spend unrestricted resources first and to defer the use of the restricted funds.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Use of Estimates

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

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, Special Revenue Funds (except for the Sunday Alcohol Sales Fund, Restricted Grants Fund, Hospitality Tax Fund, Economic Development Fund, and Development Agreements Fund), Debt Service Fund, Capital Projects Sales Tax 2 Fund, Capital Projects Sales Tax 3 Fund, and the Capital Improvement Fund. The legally adopted budgets for the General Fund are presented as required supplementary information.

Each year, all County departments submit requests for appropriations to the County finance director. On the basis of the requests, the finance director prepares a draft budget. The proposed budget is presented to the County Council for review and approval. The County Council holds public hearings and adopts the budget no later than June 30. The appropriated budget is prepared by fund, function, and department. County department heads may make certain transfers of appropriations within their own departmental budgets without approval of County Council, and the County Administrator may make transfers between departments without approval of County Council. The legal level of budgetary control is the fund level.

Deficit Fund Equity

For the year ended June 30, 2022, the Restricted Grants Fund and Capital Projects Sales Tax 3 Fund reported deficit fund balances of $807,838 and $2,039,475. These deficits will be eliminated through the recognition of unearned and/or unavailable revenues in future periods, through transfers from other funds, and from other future revenues.

Excess of Expenditures over Appropriations

For the year ended June 30, 2022, expenditures exceeded budget, as follows:

Fund	Excess
Indian Land Fire Protection	$ 53,211
Debt Service	711,376

NOTE 3. CASH AND INVESTMENTS

Total deposits and investments at June 30, 2022, are summarized below:

As reported in the Statement of Net Position:	
Cash and cash equivalents	$ 49,761,420
Investments	85,397,070
As reported in the Statement of Fiduciary Net Position:	
Custodial Fund - cash and cash equivalents	32,229,154
Custodial Fund - investments	22,410,549
	$ 189,798,193
Cash deposited with financial institutions	$ 81,990,574
State Treasurer's Investment Pool	97,523,256
U.S. Government Treasuries	1,393,159
U.S. Government Agencies	214,296
Money market accounts	8,656,395
Certificates of deposit	20,513
	$ 189,798,193

Custodial Credit Risk – Cash. This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding cash custodial credit risk is to require the banks with which the County maintains deposits to collateralize or insure the County's funds. As of June 30, 2022, the carrying amount of the County's deposits was $81,990,574 and the bank balance was $85,660,466. All of the County's deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the County's name. Petty cash funds of $12,085 are reflected as cash.

As of June 30, 2022, the County has the following investments:

Investment Type	Fair Value	Investment Maturities (in years) Less than 1	1-5	6-10
State Treasurer's Investment Pool	$ 97,523,256	$ 97,523,256	$ -	$ -
Money market accounts	8,656,395	8,656,395	-	-
U.S. Government Treasuries	1,393,159	318,197	986,802	88,160
U.S. Government Agencies	214,296	49,843	164,453	-
Certificates of deposit	20,513	20,513	-	-
	$ 107,807,619	$ 106,568,204	$ 1,151,255	$ 88,160

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

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

The County has the following recurring fair value measurements as of June 30, 2022:

Investment	Level 1	Level 2	Level 3	Fair Value
Investments by Fair Value Level				
Debt securities:				
U.S. Treasuries	$ 1,344,350	$ 48,809	$ -	$ 1,393,159
U.S. Agencies	134,845	79,451	-	214,296
Total investments by fair value level	$ 1,479,195	$ 128,260	$ -	$ 1,607,455

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

The County has no investments classified in Level 3 of the fair value hierarchy. The LGIP is an investment pool, which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the County does not disclose investment in the LGIP within the fair value hierarchy. The County's investments in certificates of deposit and money market accounts are valued at amortized cost, which approximates fair value. As a result, the County's certificates of deposit and money market funds are not disclosed within the fair value hierarchy.

Credit Risk. This is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's policy is to invest in only those securities allowed by state statutes and that are highly rated. The County's investments in the U.S. Government Agencies, including the Federal Farm Credit Banks (FFCB), Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), and Federal National Mortgage Association (FNMA) were rated AA+ by Standard & Poor's and Aaa by Moody's Investor Services. As of June 30, 2022, the County owned $214,296 of government sponsored entity (GSE) debt securities. These bonds are the direct obligation of the FFCB, FHLB, FHLMC, and FNMA, which are rated AA+ or equivalent by all rating agencies. The investments are either directly or indirectly guaranteed by the US Treasury. The money market accounts were rated AAA by Standard & Poor's and Aaa by Moody Investor Services. The LGIP is not rated, but generally, investments in this pool are collateralized by debt securities in corporate obligations, state or political subdivision obligations of investment grade or higher quality and in federal agency securities.

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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

Concentration of Credit Risk. This is the risk of loss attributable to the magnitude of the County's investment in a single issuer. The County's policy is to minimize the concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized, although there is no formal limit on the amount the County may invest in any one issuer.

Custodial Credit Risk – Investments. This is the risk that, in the event of a failure of the counterparty, the County may not be able to recover the value of investments, or collateral securities that are in possession of an outside party. The County's policy is to minimize custodial credit risk by limiting investments to the types of securities allowed by law.

NOTE 4. RECEIVABLES AND PROPERTY TAXES

Property taxes are assessed on the value of real and personal property, excluding automobiles, as of January 1 preceding the fiscal year. Taxes are levied the following September, due January 15 and become delinquent March 15. Liens attach to the property at the time taxes are levied. The levy date for automobiles is the first day of the month in which the vehicle license expires and the tax is due by the end of the same month.

NOTE 4. RECEIVABLES AND PROPERTY TAXES (CONTINUED)

Property tax revenues are recognized when due or past due and collectible within the current period or soon enough thereafter (defined as 60 days) to pay liabilities of the current period. The County bills and collects its own property taxes, and also collects taxes for the Lancaster County School District, the City of Lancaster, and the Town of Kershaw. Collections of the County taxes and remittance of them to these entities are accounted for in the agency funds. Unavailable property tax revenue represents that portion of property taxes which is deemed not available to pay current expenditures.

Receivables as of June 30, 2022, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects Sales Tax 2	Debt Service	ARPA
Taxes receivable	$ 1,182,630	$ -	$ 128,778	$ -
Accounts receivable	11,631,091	-	143	-
Lease receivable	151,612	-	-	-
Due from other governments	2,417,747	4,006,437	-	300
Less: allowance	(5,292,551)	-	(6,438)	-
Net receivables	$ 10,090,529	$ 4,006,437	$ 122,483	$ 300

	Nonmajor Governmental	Airport	Total
Taxes receivable	$ 137,785	$ -	$ 1,449,193
Accounts receivable	288,328	755	11,920,317
Lease receivable	-	114,720	266,332
Due from other governments	2,384,566	76,305	8,885,355
Less: allowance	(9,072)	-	(5,308,061)
Net receivables	$ 2,801,607	$ 191,780	$ 17,213,136

NOTE 5. CAPITAL ASSETS

Capital asset activity for the County's governmental activities for the year ended June 30, 2022, was as follows:

Governmental activities	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets not being depreciated					
Land	$ 10,568,755	$ 1,817,710	$ -	$ -	$ 12,386,465
Construction in progress	4,036,590	21,670,151	-	(2,154,485)	23,552,256
Total capital assets not being depreciated	14,605,345	23,487,861	-	(2,154,485)	35,938,721
Capital assets being depreciated					
Buildings and improvements	90,668,116	1,040,787	-	1,996,348	93,705,251
Vehicles	33,587,886	2,468,477	(564,755)	71,100	35,562,708
Furniture and equipment	29,686,608	2,050,235	(64,686)	87,037	31,759,194
Infrastructure	24,527,205	512,100	-	-	25,039,305
Total capital assets being depreciated	178,469,815	6,071,599	(629,441)	2,154,485	186,066,458
Less accumulated depreciation					
Buildings and improvements	(24,623,977)	(2,662,886)	-	-	(27,286,863)
Vehicles	(22,971,658)	(2,629,955)	272,709	-	(25,328,904)
Furniture and equipment	(20,598,560)	(2,329,982)	67,244	-	(22,861,298)
Infrastructure	(13,068,801)	(945,388)	-	-	(14,014,189)
Total accumulated depreciation	(81,262,996)	(8,568,211)	339,953	-	(89,491,254)
Total capital assets being depreciated, net	97,206,819	(2,496,612)	(289,488)	2,154,485	96,575,204
Governmental activities capital assets, net excluding lease assets	$ 111,812,164	$ 20,991,249	$ (289,488)	$ -	132,513,925
Lease assets, net (Note 7)					277,665
Total capital assets net as reported in the statement of net position					$ 132,791,590

Depreciation expense was charged to functions as follows:

General government	$ 905,519
Administration of justice	950,846
Public safety	3,398,504
Public works, including depreciation of infrastructure assets	1,529,190
Public health and welfare	853,593
Culture and recreation	829,492
Economic development	101,067
Total governmental activities depreciation expense	$ 8,568,211

NOTE 5. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the County's business-type activities for the year ended June 30, 2022, was as follows:

Business-type activities	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets not being depreciated					
Land	$ 598,607	$ -	$ -	$ -	$ 598,607
Construction in progress	980,588	413,855	-	(980,588)	413,855
Total capital assets not being depreciated	1,579,195	413,855	-	(980,588)	1,012,462
Capital assets being depreciated					
Buildings and improvements	13,683,860	22,367	-	980,588	14,686,815
Vehicles	23,230	-	-	-	23,230
Furniture and equipment	96,939	19,700	-	-	116,639
Total capital assets being depreciated	13,804,029	42,067	-	980,588	14,826,684
Less accumulated depreciation					
Buildings and improvements	(8,248,441)	(379,940)	-	-	(8,628,381)
Vehicles	(774)	(4,646)	-	-	(5,420)
Furniture and equipment	(43,710)	(18,315)	-	-	(62,025)
Total accumulated depreciation	(8,292,925)	(402,901)	-	-	(8,695,826)
Total capital assets being depreciated, net	5,511,104	(360,834)	-	980,588	6,130,858
Business-type activities capital assets, net	$ 7,090,299	$ 53,021	$ -	$ -	$ 7,143,320

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

Airport	$ 402,901
Total business-type activities depreciation expense	$ 402,901

NOTE 6. LONG-TERM LIABILITIES

The following is a summary of long-term debt activity for the primary government for the fiscal year ended June 30, 2022:

Governmental activities	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due within One Year
General obligation bonds	$ 27,917,646	$ 8,149,160	$ (8,542,268)	$ 27,524,538	$ 4,527,663
Special obligation bonds	-	6,140,000	-	6,140,000	65,000
Leases	510,423	-	(220,295)	290,128	129,513
Financed purchases	570,000	-	(50,000)	520,000	50,000
Special source revenue bonds	5,812,293	-	(955,577)	4,856,716	911,326
Post-closure care costs	1,010,797	-	(35,193)	975,604	57,010
Compensated absences	1,609,995	1,222,056	(1,272,663)	1,559,388	1,272,663
Total postemployment benefit liability	4,891,690	660,154	(279,923)	5,271,921	-
Net pension liability - SCRS	35,831,659	5,318,468	(9,699,354)	31,450,773	-
Net pension liability - PORS	23,222,952	3,945,693	(8,540,189)	18,628,456	-
Deferred amounts:					
Unamortized premium	2,267,214	1,396,381	(742,718)	2,920,877	-
	$ 103,644,669	$ 26,831,912	$ (30,338,180)	$ 100,138,401	$ 7,013,175

Business-type activities	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due within One Year
Net pension liability - SCRS	$ 133,070	$ 91,977	$ (99,437)	$ 125,610	$ -
	$ 133,070	$ 91,977	$ (99,437)	$ 125,610	$ -

Compensated absences, total post-employment benefit liability, the net pension liabilities, and post-closure care costs are ordinarily liquidated by the General Fund. Leases payable are ordinarily liquidated by General Fund and Stormwater Funds.

General Obligation Bonds

The County issues general obligation debt to provide funds for acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. During 2015, the County issued 2015A, 2015B and 2015C general obligation bonds for the purposes of defraying the cost of capital projects approved in a referendum held in the County on November 4, 2014, as well as to refund the 2010B and 2010C bonds. The current refunding of the 2010B and 2010C bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $31,145 and $101,786, respectively. The differences reported in the Statement of Net Position as a deferred outflow of resources are being charged to increase expenses through the year 2030 for the 2010B bonds and the year 2025 for the 2010C bonds using the straight-line method. The refunding transactions resulted in an economic gain of $54,667 and $214,875 for the 2010B and 2010C bonds, respectively. The 2010B and 2010C refunding transactions decreased the total debt service payments over the next 14 years by $60,689 and $229,436, respectively.

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds (Continued)

During 2016, the County issued 2016A general obligation bonds for the purposes of funding the acquisition of fire trucks and such other lawful purposes, as the County Council shall determine. During 2017, the County issued 2017 general obligation bonds for the purpose of improvements to the Brookchase district. During 2019, the County issued 2019 general obligation bonds for the purposes of defraying the cost of capital projects approved in a referendum held in the County on November 4, 2014, as well as to refund the 2009 bonds. The current refunding of the 2009 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $41,589. The difference reported in the Statement of Net Position as a deferred outflow of resources are being charged to increase expenses through the year 2024 for the 2009 bonds using the straight-line method. The refunding transaction resulted in an economic gain of $85,292 and decreased the total debt service payments over the next five years by $86,910. During 2021, the County issued 2021 general obligation bonds for the Reid Pointe project. During 2022, the County issued the $7,500,000 in general obligation bonds which was the remaining bonds authorized by the recreation bond referendum. The County also issued $649,160 in general obligation bonds for the Reid Pointe special tax district.

General obligation bonds currently outstanding are as follows:

Description	Amount Issued	Interest Rate	Final Maturity	Annual Principal Payments	Amount Outstanding
General obligation bonds, series 2021	7,500,000	4% to 5%	2039	$45,000 to $515,000	$ 6,920,000
General obligation refunding bonds, series 2015B	1,935,000	3% to 3.25%	2030	$115,000 to $165,000	1,205,000
General obligation refunding bonds, series 2015C	6,110,000	3% to 5%	2025	$120,000 to $1,475,000	3,535,000
General obligation bonds, series 2016A	6,750,000	2% to 5%	2023	$800,000 to $1,335,000	1,000,000
General obligation bonds, series 2017 (Brookchase)	650,000	2.61%	2030	$40,000 to $60,000	425,378
General obligation refunding & improvement bonds, series 2019	19,905,000	5.00%	2039	$595,000 to $890,000	13,790,000
General obligation bonds, bonds, series 2021 (Reid Pointe)	649,160	0.78%	2023	$649,160	649,160
					$ 27,524,538

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

General Obligation Bonds (Continued)

The annual requirements to amortize all general obligation bonds as of June 30, 2022, including interest payments, are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2023	$ 4,527,663	$ 1,050,364	$ 5,578,027
2024	3,299,769	886,598	4,186,367
2025	3,271,067	725,600	3,996,667
2026	1,882,400	566,167	2,448,567
2027	1,038,768	476,300	1,515,068
2027-2032	5,439,871	1,651,130	7,091,001
2033-2037	5,615,000	757,850	6,372,850
2038-2039	2,450,000	95,350	2,545,350
	$ 27,524,538	$ 6,209,359	$ 33,733,897

Debt service funds of $781,583 are available to service the general obligation bonds.

The general obligation bonds are secured by a pledge of the full faith, credit and taxing power of the County. In the event of default, the sole remedy of any bondholder or beneficial owner of the bonds shall be an action to compel performance by the County.

There are a number of limitations and restrictions contained in the various debt instruments. The County is in compliance with all significant limitations and restrictions including the legal debt limit imposed by Article X, Section 15 of the Constitution of the State of South Carolina, 1895, as amended.

Advanced Refunding

On June 1, 2009, the County issued $4,630,000 General Obligation Refunding Bonds, Series 2009. The County issued the bonds to advance refund $525,000 of outstanding General Obligation Bonds, Series 1996, $3,790,000 of outstanding General Obligation Bonds, Series 1999, and to pay certain issuance costs. The proceeds of the Series 2009 were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments related to the Series 1996 and Series 1999 bonds being refunded. The advance refunding met the requirements of an in-substance defeasance and the refunded bonds were removed from the County's Statement of Net Position.

On May 23, 2019, the County issued $19,905,000 General Obligation Refunding and Improvement Bonds, Series 2019. These bonds were issued and the proceeds were used to refund $1,615,000 of outstanding General Obligation Refunding Bonds, Series 2009, and to pay certain issuance costs. In connection with the issuance of the bonds, a premium of $2,116,323 was recorded and is being amortized over the life of the bonds. As of June 30, 2022, the unamortized premium was $1,373,221.

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Advanced Refunding (Continued)

In current and prior years, advance refunding transactions resulted in book losses that are being amortized over the original remaining life of the old bonds that were defeased. The unamortized losses at June 30, 2022, are classified as a deferred outflow of resources on the Statement of Net Position. Amortization of $41,496 has been included in interest expense for the year ended June 30, 2022. As of June 30, 2022, the County's outstanding in-substance defeased general obligation bond debt totaled $1,375,000.

Special Obligation Bonds

The County issues special obligation debt to provide funds for defraying the cost of capital acquisitions and construction. The special obligation bond does not constitute general obligations of the County to which its faith and credit or taxing power are pledged but are subject to and dependent upon lawful appropriations of funds being made by the County. In 2021 the County issued $6,140,000 in special obligation bonds for three aerial trucks and a mobile command post.

Description	Amount Issued	Interest Rate	Final Maturity	Annual Principal Payments	Amount Outstanding
Special obligation bonds, bonds, series 2021	6,140,000	3% to 4%	2037	$6,140,000	6,140,000
					$ 6,140,000

The annual requirements to amortize all special obligation bonds as of June 30, 2022, including interest payments, are as follows:

Year Ending June 30,	Special Obligation Bonds Principal	Interest	Total
2023	$ 65,000	$ 220,300	$ 285,300
2024	335,000	217,700	552,700
2025	350,000	204,300	554,300
2026	360,000	190,300	550,300
2027	375,000	175,900	550,900
2028-2032	2,125,000	641,300	2,766,300
2033-2037	2,530,000	232,500	2,762,500
	$ 6,140,000	$ 1,882,300	$ 8,022,300

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Financed Purchases

The County has entered into agreements to finance the purchase of various pieces of equipment. The following is a schedule of the annual debt service requirements to maturity for the financed purchases:

Year Ending June 30,	Financed Purchases		
	Principal	Interest	Total
2023	$ 50,000	$ -	$ 50,000
2024	50,000	-	50,000
2025	50,000	-	50,000
2026	50,000	-	50,000
2027	50,000	-	50,000
2028-2032	250,000	-	250,000
2033	20,000	-	20,000
	$ 520,000	$ -	$ 520,000

Special Source Revenue Bonds

During 2015, the County issued special source revenue bonds in the amount of $7,504,000 to finance the construction of the Keer America Corporation/Affiliates project. These bonds are limited obligations of the County and are payable solely from the fee in lieu of tax revenues. The bonds are payable in annual installments through 2028 and have an annual interest rate of 4.0%. The revenue bonds contain an event of default that changes the timing of repayment of amounts to become immediately due if the County is unable to make payment.

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

Year Ending June 30,	Special Source Revenue Bonds		
	Principal	Interest	Total
2023	$ 911,326	$ 194,269	$ 1,105,595
2024	865,305	157,816	1,023,121
2025	831,585	123,203	954,788
2026	817,239	89,940	907,179
2027	806,226	57,250	863,476
2028	625,035	25,002	650,037
	$ 4,856,716	$ 647,480	$ 5,504,196

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Leases

The County has entered into multiple noncancelable leases as the lessee for various right-to-use assets. The incremental borrowing rate varies from 1.836% to 0.5135%. As of June 30, 2022, the County has $290,128 outstanding in leases payable.

The annual requirements to amortize all leases payable as of June 30, 2022, including interest payments, are as follows:

Year Ending June 30,	Leases		
	Principal	Interest	Total
2023	$ 129,513	$ 1,977	$ 131,490
2024	109,193	1,071	110,264
2025	39,525	369	39,894
2026	1,738	211	1,949
2027	1,767	182	1,949
2028-2032	6,219	530	6,749
2033-2034	2,173	63	2,236
	$ 290,128	$ 4,403	$ 294,531

Landfill Closure and Post-closure Care Costs

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

During fiscal year 2022, the County expended $35,193 in landfill closure costs. Remaining post-closure care costs are estimated at $975,604 and included with the long-term liabilities in the Statement of Net Position. Post-closure care costs are reported in the General Fund and are based on engineering estimates that are subject to change due to inflation, deflation, technology and/or applicable laws and regulations.

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Conduit Debt Obligations

From time to time, the County has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, nor the State of South Carolina, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2022, there were no Industrial Revenue Bonds outstanding.

Special Assessment Debt Obligations

In July 2003, the County issued $13,760,000 of special assessment debt. This debt is applicable to the Edgewater Improvement District, which is located in the southern part of the County and will be used to improve the area's infrastructure. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2022, the outstanding balance on this debt was $2,900,000.

In June 2006, the County issued 2006A and 2006B special assessment debt in the amount of $35,615,000. This debt is applicable to the Edenmoor Improvement District, which is located in the northern part of the County and will be used to improve the area's infrastructure and to construct a sheriff and EMS substation. In February 2016, the County issued Walnut Creek Improvement District 2016A-1 in the amount of $8,510,000 and the Edenmoor Assessment 2016 A Bonds in the amount of $14,365,000. In December 2016, the County issued the Walnut Creek Improvement District 2016A-2 in the amount of $3,380,000. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2022, the outstanding balances on this debt was $11,185,000, $6,815,000, and $2,735,000, respectively.

In March 2006, the County issued $20,000,000 of special assessment debt. This debt is applicable to the Sun City Carolina Lakes Improvement District, which is located in the northern part of the County and will be used to improve the area's infrastructure and to construct a library branch. In December 2016, the County issued the Sun City Carolina Lakes Refunding Revenue Bonds 2016 in the amount of $14,113,000 to refund the 2006 bonds. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2022, the outstanding balance on this debt was $11,045,000.

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

Special Assessment Debt Obligations (Continued)

In November 2007, the County issued $28,880,000 of special assessment debt. This debt is applicable to the Edgewater II Improvement District, which is located in the southern part of the County and will be used to improve the area's infrastructure. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2022, the outstanding balance on this debt was $28,602,500.

In 2021, the County issued $4,070,000 of special assessment debt. This debt is applicable to the Walnut Creek Improvement District and will be used to improve the area's infrastructure. The County is acting only as an agent and is in no manner obligated to repay the special assessment debt. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2022, the outstanding balance on this debt was $4,070,000.

NOTE 7. LEASED ASSETS

Lease asset activity for the County's governmental activities for the year ended June 30, 2022, was as follows:

Governmental activities	Balance June 30, 2021	Additions	Remeasurements	Deletions	Balance June 30, 2022
Lease assert					
Equipment	$ 171,387	$ -	$ -	$ -	$ 171,387
Buildings	112,827	-	-	-	112,827
Land	226,209	-	-	-	226,209
Total capital assets	510,423	-	-	-	510,423
Less accumulated amortization					
Equipment	-	(135,389)	-	-	(135,389)
Buildings	-	(37,609)	-	-	(37,609)
Land	-	(59,760)	-	-	(59,760)
Total accumulated amortization	-	(232,758)	-	-	(232,758)
Total leased assets net of accumulated amortization	$ 510,423	$ (232,758)	$ -	$ -	$ 277,665

NOTE 8. EMPLOYEE BENEFITS

Retirement Plan

Overview:

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP).For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Plan Description:

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

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

South Carolina Retirement System - Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment. This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the SCRS with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the SCRS with an effective date of membership on or after July 1, 2012, is a Class Three member.

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

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

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

South Carolina Retirement System - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least 8 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.

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

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

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions:

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. 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 85 percent, then the Board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 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 85 percent, then effective on the following July 1, 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 85 percent. For the year ended June 30, 2022, the County contributed $2,784,090 to the SCRS plan and $2,334,573 to the PORS plan.

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions (Continued):
Required employee contribution rates for the year ended June 30, 2022, are as follows:

South Carolina Retirement System	
Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation
South Carolina Police Officers Retirement System	
Employee Class Two	9.75% of earnable compensation
Employee Class Three	9.75% of earnable compensation

Required employer contribution rates for the year ended June 30, 2022, are as follows:

South Carolina Retirement System	
Employee Class Two	16.41% of earnable compensation
Employee Class Three	16.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation
South Carolina Police Officers Retirement System	
Employee Class Two	18.84% of earnable compensation
Employee Class Three	18.84% of earnable compensation
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

Net Pension Liability:
The June 30, 2021, (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2020, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2021, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS. The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position. As of June 30, 2022, (measurement date of June 30, 2021), the net pension liability amounts for the County's proportionate share of the collective net pension liabilities associated with the SCRS and PORS plans are as follows:

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability (Continued):

System	Total Pension Liability	Plan Fiduciary Net Position	Employer's Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	County's Proportionate Share of the Collective Net Pension Liability
SCRS	$ 80,441,385	$ 48,865,002	$ 31,576,383	60.7%	0.145908%
PORS	62,878,317	44,249,861	18,628,456	70.4%	0.724022%
Total	$ 143,319,702	$ 93,114,863	$ 50,204,839		

Actuarial Assumptions and Methods:
Actuarial valuations of the 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, and future salary increases. Amounts determined regarding the net pension liability 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 for the period ending June 30, 2019.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2020 valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry Age Normal	Entry Age Normal
Actuarial assumptions:		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11.0% (varies by service)	3.5% to 10.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or $500 annually	lesser of 1% or $500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumption, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

Former Job Class	Males	Females
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	20120 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	20120 PRSC Females multiplied by 107%

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return 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.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 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 and is summarized in the table below. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table on the following page.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	**12.0%**		
Real estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
	100.0%		
	Total expected real return		5.18%
	Inflation for actuarial purposes		2.25%
	Total expected nominal return		7.43%

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Discount Rate:

The discount rate used to measure the TPL was 7 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 of the Net Position Liability to Changes in the Discount Rate

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
SCRS	$ 41,361,086	$ 31,576,383	$ 23,443,209
PORS	$ 27,027,522	$ 18,628,456	$ 11,748,354

Pension Expense:

For the year ended June 30, 2022, the County recognized its proportionate share of collective pension expense of $2,305,749 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of $757,524 for a total of $3,063,273 for the SCRS plan. Additionally, for the year ended June 30, 2022, the County recognized its proportionate share of collective pension expense of $2,037,957 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of $555,645 for a total of $2,593,602 for the PORS plan. Total pension expense for the County, for all plans, is $5,656,875.

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:
At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 537,867	$ 42,617
Changes of assumptions	1,728,388	-
Net difference between projected and actual earnings on pension plan investments	-	4,586,886
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	1,310,360	-
Employer contributions subsequent to the measurement date	2,784,090	-
Total	$ 6,360,705	$ 4,629,503

PORS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 633,724	$ 58,016
Changes of assumptions	1,328,670	-
Net difference between projected and actual earnings on pension plan investments	-	4,176,416
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,005,336	-
Employer contributions subsequent to the measurement date	2,334,573	-
Total	$ 5,302,303	$ 4,234,432
Total SCRS and PORS	$ 11,663,008	$ 8,863,935

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued): County contributions subsequent to the measurement date of $2,784,090 and $2,334,573 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	SCRS	PORS
2023	$ 508,246	$ 249,219
2024	271,984	118,341
2025	(116,764)	(178,133)
2026	(1,716,354)	(1,456,129)

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

Deferred Compensation Plan

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

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

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Other Post Employment Healthcare Benefits (OPEB)

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

Plan Membership. The Plan has 629 covered members for the year ended June 30, 2022; 88 members are retirees receiving benefits and 541 are active participants and dependents.

Funding Policy and Contributions. The County currently pays for other post-employment benefits on a pay-as-you-go basis. For the year ended June 30, 2022, the County paid $264,405 toward the cost of retiree health insurance for eligible retired employees. The County's obligation to contribute to the Plan was established and may be amended by the County Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the plan.

Total OPEB Liability. The County's total OPEB liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020, with the actuary using standard techniques to roll forward the liability to the measurement date.

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Other Post Employment Healthcare Benefits (OPEB) (Continued)

Actuarial Assumptions. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	1.92% as of June 30, 2021
Healthcare cost trend rate:	6.00% - 4.00%, Ultimate Trend after 15 years
Inflation rate:	2.25%
Salary increase:	3.50% - 9.50% for SCRS eligible employees and 3.50% - 10.50% for PORS eligible employees per annum
Participation rate:	40.00% of all eligible employees and 25% for dental only coverage

For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. The following multipliers are applied to the base tables: 100% for male SCRS members, 111% for female SCRS members, 125% for male PORS members, and 111% for female PORS members.

Discount Rate. The discount rate used to measure the total OPEB liability was 1.92% as of June 30, 2021. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 1.92% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2021.

Changes in the Total OPEB Liability. The changes in the total OPEB liability of the County for the year ended June 30, 2022 (June 30, 2021 measurement date), were as follows:

	Total OPEB Liability
Balances beginning of year	$ 4,891,690
Changes for the year:	
Service cost	229,495
Interest	119,338
Difference between actual and expected experience	(8,905)
Assumption changes	311,321
Benefit payments and implicit subsidy	(271,018)
Net changes	380,231
Balances end of year	$ 5,271,921

The required schedule of changes in the County's total OPEB liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about the total OPEB liability.

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Other Post Employment Healthcare Benefits (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County as of June 30, 2022 (June 30, 2021 measurement date), as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.92%) or 1-percentage-point higher (2.92%) than the current discount rate:

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

1% Decrease (0.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
$ 5,908,202	$ 5,271,921	$ 4,736,875

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the County as of June 30, 2022 (June 30, 2021 measurement date), as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.00% decreasing to 3.00%) or 1-percentage-point higher (7.00% decreasing to 5.00%) than the current healthcare cost trend rates:

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
$ 4,636,413	$ 5,271,921	$ 6,078,327

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2022, and the current sharing pattern of costs between employer and inactive employees.

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Other Post Employment Healthcare Benefits (OPEB) (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2022, the County recognized OPEB expense as follows:

Description		
Service cost (annual cost of current service)	$	229,495
Interest on the total OPEB liability		119,338
Recognition of current year amortization - difference between expected and actual experience & assumption changes		34,253
Recognition of prior year amortization - difference between expected and actual experience & assumption changes		88,392
Total aggregate OPEB expense	$	471,478

At June 30, 2022, the County reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 364,533	$ 23,679
Changes of assumptions	674,115	104,606
Employer contributions subsequent to the measurement date	264,405	-
Total	$ 1,303,053	$ 128,285

County contributions subsequent to the measurement date of $264,405 are deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Retiree Health Insurance Plan		
Year ended June 30:		
2023	$	122,645
2024		122,645
2025		122,645
2026		131,720
2027		145,944
Thereafter		264,764

NOTE 9. RISK MANAGEMENT

The County participates in a self-funded program, the South Carolina Counties Workers' Compensation Trust, to provide workers' compensation insurance through the South Carolina Association of Counties. The County continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance through the South Carolina Counties Property and Liability Trust. In addition, the County carries employee health and accident insurance through the South Carolina Office of Insurance Services. This South Carolina state health plan represents various South Carolina governmental entities joined together in a public entity risk pool. The County pays premiums to the Trust for its employee health and accident insurance. The agreement for formation of the Trust provides that the Trust will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event.

The County continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 10. INTERFUND ASSETS AND LIABILITIES

Interfund receivable and payable balances at June 30, 2022, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	$ 270,736
General Fund	Bond Projects Fund	1,687,344
General Fund	ARPA Fund	472,289
General Fund	Nonmajor Governmental Fund	3,106,303
Debt Service Fund	General Fund	580,917
Capital Project Sales Tax 2 Fund	General Fund	27,081,123
Nonmajor Governmental Funds	General Fund	22,032,803
		$ 55,231,515

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

NOTE 10. INTERFUND ASSETS AND LIABILITIES (CONTINUED)

Any transactions to transfer revenues from the fund budgeted to receive them to the fund budgeted to expend them are reported as transfers from and to other funds. Total transfers during the year ended June 30, 2022, consisted of the following individual amounts:

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 32,546
Debt Service Fund	Bond Projects Fund	579,742
Debt Service Fund	Capital Projects Sales Tax 2 Fund	3,780,000
Airport Fund	General Fund	109,130
		$ 4,501,418

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

NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

The County participates in a number of federal and state assisted grant programs. These programs are subject to audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2022, have not yet been conducted. Therefore, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures, which may be disallowed, cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Construction commitments at June 30, 2022, totaled approximately $5,530,000.

NOTE 12. LITIGATION

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

NOTE 13. TAX ABATEMENT PROGRAM

As of June 30, 2022, the County provides tax abatements through one program – the Economic Development Program.

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

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

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

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

Taxes abated as a result of the agreements under the Economic Development Program totaled $2,488,054 for the year ended June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

LANCASTER COUNTY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
REVENUES:				
Property taxes	$ 45,188,280	$ 45,188,280	$ 47,183,218	$ 1,994,938
Sales and other local taxes	2,975,475	2,975,475	3,460,173	484,698
Licenses and permits	5,565,147	5,565,147	10,971,741	5,406,594
Intergovernmental	5,282,125	5,282,125	5,826,715	544,590
Charges for services	4,427,200	4,427,200	4,620,948	193,748
Fines and forfeitures	830,525	830,525	784,576	(45,949)
Interest revenue	320,490	320,490	73,556	(246,934)
Contributions and donations	32,500	32,500	70,752	38,252
Other revenues	202,680	202,680	1,201,376	998,696
Total revenues	64,824,422	64,824,422	74,193,055	9,368,633
EXPENDITURES:				
Current:				
General government:				
Non-departmental expenditures	2,130,573	2,130,573	1,745,185	385,388
Direct assistance to other agencies	1,424,406	1,424,406	1,378,256	46,150
County council	2,961,999	2,881,599	2,499,426	382,173
Administrator	930,840	930,840	772,480	158,360
Legal team	327,600	447,600	558,785	(111,185)
Finance	808,150	808,150	648,175	159,975
Human resources	737,390	737,390	681,305	56,085
Risk management	116,685	116,685	117,730	(1,045)
Management information services	2,384,811	2,384,811	2,278,053	106,758
GIS	187,350	187,350	180,179	7,171
Building	1,480,580	1,480,580	1,063,694	416,886
Planning	2,175,236	2,175,236	933,667	1,241,569
Assessor	1,098,440	1,098,440	950,604	147,836
Auditor	391,985	391,985	355,897	36,088
Treasurer	517,895	517,895	504,927	12,968
Delinquent tax collector	434,855	434,855	364,280	70,575
Voter registration and elections	888,515	888,515	584,312	304,203
Register of deeds	396,715	396,715	377,046	19,669
Procurement	214,490	214,490	221,172	(6,682)
Vehicle maintenance	777,905	777,905	743,871	34,034
Building maintenance	1,977,748	2,058,148	2,073,497	(15,349)
Total general government	22,364,168	22,484,168	19,032,541	3,451,627
Administration of justice:				
Circuit court	87,805	87,805	91,896	(4,091)
Clerk of court	497,093	497,093	487,052	10,041
Family court	400,042	400,042	343,544	56,498
Probate court	590,100	590,100	509,814	80,286
Magistrate court	1,099,575	1,099,575	1,069,413	30,162
Total administration of justice	2,674,615	2,674,615	2,501,719	172,896
Public safety:				
Coroner	808,300	808,300	1,009,151	(200,851)
Sheriff	11,779,298	11,779,298	11,547,633	231,665
Detention center	3,286,125	3,286,125	2,983,500	302,625
Communications	3,721,392	3,721,392	3,089,968	631,424
Emergency management	414,745	414,745	380,470	34,275
Fire commission	3,665,779	3,665,779	3,423,213	242,566
Total public safety	23,675,639	23,675,639	22,433,935	1,241,704

(Continued)

LANCASTER COUNTY, SOUTH CAROLINA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final
	Original	Final	Actual	Budget
EXPENDITURES: (CONTINUED)				
Current: (Continued)				
Public works:				
Roads and bridges	$ 3,914,426	$ 3,914,426	$ 3,089,494	$ 824,932
Landfill	57,010	57,010	35,172	21,838
Solid waste	3,533,690	3,533,690	3,094,605	439,085
Total public works	7,505,126	7,505,126	6,219,271	1,285,855
Public health and welfare:				
EMS	7,920,543	7,920,543	7,794,189	126,354
Animal control	550,880	550,880	466,062	84,818
Health services	85,040	85,040	33,196	51,844
Social services and food stamps	79,589	79,589	75,001	4,588
DSS family independence	59,650	59,650	62,218	(2,568)
Veteran affairs	237,920	237,920	234,255	3,665
Total public health and welfare	8,933,622	8,933,622	8,664,921	268,701
Culture and recreation:				
Recreation	3,129,396	3,129,396	2,697,448	431,948
Library	1,296,450	1,296,450	1,229,312	67,138
Total culture and recreation	4,425,846	4,425,846	3,926,760	499,086
Economic development:				
Economic development	538,530	538,530	378,299	160,231
Debt service:				
Principal	50,000	50,000	219,466	(169,466)
Interest and other charges	-	-	781	(781)
Total debt service	50,000	50,000	220,247	(170,247)
Total expenditures	70,167,546	70,287,546	63,377,693	6,909,853
Excess (deficiency) of revenues over (under) expenditures	(5,343,124)	(5,463,124)	10,815,362	16,278,486
OTHER FINANCING SOURCES (USES)				
Transfers in	32,750	32,750	32,546	(204)
Transfers out	(109,130)	(109,130)	(109,130)	-
Sale of capital assets	-	-	16,591	16,591
Total other financing uses, net	(76,380)	(76,380)	(59,993)	16,387
Net change in fund balances	(5,419,504)	(5,539,504)	10,755,369	$ 16,294,873
Fund balances, beginning of year	50,874,837	50,874,837	50,874,839	
Fund balances, end of year	$ 45,455,333	$ 45,335,333	$ 61,630,208	

LANCASTER COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 229,495	$ 178,804	$ 162,511	$ 176,708	$ 168,154
Interest on total OPEB liability	119,338	126,571	136,528	128,818	109,436
Assumption changes	311,321	343,020	204,242	(31,998)	(207,209)
Difference between actual and expected experience	(8,905)	404,976	(9,702)	96,201	(22,432)
Benefit payments and implicit subsidy	(271,018)	(232,163)	(226,649)	(192,635)	(170,414)
Net change in total OPEB liability	380,231	821,208	266,930	177,094	(122,465)
Total OPEB liability - beginning	4,891,690	4,070,482	3,803,552	3,626,458	3,748,923
Total OPEB liability - ending	$ 5,271,921	$ 4,891,690	$ 4,070,482	$ 3,803,552	$ 3,626,458
Covered-employee payroll	$ 24,487,823	$24,039,547	$ 21,838,377	$ 20,344,803	$ 19,252,683
Total OPEB liability as a percentage of covered-employee payroll	21.53%	20.35%	18.64%	18.70%	18.84%

The above schedule will present 10 years of information once it is accumulated.

The County is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

The discount rate changed from 3.56% as of June 30, 2018, to 3.62% as of June 30, 2019, to 3.13% as of June 30, 2020, to 2.45% as of June 30, 2021, to 1.92% as of June 30, 2022.

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

LANCASTER COUNTY, SOUTH CAROLINA

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

South Carolina Retirement System

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.145908%	$ 31,576,383	$ 16,493,795	191.4%	60.7%
2020	0.140752%	35,964,729	15,706,592	229.0%	50.7%
2019	0.140083%	31,986,679	14,807,814	216.0%	54.4%
2018	0.133931%	30,009,671	13,873,171	216.3%	54.1%
2017	0.132064%	29,729,731	13,176,119	225.6%	53.3%
2016	0.133662%	28,550,007	12,068,466	236.6%	52.9%
2015	0.119621%	22,686,700	10,331,540	219.6%	57.0%
2014	0.112016%	19,285,442	8,328,188	231.6%	59.9%

South Carolina Police Officers Retirement System

Plan Year Ended June 30,	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.72402%	$ 18,628,456	$ 10,887,037	171.1%	70.4%
2020	0.70029%	23,222,952	10,549,951	220.1%	58.8%
2019	0.67936%	19,470,007	9,750,660	199.7%	62.7%
2018	0.65684%	18,611,853	9,065,769	205.3%	61.7%
2017	0.63696%	17,449,878	8,363,722	208.6%	60.9%
2016	0.63075%	15,998,839	7,070,498	226.3%	60.4%
2015	0.60504%	13,186,911	6,953,011	189.7%	64.6%
2014	0.59357%	11,363,505	6,132,698	185.3%	67.5%

The above schedules will present 10 years of information once it is accumulated.
The assumptions used in the preparation of the above schedules are disclosed in Note 8 to the financial statements.

LANCASTER COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30

South Carolina Retirement System

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2022	$ 2,784,090	$ 2,784,090	$ -	$ 17,614,009	15.81%
2021	2,556,434	2,556,434	-	16,493,795	15.50%
2020	2,443,945	2,443,945	-	15,706,592	15.56%
2019	2,156,017	2,156,017	-	14,807,814	14.56%
2018	1,881,203	1,881,203	-	13,873,171	13.56%
2017	1,519,493	1,519,493	-	13,176,119	11.53%
2016	1,411,809	1,411,809	-	12,068,466	11.70%
2015	1,211,053	1,211,053	-	10,331,540	11.72%

South Carolina Police Officers Retirement System

Fiscal Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percentage of covered payroll
2022	$ 2,334,573	$ 2,334,573	$ -	$ 12,563,697	18.58%
2021	1,985,795	1,985,795	-	10,887,037	18.24%
2020	1,924,311	1,924,311	-	10,549,951	18.24%
2019	1,681,015	1,681,015	-	9,750,660	17.24%
2018	1,472,281	1,472,281	-	9,065,769	16.24%
2017	1,205,246	1,205,246	-	8,363,722	14.41%
2016	1,069,368	1,069,368	-	7,070,498	15.12%
2015	1,005,716	1,005,716	-	6,953,011	14.46%

The above schedules will present 10 years of information once it is accumulated.

LANCASTER COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30

Actuarial assumptions used in determining the statutorily required contribution are as follows:

System	SCRS	PORS
Calculation date	July 1, 2019	July 1, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Asset valuation method	5-year smoothed	5-year smoothed
Amortization method	Level % of pay	Level % of pay
Amortization period	28 years maximum, closed	28 years maximum, closed
Investment return	7.25%	7.25%
Inflation	2.25%	2.25%
Salary increases	3.00% plus step-rate increases for members with less than 21 years of service	3.50% plus step-rate increases for members with less than 15 years of service
Mortality	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Males rates multiplied by 100% for non-educators and 92% for educators. Female rates multiplied by 111% for non-educators and 98% for educators.	The 2016 Public Retirees of South Carolina Mortality Tables for Males and Females, both projected at Scale AA from the year 2016. Males rates multiplied by 125% and female rates are multiplied by 111%.

COMBINING STATEMENTS AND SCHEDULES

LANCASTER COUNTY, SOUTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

SPECIAL REVENUE FUNDS (CONTINUED)

The **State Accommodations Tax Fund** accounts for the revenues collected through South Carolina Accommodations Tax Act and be used for advertising and promotion of tourism and related expenditures.

The **Stormwater Fund** accounts for the revenues collected through a stormwater fee billed and be used for all stormwater activities in the panhandle SMS4 service area.

The **County Impact Fees Fund** accounts for fee revenue collected at the time of building permit for the approved impact fee district areas. The fees will be used according to the impact fee study for capital needs in the designated districts.

The **Van Wyck Fire Protection District Fund** accounts for revenues collected for use in the Van Wyck Fire Protection District for fire protection.

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

The **Reid Pointe Special Tax District Fund** accounts for the district's infrastructure improvements funded by special millage.

The **Capital Project Sales Tax 3 Fund** accounts revenues received from the County's third imposition of its penny sales tax and is used for capital items approved by voter referendum.

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 14,964	$ -	$ 14,964
Investments	-	1,015	1,015
Taxes receivable, net	55,507	73,206	128,713
Accounts receivable, net	288,328	-	288,328
Due from other governments	2,384,566	-	2,384,566
Due from other funds	19,332,180	2,700,623	22,032,803
Total assets	$ 22,075,545	$ 2,774,844	$ 24,850,389
LIABILITIES			
Accounts payable	$ 134,786	$ 661	$ 135,447
Due to other funds	1,066,828	2,039,475	3,106,303
Unearned revenues	299,193	-	299,193
Total liabilities	1,500,807	2,040,136	3,540,943
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	51,959	68,478	120,437
Unavailable revenue - intergovernmental	1,342,728	-	1,342,728
Total deferred inflows of resources	1,394,687	68,478	1,463,165
FUND BALANCES			
Restricted for:			
Victim services	34,210	-	34,210
Public safety	5,243,796	-	5,243,796
Public works	1,805,920	-	1,805,920
Culture and recreation	561,109	-	561,109
Economic development	7,653,033	-	7,653,033
Roads and bridges	1,787,526	-	1,787,526
Capital projects	-	1,907,387	1,907,387
Assigned:			
Subsequent year's budget	2,902,295	798,318	3,700,613
Unassigned	(807,838)	(2,039,475)	(2,847,313)
Total fund balances	19,180,051	666,230	19,846,281
Total liabilities, deferred inflows of resources, and fund balances	$ 22,075,545	$ 2,774,844	$ 24,850,389

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property taxes	$ 1,927,122	$ 3,176,550	$ 5,103,672
Other taxes	2,608,205	-	2,608,205
Intergovernmental	7,426,664	-	7,426,664
Charges for services	3,663,223	62,017	3,725,240
Fines and forfeitures	68,254	-	68,254
Interest revenue	14,257	426	14,683
Contributions and donations	1,006,577	-	1,006,577
Other revenues	189	-	189
Total revenues	16,714,491	3,238,993	19,953,484
Expenditures:			
Current:			
General government	1,347,348	-	1,347,348
Administration of justice	119,985	-	119,985
Public safety	5,326,764	-	5,326,764
Public works	3,048,288	-	3,048,288
Public health and welfare	209,591	-	209,591
Culture and recreation	145,206	-	145,206
Economic development	1,171,747	-	1,171,747
Capital outlay	-	4,189,692	4,189,692
Debt service:			
Principal	180,829	1,340,298	1,521,127
Interest	42,193	18,496	60,689
Fees	-	10,000	10,000
Total expenditures	11,591,951	5,558,486	17,150,437
Excess (deficiency) of revenues over (under) expenditures	5,122,540	(2,319,493)	2,803,047
Other financing sources (uses):			
Transfers out	(32,546)	-	(32,546)
Issuance of bonds	-	649,160	649,160
Total other financing sources (uses), net	(32,546)	649,160	616,614
Net change in fund balances	5,089,994	(1,670,333)	3,419,661
Fund balances, beginning of year	14,090,057	2,336,563	16,426,620
Fund balances, end of year	$ 19,180,051	$ 666,230	$ 19,846,281

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	Local Accommodations Tax Fund	Indian Land Fire Protection District Fund	E-911 Fund	Pleasant Valley Fire District Fund	Court Mandated Security Fund	Victim Services Fund	Transportation Fund
ASSETS							
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ 4,718	$ -
Taxes receivable, net	-	-	-	-	55,507	-	-
Accounts receivable, net	14,236	-	94,189	-	-	-	-
Due from other governments	-	-	-	-	-	-	196,882
Due from other funds	568,750	432,891	1,517,743	690,828	2,050,845	29,492	2,648,183
Total assets	$ 582,986	$ 432,891	$ 1,611,932	$ 690,828	$ 2,106,352	$ 34,210	$ 2,845,065
LIABILITIES							
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 28,238
Due to other funds	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	28,238
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - property taxes	-	-	-	-	51,959	-	-
Unavailable revenue - intergovernmental	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	51,959	-	-
FUND BALANCES (DEFICITS)							
Restricted for:							
Victim services	-	-	-	-	-	34,210	-
Public safety	-	209,934	1,611,932	621,587	2,054,393	-	-
Public works	-	-	-	-	-	-	-
Culture and recreation	561,109	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Roads and bridges	-	-	-	-	-	-	1,787,526
Assigned:							
Subsequent year's budget	21,877	222,957	-	69,241	-	-	1,029,301
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	582,986	432,891	1,611,932	690,828	2,054,393	34,210	2,816,827
Total liabilities, deferred inflows of resources, and fund balances	$ 582,986	$ 432,891	$ 1,611,932	$ 690,828	$ 2,106,352	$ 34,210	$ 2,845,065

(Continued)

Sunday Alcohol Sales Fund	Restricted Grants Fund	Economic Development Fund	Development Agreements Fund	Hospitality Tax Fund	State Accommodations Tax Fund	Stormwater Fund	County Impact Fees Fund	Van Wyck Fire Protection District Fund	Totals
$ -	$ 10,246	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,964
-	-	-	-	-	-	-	-	-	55,507
-	-	-	-	175,233	-	-	4,670	-	288,328
37,350	1,997,213	-	-	-	153,121	-	-	-	2,384,566
191,901	-	188,807	516,699	7,282,744	6,178	2,938,099	76,430	192,590	19,332,180
$ 229,251	$ 2,007,459	$ 188,807	$ 516,699	$ 7,457,977	$ 159,299	$ 2,938,099	$ 81,100	$ 192,590	$ 22,075,545
$ -	$ 106,548	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 134,786
-	1,066,828	-	-	-	-	-	-	-	1,066,828
-	299,193	-	-	-	-	-	-	-	299,193
-	1,472,569	-	-	-	-	-	-	-	1,500,807
-	-	-	-	-	-	-	-	-	51,959
-	1,342,728	-	-	-	-	-	-	-	1,342,728
-	1,342,728	-	-	-	-	-	-	-	1,394,687
-	-	-	-	-	-	-	-	-	34,210
229,251	-	-	516,699	-	-	-	-	-	5,243,796
-	-	-	-	-		1,532,230	81,100	192,590	1,805,920
-	-	-	-	-	-	-	-	-	561,109
-	-	188,807	-	7,409,927	54,299	-	-	-	7,653,033
-	-	-	-	-	-	-	-	-	1,787,526
-	-	-	-	48,050	105,000	1,405,869	-	-	2,902,295
-	(807,838)	-	-	-	-	-	-	-	(807,838)
229,251	(807,838)	188,807	516,699	7,457,977	159,299	2,938,099	81,100	192,590	19,180,051
$ 229,251	$ 2,007,459	$ 188,807	$ 516,699	$ 7,457,977	$ 159,299	$ 2,938,099	$ 81,100	$ 192,590	$ 22,075,545

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Local Accommodations Tax Fund	Indian Land Fire Protection District Fund	E-911 Fund	Pleasant Valley Fire District Fund	Court Mandated Security Fund	Victim Services Fund	Transportation Fund
Revenues:							
Property taxes	$ -	$ -	$ -	$ -	$ 1,880,054	$ -	$ -
Other taxes	164,248	-	408,652	-	-	-	-
Intergovernmental	-	-	104,790	-	-	-	3,047,987
Charges for services	-	949,275	-	824,678	-	-	-
Fines and forfeitures	-	2,701	-	3,014	-	55,982	-
Interest revenue	520	513	1,521	577	-	-	1,994
Contributions and donations	-	300	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-
Total revenues	164,768	952,789	514,963	828,269	1,880,054	55,982	3,049,981
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Administration of justice	-	-	-	-	-	-	-
Public safety	-	1,071,022	533,592	664,945	1,539,041	3,436	-
Public works	-	-	-	-	-	-	1,547,536
Public health and welfare	-	-	-	-	-	-	-
Culture and recreation	44,770	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	130,000	-	-	-
Interest	-	-	-	40,663	-	-	-
Total expenditures	44,770	1,071,022	533,592	835,608	1,539,041	3,436	1,547,536
Excess (deficiency) of revenues over (under) expenditures	119,998	(118,233)	(18,629)	(7,339)	341,013	52,546	1,502,445
Other financing sources (uses):							
Transfers out	-	-	-	-	-	-	-
Total other financing uses	-	-	-	-	-	-	-
Net change in fund balances	119,998	(118,233)	(18,629)	(7,339)	341,013	52,546	1,502,445
Fund balances (deficits), beginning of year	462,988	551,124	1,630,561	698,167	1,713,380	(18,336)	1,314,382
Fund balances (deficits), end of year	$ 582,986	$ 432,891	$ 1,611,932	$ 690,828	$ 2,054,393	$ 34,210	$ 2,816,827

(Continued)

Sunday Alcohol Sales Fund	Restricted Grants Fund	Economic Development Fund	Development Agreements Fund	Hospitality Tax Fund	State Accommodations Tax Fund	Stormwater Fund	County Impact Fees Fund	Van Wyck Fire Protection District Fund	Totals
$ -	$ -	$ 47,068	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,927,122
-	-	-	-	2,035,305	-	-	-	-	2,608,205
51,000	4,046,968	-	-	-	175,919	-	-	-	7,426,664
-	-	-	-	-	-	1,615,580	81,100	192,590	3,663,223
-	-	-	-	-	-	6,557	-	-	68,254
-	-	-	-	6,352	86	2,694	-	-	14,257
-	491,009	-	515,268	-	-	-	-	-	1,006,577
189	-	-	-	-	-	-	-	-	189
51,189	4,537,977	47,068	515,268	2,041,657	176,005	1,624,831	81,100	192,590	16,714,491
-	1,344,268	-	-	3,080	-	-	-	-	1,347,348
-	119,985	-	-	-	-	-	-	-	119,985
-	1,514,728	-	-	-	-	-	-	-	5,326,764
-	663,083	-	-	-	-	837,669	-	-	3,048,288
-	209,591	-	-	-	-	-	-	-	209,591
-	34,835	-	-	-	65,601	-	-	-	145,206
-	1,171,747	-	-	-	-	-	-	-	1,171,747
-	-	-	-	-	-	50,829	-	-	180,829
-	-	-	-	-	-	1,530	-	-	42,193
-	5,058,237	-	-	3,080	65,601	890,028	-	-	11,591,951
51,189	(520,260)	47,068	515,268	2,038,577	110,404	734,803	81,100	192,590	5,122,540
-	-	-	-	-	(32,546)	-	-	-	(32,546)
-	-	-	-	-	(32,546)	-	-	-	(32,546)
51,189	(520,260)	47,068	515,268	2,038,577	77,858	734,803	81,100	192,590	5,089,994
178,062	(287,578)	141,739	1,431	5,419,400	81,441	2,203,296	-	-	14,090,057
$ 229,251	$ (807,838)	$ 188,807	$ 516,699	$ 7,457,977	$ 159,299	$ 2,938,099	$ 81,100	$ 192,590	$ 19,180,051

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2022

	KEER Special Sources Fund	Brookchase Special Tax District Fund	Capital Improvement Fund	Edgewater II Improvement District Fund	Sun City Special Assessments Fund	Reid Pointe Special Tax District Fund	Capital Projects Sales Tax 3 Fund	Totals
ASSETS								
Investments	$ -	$ -	$ -	$ 1,015	$ -	$ -	$ -	$ 1,015
Taxes receivable, net	-	-	73,206	-	-	-	-	73,206
Due from other funds	-	96,970	2,456,658	-	661	146,334	-	2,700,623
Total assets	$ -	$ 96,970	$ 2,529,864	$ 1,015	$ 661	$ 146,334	$ -	$ 2,774,844
LIABILITIES								
Accounts payable	$ -	$ -	$ -	$ -	$ 661	$ -	$ -	$ 661
Due to other funds	-	-	-	-	-	-	2,039,475	2,039,475
Total liabilities	-	-	-	-	661	-	2,039,475	2,040,136
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	-	-	68,478	-	-	-	-	68,478
Total deferred inflows of resources	-	-	68,478	-	-	-	-	68,478
FUND BALANCES (DEFICIT)								
Restricted for:								
Capital projects	-	96,970	1,663,068	1,015	-	146,334	-	1,907,387
Assigned:								
Subsequent year's budget	-	-	798,318	-	-	-	-	798,318
Unassigned	-	-	-	-	-	-	########	(2,039,475)
Total fund balances (deficit)	-	96,970	2,461,386	1,015	-	146,334	########	666,230
Total liabilities, deferred inflows of resources, and fund balances	$ -	$ 96,970	$ 2,529,864	$ 1,015	$ 661	$ 146,334	$ -	$ 2,774,844

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	KEER Special Sources Fund	Brookchase Special Tax District Fund	Capital Improvement Fund	Edgewater II Improvement District Fund	Sun City Special Assessments Fund	Reid Pointe Special Tax District Fund	Capital Projects Sales Tax 3 Fund	Totals
Revenues:								
Property taxes	$ 593,029	$ -	$ 2,504,859	$ -	$ -	$ 78,662	$ -	$ 3,176,550
Charges for services	-	62,017	-	-	-	-	-	62,017
Interest revenue	-	101	-	179	-	146	-	426
Total revenues	593,029	62,118	2,504,859	179	-	78,808	-	3,238,993
Expenditures:								
Capital outlay:								
General government	-	-	240,614	-	-	-	-	240,614
Public safety	-	-	544,996	-	-	-	2,039,475	2,584,471
Public works	-	-	716,474	-	-	-	-	716,474
Public health and welfare	-	-	609,626	-	-	-	-	609,626
Culture and recreation	-	-	38,507	-	-	-	-	38,507
Debt service:								
Principal	593,029	47,269	-	-	-	700,000	-	1,340,298
Interest	-	12,336	-	-	-	6,160	-	18,496
Fees	-	-	-	-	-	10,000	-	10,000
Total expenditures	593,029	59,605	2,150,217	-	-	716,160	2,039,475	5,558,486
Excess (deficiency) of revenues over (under) expenditures	-	2,513	354,642	179	-	(637,352)	########	(2,319,493)
Other financing sources:								
Issuance of bonds	-	-	-	-	-	649,160	-	649,160
Total other financing sources	-	-	-	-	-	649,160	-	649,160
Net change in fund balances	-	2,513	354,642	179	-	11,808	########	(1,670,333)
FUND BALANCES, beginning of year	-	94,457	2,106,744	836	-	134,526	-	2,336,563
FUND BALANCES (DEFICIT), end of year	$ -	$ 96,970	$ 2,461,386	$ 1,015	$ -	$ 146,334	$ ########	$ 666,230

LANCASTER COUNTY, SOUTH CAROLINA
LOCAL ACCOMMODATIONS TAX

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Other taxes	$ 115,000	$ 115,000	$ 164,248	$ 49,248
Interest revenue	-	-	520	520
Total revenues	115,000	115,000	164,768	49,768
EXPENDITURES				
Current:				
Culture and recreation	115,000	115,000	44,770	70,230
Total expenditures	115,000	115,000	44,770	70,230
Net change in fund balance	-	-	119,998	$ 119,998
FUND BALANCES, beginning of year	462,988	462,988	462,988	
FUND BALANCES, end of year	$ 462,988	$ 462,988	$ 582,986	

LANCASTER COUNTY, SOUTH CAROLINA
INDIAN LAND FIRE PROTECTION DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	$ 931,050	$ 931,050	$ 949,275	$ 18,225
Fines and forfeitures	-	-	2,701	2,701
Investment income	-	-	513	513
Contributions and donations	-	-	300	300
Total revenues	931,050	931,050	952,789	21,739
EXPENDITURES				
Current:				
Public safety	1,017,811	1,017,811	1,071,022	(53,211)
Total expenditures	1,017,811	1,017,811	1,071,022	(53,211)
Net change in fund balance	(86,761)	(86,761)	(118,233)	$ (31,472)
FUND BALANCES, beginning of year	551,124	551,124	551,124	
FUND BALANCES, end of year	$ 464,363	$ 464,363	$ 432,891	

LANCASTER COUNTY, SOUTH CAROLINA
E-911 FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Other taxes	$ 330,000	$ 330,000	$ 408,652	$ 78,652
Intergovernmental	513,240	513,240	104,790	(408,450)
Interest revenue	-	-	1,521	1,521
Total revenues	843,240	843,240	514,963	(328,277)
EXPENDITURES				
Current:				
Public safety	843,240	843,240	533,592	309,648
Total expenditures	843,240	843,240	533,592	309,648
Net change in fund balance	-	-	(18,629)	$ (18,629)
FUND BALANCES, beginning of year	1,630,561	1,630,561	1,630,561	
FUND BALANCES, end of year	$ 1,630,561	$ 1,630,561	$ 1,611,932	

LANCASTER COUNTY, SOUTH CAROLINA
PLEASANT VALLEY FIRE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	$ 849,420	$ 849,420	$ 824,678	$ (24,742)
Fines and forfeitures	2,500	2,500	3,014	514
Interest revenue	-	-	577	577
Total revenues	851,920	851,920	828,269	(23,651)
EXPENDITURES				
Current:				
Public safety	695,199	735,199	664,945	70,254
Debt service:				
Principal	130,000	130,000	130,000	-
Interest	40,663	40,663	40,663	-
Total expenditures	865,862	905,862	835,608	70,254
Net change in fund balance	(13,942)	(53,942)	(7,339)	$ 46,603
FUND BALANCES, beginning of year	698,167	698,167	698,167	
FUND BALANCES, end of year	$ 684,225	$ 644,225	$ 690,828	

LANCASTER COUNTY, SOUTH CAROLINA
COURT MANDATED SECURITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Property taxes	$ 1,703,580	$ 1,703,580	$ 1,880,054	$ 176,474
Total revenues	1,703,580	1,703,580	1,880,054	176,474
EXPENDITURES				
Current:				
Public safety	1,741,737	1,741,737	1,539,041	202,696
Total expenditures	1,741,737	1,741,737	1,539,041	202,696
Net change in fund balance	(38,157)	(38,157)	341,013	$ 379,170
FUND BALANCES, beginning of year	1,713,380	1,713,380	1,713,380	
FUND BALANCES, end of year	$ 1,675,223	$ 1,675,223	$ 2,054,393	

LANCASTER COUNTY, SOUTH CAROLINA
VICTIM SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Fines and forfeitures	$ 57,000	$ 57,000	$ 55,982	$ (1,018)
Total revenues	57,000	57,000	55,982	(1,018)
EXPENDITURES				
Current:				
Public safety	57,000	57,000	3,436	53,564
Total expenditures	57,000	57,000	3,436	53,564
Net change in fund balance	-	-	52,546	$ 52,546
FUND BALANCES (DEFICITS), beginning of year	(18,336)	(18,336)	(18,336)	
FUND BALANCES, end of year	$ (18,336)	$ (18,336)	$ 34,210	

LANCASTER COUNTY, SOUTH CAROLINA
TRANSPORTATION FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	$ 2,450,000	$ 2,450,000	$ 3,047,987	$ 597,987
Interest revenue	-	-	1,994	1,994
Total revenues	2,450,000	2,450,000	3,049,981	599,981
EXPENDITURES				
Current:				
Public works	2,508,783	2,508,783	1,547,536	961,247
Total expenditures	2,508,783	2,508,783	1,547,536	961,247
Net change in fund balance	(58,783)	(58,783)	1,502,445	$ 1,561,228
FUND BALANCES, beginning of year	1,314,382	1,314,382	1,314,382	
FUND BALANCES, end of year	$ 1,255,599	$ 1,255,599	$ 2,816,827	

LANCASTER COUNTY, SOUTH CAROLINA
STATE ACCOMMODATIONS TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	$ 150,000	$ 150,000	$ 175,919	$ 25,919
Interest revenue	-	-	86	86
Total revenues	150,000	150,000	176,005	26,005
EXPENDITURES				
Current:				
Culture and recreation	225,250	225,250	65,601	159,649
Total expenditures	225,250	225,250	65,601	159,649
Excess (deficiency) of revenues over (under) expenditures	(75,250)	(75,250)	110,404	185,654
Other financing uses				
Transfers out	(29,750)	(29,750)	(32,546)	(2,796)
Total other financing uses	(29,750)	(29,750)	(32,546)	(2,796)
Net change in fund balance	(105,000)	(105,000)	77,858	$ 182,858
FUND BALANCES, beginning of year	81,441	81,441	81,441	
FUND BALANCES, end of year	$ (23,559)	$ (23,559)	$ 159,299	

LANCASTER COUNTY, SOUTH CAROLINA
STORMWATER FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Charges for services	$ 1,534,860	$ 1,534,860	$ 1,615,580	$ 80,720
Fines and forfeitures	-	-	6,557	6,557
Interest revenue	-	-	2,694	2,694
Total revenues	1,534,860	1,534,860	1,624,831	89,971
EXPENDITURES				
Current:				
Public works	1,996,255	1,996,255	837,669	1,158,586
Debt service:				
Principal	-	-	50,829	(50,829)
Pinterest	-	-	1,530	(1,530)
Total expenditures	1,996,255	1,996,255	890,028	1,106,227
Net change in fund balance	(461,395)	(461,395)	734,803	$ 1,196,198
FUND BALANCES, beginning of year	2,203,296	2,203,296	2,203,296	
FUND BALANCES, end of year	$ 1,741,901	$ 1,741,901	$ 2,938,099	

LANCASTER COUNTY, SOUTH CAROLINA
HOSPITALITY TAX

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Other taxes	$ 1,600,000	$ 1,600,000	$ 2,035,305	$ 435,305
Interest revenue	-	-	6,352	6,352
Total revenues	1,600,000	1,600,000	2,041,657	441,657
EXPENDITURES				
Current:				
General government	50,000	50,000	3,080	46,920
Total expenditures	50,000	50,000	3,080	46,920
Net change in fund balance	1,550,000	1,550,000	2,038,577	$ 488,577
FUND BALANCES, beginning of year	5,419,400	5,419,400	5,419,400	
FUND BALANCES, end of year	$ 6,969,400	$ 6,969,400	$ 7,457,977	

LANCASTER COUNTY, SOUTH CAROLINA
CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Property taxes	$ 2,333,820	$ 2,333,820	$ 2,504,859	$ 171,039
Total revenues	2,333,820	2,333,820	2,504,859	171,039
EXPENDITURES				
Capital outlay:				
General government	335,820	335,820	240,614	95,206
Public safety	968,794	968,794	544,996	423,798
Public works	1,050,200	1,050,200	716,474	333,726
Public health and welfare	610,000	610,000	609,626	374
Culture and recreation	50,000	50,000	38,507	11,493
Total expenditures	3,014,814	3,014,814	2,150,217	864,597
Net change in fund balance	(680,994)	(680,994)	354,642	$ 1,035,636
FUND BALANCES, beginning of year	2,106,744	2,106,744	2,106,744	
FUND BALANCES, end of year	$ 1,425,750	$ 1,425,750	$ 2,461,386	

LANCASTER COUNTY, SOUTH CAROLINA
CAPITAL PROJECT SALES TAX 2 FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Sales and other local taxes	$ 10,500,000	$ 10,500,000	$ 15,068,141	$ 4,568,141
Other revenues	-	-	86,736	86,736
Total revenues	10,500,000	10,500,000	15,154,877	4,654,877
EXPENDITURES				
Current:				
Public works	7,599,221	7,599,221	2,075,804	5,523,417
Culture and recreation	-	277,000	205,900	71,100
Capital outlay:				
Public safety	15,000	15,000	-	15,000
Total expenditures	7,614,221	7,891,221	2,281,704	5,609,517
Excess of revenues over expenditures	2,885,779	2,608,779	12,873,173	10,264,394
Other financing uses				
Transfers out	(3,780,000)	(3,780,000)	(3,780,000)	-
Total other financing uses	(3,780,000)	(3,780,000)	(3,780,000)	-
Net change in fund balance	(894,221)	(1,171,221)	9,093,173	$ 10,264,394
FUND BALANCES, beginning of year	21,933,369	21,933,369	21,933,369	
FUND BALANCES, end of year	$ 21,039,148	$ 20,762,148	$ 31,026,542	

LANCASTER COUNTY, SOUTH CAROLINA
CAPITAL PROJECT SALES TAX 3 FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Sales and other local taxes	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
Capital outlay:				
Public safety	-	2,076,850	2,039,475	37,375
Total expenditures	-	2,076,850	2,039,475	37,375
Net change in fund balance	-	(2,076,850)	(2,039,475)	$ 37,375
FUND BALANCES, beginning of year	-	-	-	
FUND BALANCES, end of year	$ -	$ (2,076,850)	$ (2,039,475)	

LANCASTER COUNTY, SOUTH CAROLINA
DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Property taxes	$ 3,839,508	$ 3,839,508	$ 4,409,120	$ 569,612
Interest revenue	1,557	1,557	1,680	123
Total revenues	3,841,065	3,841,065	4,410,800	569,735
EXPENDITURES				
Debt service:				
Principal	7,085,000	7,085,000	7,665,000	(580,000)
Interest	1,126,200	1,126,200	1,259,270	(133,070)
Fees	5,000	5,000	3,306	1,694
Total expenditures	8,216,200	8,216,200	8,927,576	(711,376)
Deficiency of revenues under expenditures	(4,375,135)	(4,375,135)	(4,516,776)	(141,641)
Other financing sources				
Transfers in	3,780,000	3,780,000	4,359,742	579,742
Total other financing sources	3,780,000	3,780,000	4,359,742	579,742
Net change in fund balance	(595,135)	(595,135)	(157,034)	$ 438,101
FUND BALANCES, beginning of year	1,528,049	1,528,049	1,528,049	
FUND BALANCES, end of year	$ 932,914	$ 932,914	$ 1,371,015	

CUSTODIAL FUNDS

LANCASTER COUNTY, SOUTH CAROLINA

CUSTODIAL FUNDS

Custodial Funds are used to account for resources held by the County for the benefit of other parties.

The **Clerk of Court** accounts for fines and fees generated from criminal and civil court cases.

The **Family Court** accounts for fines and fees generated through child support collection, divorce, and adoption services.

The **Magistrate Court** accounts for filing and other fees or fines derived from small claims court. Also, traffic trials and bail bond hearings are held in the magistrate court.

The **Detention Center Inmates** accounts for commission from the inmate commissary program which must be used for the benefit of the inmates.

The **Employee Funds** accounts for funds collected by the EMS and Sheriff's departments. The funds are used for employee activities.

The **Edenmoor & Walnut Creek 1 & 2 Improvement District** accounts for assessments collected on an annual basis to pay for debt incurred for infrastructure within the district.

The **Edgewater II Improvement District** accounts for assessments collected on an annual basis to pay for debt incurred for infrastructure within the district.

The **Edgewater Improvement District** accounts for assessments collected on an annual basis to pay for debt incurred for infrastructure within the district.

The **Sun City Improvement District** accounts for assessments collected on an annual basis to pay for debt incurred for infrastructure within the district.

The **Forfeit Land Commission** accounts for funds held after negotiating the sale of property not sold at the normal delinquent tax sale period.

The **City of Lancaster** accounts for property tax funds collected on their behalf and is remitted monthly.

The **Town of Kershaw** tax funds accounts for property tax funds collected on their behalf and is remitted monthly.

The **Town of Chester** accounts for property tax funds from a multi-park agreement collected on their behalf and is remitted monthly.

The **Chesterfield** tax funds accounts for property tax funds from a multi-park agreement collected on their behalf and is remitted monthly.

The **Education Fund** accounts for property tax funds collected on the school district's behalf and is remitted monthly. This fund also accounts for school state revenue and the school impact fee.

The **Tax Collector** accounts for funds held from the annual property tax sale and remains in the fund until the property is redeemed or deeded within a year.

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022

ASSETS	Clerk of Court	Family Court	Magistrate Court	Detention Center Inmates	Employee Funds	Edenmoor & Walnut Creek 1 & 2 Improvement District	Edgewater II Improvement District
Cash and cash equivalents	$ 790,610	$ 77,375	$ 198,704	$ 40,377	$ 13,547	$ -	$ -
Investments	20,513	-	-	-	-	6,191,186	386,162
Taxes receivable	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	804	-
Total assets	811,123	77,375	198,704	40,377	13,547	6,191,990	386,162
LIABILITIES							
Due to others	720,991	77,375	198,643	40,377	13,547	6,191,990	386,162
Uncollected taxes	-	-	-	-	-	-	-
Total liabilities	720,991	77,375	198,643	40,377	13,547	6,191,990	386,162
NET POSITION							
Restricted for individuals, organizations and other governments	90,132	-	61	-	-	-	-
Total net position	$ 90,132	$ -	$ 61	$ -	$ -	$ -	$ -

Edgewater Improvement District	Sun City Improvement District	Forfeit Land Commission	City of Lancaster	Town of Kershaw	Town of Chester	Chesterfield	Education Fund	Tax Collector	Total
$ -	$ -	$ 487,784	$ -	$ -	$ -	$ -	$ 28,708,867	$ 1,911,890	$ 32,229,154
649,443	828,373	-	-	-	-	-	14,334,872	-	22,410,549
-	-	-	381,885	23,279	-	-	3,532,891	-	3,938,055
-	-	-	-	-	-	-	1,056,788	-	1,057,592
649,443	828,373	487,784	381,885	23,279	-	-	47,633,418	1,911,890	59,635,350
649,443	828,373	-	-	-	-	-	44,100,527	-	53,207,428
-	-	-	381,885	23,279	-	-	3,532,891	-	3,938,055
649,443	828,373	-	381,885	23,279	-	-	47,633,418	-	57,145,483
-	-	487,784	-	-	-	-	-	1,911,890	2,489,867
$ -	$ -	$ 487,784	$ -	$ -	$ -	$ -	$ -	$ 1,911,890	$ 2,489,867

LANCASTER COUNTY, SOUTH CAROLINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Clerk of Court	Family Court	Magistrate Court	Detention Center Inmates	Employee Funds	Edenmoor & Walnut Creek 1 & 2 Improvement District	Edgewater II Improvement District
ADDITIONS							
Taxes and assessments	$ -	$ -	$ -	$ -	$ -	$ 2,934,092	$ 103,768
Fines and fees	336,856	678,103	765,672	-	-	-	-
Funds from state and participants	-	-	-	-	11,835	-	-
Inmate funds collected	-	-	-	470,762	-	-	-
Funds from foreclosure sales	-	-	-	-	-	-	-
Total additions	336,856	678,103	765,672	470,762	11,835	2,934,092	103,768
DEDUCTIONS							
Taxes and fees paid to other governments	327,430	678,103	765,672	-	-	2,934,092	103,768
Inmate funds disbursed	-	-	-	470,762	-	-	-
Other custodial disbursements	-	-	-	-	11,835	-	-
Total deductions	327,430	678,103	765,672	470,762	11,835	2,934,092	103,768
Change in fiduciary net position	9,426	-	-	-	-	-	-
Net position, beginning of year	80,706	-	61	-	-	-	-
Net position, end of year	$ 90,132	$ -	$ 61	$ -	$ -	$ -	$ -

Edgewater Improvement District	Sun City Improvement District	Forfeit Land Commission	City of Lancaster	Town of Kershaw	Town of Chester	Chesterfield	Education Fund	Tax Collector	Total
$ 335,475	$ 983,813	$ -	$ 5,278,088	$ 256,539	$ 81,808	$ 44,659	$ 95,654,725	$ -	105,672,967
-	-	-	-	-	-	-	-	-	1,780,631
-	-	-	-	-	-	-	-	-	11,835
-	-	-	-	-	-	-	-	-	470,762
-	-	515,717	-	-	-	-	-	3,866,344	4,382,061
335,475	983,813	515,717	5,278,088	256,539	81,808	44,659	95,654,725	3,866,344	112,318,256
335,475	983,813	549,237	5,278,088	256,539	81,808	44,659	95,654,725	4,194,318	112,187,727
-	-	-	-	-	-	-	-	-	470,762
-	-	-	-	-	-	-	-	-	11,835
335,475	983,813	549,237	5,278,088	256,539	81,808	44,659	95,654,725	4,194,318	112,670,324
-	-	(33,520)	-	-	-	-	-	(327,974)	(352,068)
-	-	521,304	-	-	-	-	-	2,239,864	2,841,935
$ -	$ -	$ 487,784	$ -	$ -	$ -	$ -	$ -	$ 1,911,890	$ 2,489,867

SUPPLEMENTARY INFORMATION
REQUIRED BY STATE OF SOUTH CAROLINA

LANCASTER COUNTY, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2022

FOR THE STATE TREASURER'S OFFICE:

COUNTY / MUNICIPAL FUNDS COLLECTED BY CLERK OF COURT	General Sessions	Magistrate Court	Municipal Court	Total
Court Fines and Assessments:				
Court fines and assessments collected	$ 188,100	$ 698,460	N/A	$ 886,560
Court fines and assessments remitted to State Treasurer	117,959	369,952	N/A	487,911
Total Court Fines and Assessments retained	**$ 70,141**	**$ 328,508**	**N/A**	$ 398,649
Surcharges and Assessments retained for victim services:				
Surcharges collected and retained	$ 15,428	$ 13,180	N/A	$ 28,608
Assessments retained	3,836	23,538	N/A	27,374
Total Surcharges and Assessments retained for victim services	**$ 19,264**	**$ 36,718**	**N/A**	**$ 55,982**

FOR THE DEPARTMENT OF CRIME VICTIM COMPENSATION (DCVC)

VICTIM SERVICE FUNDS COLLECTED	Municipal	County	Total
Carryforward from Previous Year – Beginning Balance	**N/A**	**$ (18,336)**	**$ (18,336)**
Victim Service Revenue:			
Victim Service Fines Retained by City/County Treasurer	N/A	-	-
Victim Service Assessments Retained by City/County Treasurer	N/A	27,374	27,374
Victim Service Surcharges Retained by City/County Treasurer	N/A	28,608	28,608
Interest Earned	N/A	-	-
Grant Funds Received			
Grant from:	N/A	-	-
General Funds Transferred to Victim Service Fund	N/A	-	-
Contribution Received from Victim Service Contracts:			
(1) Town of Kershaw	N/A	-	-
(2) Town of	N/A	-	-
(3) City of	N/A	-	-
Total Funds Allocated to Victim Service Fund + Beginning Balance (A)	**N/A**	**$ 37,646**	**$ 37,646**

LANCASTER COUNTY, SOUTH CAROLINA
UNIFORM SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES (per ACT 96)
For The Year Ended June 30, 2022

Expenditures for Victim Service Program:	**Municipal**	**County**	**Total**
Salaries and Benefits	N/A	$ 645	$ 645
Operating Expenditures	N/A	2,791	2,791
Victim Service Contract(s):			
(1) Entity's Name: Palmetto Citizens Against Sexual Assault	N/A	-	-
(2) Entity's Name	N/A	-	-
Victim Service Donation(s):			
(1) Domestic Violence Shelter:	N/A	-	-
(2) Rape Crisis Center:	N/A	-	-
(3) Other local direct crime victims service agency:	N/A	-	-
Transferred to General Fund	N/A	-	-
Total Expenditures from Victim Service Fund/Program (B)	**N/A**	**3,436**	**3,436**
Total Victim Service Deficit Retained by Municipal/County Treasurer (A-B)	N/A	34,210	34,210
Less: Prior Year Fund Deficit Repayment	N/A	-	-
Carryforward Funds – End of Year	**N/A**	**$ 34,210**	**$ 34,210**

STATISTICAL SECTION

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

Contents **Page**

Financial Trends ..... **108 - 116**
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity ..... **117 - 121**
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity ..... **122 -125**
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information ..... **126 - 127**
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information ..... **128 - 130**
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

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

Note: During fiscal year 2014, it was determined that these functions no longer met the criteria for Special Revenue Funds and were therefore reclassified. The Library and Recreation functions were reclassified as departments within the General Fund and the Airport function was reclassified as a proprietary fund. Prior years have not been restated in the statistical section.

LANCASTER COUNTY, SOUTH CAROLINA

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

	Fiscal Year									
	2013	2014 [1]	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	$ 36,831,933	$ 40,435,476	$ 28,252,587	$ 41,708,030	$ 49,292,814	$ 54,081,125	$ 57,524,123	$ 73,911,732	$ 90,773,584	$ 106,455,305
Restricted	24,325,103	20,858,227	42,783,910	10,692,095	19,325,999	16,283,439	46,407,439	33,112,801	38,876,125	42,641,349
Unrestricted	16,314,803	22,458,160	(14,302,454)	6,095,091	(1,842,111)	372,744	(14,229,478)	1,401,381	(976,772)	11,962,094
Total governmental activities net position	$ 77,471,839	$ 83,751,863	$ 56,734,043	$ 58,495,216	$ 66,776,702	$ 70,737,308	$ 89,702,084	$ 108,425,914	$ 128,672,937	$ 161,058,748
Business-type activities										
Net investment in capital assets	$ -	$ 3,790,882	$ 5,460,419	$ 5,898,351	$ 5,762,870	$ 7,051,570	$ 6,987,971	$ 6,610,928	$ 7,090,299	$ 7,143,320
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	(124,719)	(165,515)	(147,558)	(181,902)	(191,628)	(208,237)	(193,847)	(300,395)	(278,323)
Total business-type activities net position	$ -	$ 3,666,163	$ 5,294,904	$ 5,750,793	$ 5,580,968	$ 6,859,942	$ 6,779,734	$ 6,417,081	$ 6,789,904	$ 6,864,997
Primary government										
Net investment in capital assets	$ 36,831,933	$ 44,226,358	$ 33,713,006	$ 47,606,381	$ 55,055,684	$ 61,132,695	$ 64,512,094	$ 80,522,660	$ 97,863,883	$ 113,598,625
Restricted	24,325,103	20,858,227	42,783,910	10,692,095	19,325,999	16,283,439	46,407,439	33,112,801	38,876,125	42,641,349
Unrestricted	16,314,803	22,333,441	(14,467,969)	5,947,533	(2,024,013)	181,116	(14,437,715)	1,207,534	(1,277,167)	11,683,771
Total primary government net position	$ 77,471,839	$ 87,418,026	$ 62,028,947	$ 64,246,009	$ 72,357,670	$ 77,597,250	$ 96,481,818	$ 114,842,995	$ 135,462,841	$ 167,923,745

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

LANCASTER COUNTY, SOUTH CAROLINA

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

	Fiscal Year									
	2013	2014 [2]	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Primary government:										
Governmental activities:										
General government	$ 14,274,314	$ 11,299,133	$ 13,556,703	$ 15,201,832	$ 16,903,372	$ 17,494,736	$ 17,460,461	$ 20,570,980	$ 20,581,760	$ 27,134,070
Public safety	13,079,241	18,204,203	18,601,569	18,876,586	21,395,171	24,935,032	26,338,671	28,036,341	28,658,281	25,352,662
Public works	6,514,659	7,088,564	7,212,342	21,072,721	11,779,317	11,076,062	10,105,887	11,870,816	13,257,472	12,818,803
Other activities	15,897,654	19,076,859	22,736,802	17,617,220	15,798,155	18,305,309	16,869,293	17,563,018	20,143,858	21,040,437
Total governmental activities expenses	49,765,868	55,668,759	62,107,416	72,768,359	65,876,015	71,811,139	70,774,312	78,041,155	82,641,371	86,345,972
Business-type activities:										
Airport	-	437,607	404,801	433,400	406,115	570,727	576,261	655,519	665,304	731,612
Total business-type activities expenses	-	437,607	404,801	433,400	406,115	570,727	576,261	655,519	665,304	731,612
Total primary government expenses	49,765,868	56,106,366	62,512,217	73,201,759	66,282,130	72,381,866	71,350,573	78,696,674	83,306,675	87,077,584
Program revenues										
Primary government:										
Governmental activities:										
Charges for services										
General government	4,003,901	5,937,198	6,066,247	6,833,003	6,664,079	7,463,310	8,305,241	9,326,484	10,827,479	13,508,091
Administration of justice	1,067,263	1,027,217	1,017,176	972,856	1,004,613	1,138,355	1,002,973	893,735	868,196	919,217
Public health and welfare	2,883,399	2,748,514	2,589,560	1,675,770	3,135,621	2,216,563	2,907,450	2,752,845	4,185,335	3,955,055
Other activities	2,171,849	2,310,502	2,487,280	2,650,051	2,614,012	4,088,330	4,402,003	4,260,694	4,099,737	5,276,912
Operating grants and contributions	4,346,939	9,593,044	3,844,636	7,981,217	5,324,829	5,248,920	4,848,593	5,070,517	7,027,593	12,745,061
Capital grants and contributions	3,273,685	807,784	1,943,650	3,834,853	3,027,181	2,584,615	4,258,929	3,331,129	249,204	1,050,320
Total governmental activities program revenues	17,747,036	22,424,259	17,948,549	23,947,750	21,770,335	22,740,093	25,725,189	25,635,404	27,257,544	37,454,656
Business-type activities:										
Charges for services										
Airport	-	173,727	179,970	150,127	113,511	164,079	159,551	199,758	180,551	230,789
Capital grants and contributions	-	50,393	1,873,922	674,876	57,493	1,618,622	184,601	18,478	778,646	466,786
Total business-type activities program revenues	-	224,120	2,053,892	825,003	171,004	1,782,701	344,152	218,236	959,197	697,575
Total primary government program revenues	17,747,036	22,648,379	20,002,441	24,772,753	21,941,339	24,522,794	26,069,341	25,853,640	28,216,741	38,152,231

(Continued)

LANCASTER COUNTY, SOUTH CAROLINA

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

	Fiscal Year									
	2013	2014 [2]	2015	2016	2017	2018	2019	2020	2021	2022
Net (expense) revenue										
Governmental activities	$ (32,018,832)	$ (33,244,500)	$ (44,158,867)	$ (48,820,609)	$ (44,105,680)	$ (49,071,046)	$ (45,049,123)	$ (52,405,751)	$ (55,383,827)	$ (48,891,316)
Business-type activities	-	(213,487)	1,649,091	391,603	(235,111)	1,211,974	(232,109)	(437,283)	293,893	(34,037)
Total primary government	(32,018,832)	(33,457,987)	(42,509,776)	(48,429,006)	(44,340,791)	(47,859,072)	(45,281,232)	(52,843,034)	(55,089,934)	(48,925,353)
General revenues and other changes in net position										
Primary government:										
Governmental activities:										
Property taxes	27,805,777	30,138,854	32,542,322	34,917,971	36,433,675	38,920,804	45,315,985	50,027,001	52,256,106	56,297,856
Other taxes	9,220,550	10,759,834	11,837,073	12,582,362	12,628,895	13,315,667	14,622,673	16,721,546	20,169,722	21,136,519
Unrestricted grants and contributions	4,029,881	3,060,980	3,080,863	2,981,903	3,117,955	3,081,986	2,954,940	3,113,058	3,119,897	3,718,212
Unrestricted investment earnings	31,753	57,446	62,046	163,832	271,927	553,374	1,272,202	1,342,606	164,055	233,670
Other	936,595	-	-	-	-	-	-	-	-	-
Prior period adjustment	-	-	-	-	-	(2,773,179)	-	-	-	-
Transfers	-	(40,000)	(50,000)	(64,286)	(65,286)	(67,000)	(151,901)	(74,630)	(78,930)	(109,130)
Total governmental activities general revenues and other changes in net position	42,024,556	43,977,114	47,472,304	50,581,782	52,387,166	53,031,652	64,013,899	71,129,581	75,630,850	81,277,127
Business-type activities:										
Unrestricted investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	40,000	50,000	64,286	65,286	67,000	151,901	74,630	78,930	109,130
Total business-type activities general revenues and other changes in net position	-	40,000	50,000	64,286	65,286	67,000	151,901	74,630	78,930	109,130
Total primary government general revenues and other changes in net position	42,024,556	44,017,114	47,522,304	50,646,068	52,452,452	53,098,652	64,165,800	71,204,211	75,709,780	81,386,257
Change in net position										
Governmental activities	10,005,724	10,732,614	3,313,437	1,761,173	8,281,486	3,960,606	18,964,776	18,723,830	20,247,023	32,385,811
Business-type activities	-	(173,487)	1,699,091	455,889	(169,825)	1,278,974	(80,208)	(362,653)	372,823	75,093
Total primary government change in net position	$ 10,005,724	$ 10,559,127	$ 5,012,528	$ 2,217,062	$ 8,111,661	$ 5,239,580	$ 18,884,568	$ 18,361,177	$ 20,619,846	$ 32,460,904

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

LANCASTER COUNTY, SOUTH CAROLINA

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS (ACCRUAL BASIS)
LAST TEN FISCAL YEARS

Year	Real Property Tax (1)	Vehicle Tax	Local Option Sales Tax Property Tax	Local Option Sales Tax Capital Projects	Road Improvement Fee Tax	Other Taxes	Total
2013	$ 20,732,179	$ 2,223,687	$ 4,849,911	$ 7,225,680	$ 1,522,254	$ 472,616	$ 37,026,327
2014	22,249,229	2,586,810	5,302,815	7,871,762	1,940,220	947,852	40,898,688
2015	23,817,711	2,951,321	5,773,290	8,655,243	2,183,931	997,899	44,379,395
2016	25,395,538	3,356,927	6,165,506	9,264,782	2,286,114	1,031,466	47,500,333
2017	26,277,300	3,520,652	6,635,723	8,591,056	2,382,448	1,655,391	49,062,570
2018	28,840,615	3,446,079	6,634,110	8,596,418	2,411,954	2,307,295	52,236,471
2019	33,948,353	3,920,027	7,447,605	9,632,957	2,487,225	2,502,491	59,938,658
2020	36,868,463	4,539,885	8,618,653	11,199,016	2,813,201	2,709,329	66,748,547
2021	37,080,478	4,743,265	10,432,363	13,987,334	3,154,315	3,028,073	72,425,828
2022	40,091,055	4,931,882	11,274,919	15,068,141	3,460,173	2,608,205	77,434,375

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

LANCASTER COUNTY, SOUTH CAROLINA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2013	2014 [1]	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	$ 465,876	$ 470,608	$ 1,036,548	$ 1,260,002	$ 1,044,264	$ 1,065,028	$ 1,053,048	$ 1,109,493	$ 1,003,214	$ 2,810,251
Restricted	1,949,398	1,757,465	1,664,659	1,994,639	1,936,721	1,443,333	2,403,626	3,117,080	3,361,858	2,849,877
Assigned	216,329	1,238,174	1,662,673	4,922,022	4,335,491	2,925,044	6,868,557	8,203,048	6,892,272	7,436,162
Unassigned	14,812,691	16,940,776	17,842,835	19,251,333	23,275,511	27,087,195	29,249,962	31,432,427	39,617,495	48,533,918
Total General Fund	$ 17,444,294	$ 20,407,023	$ 22,206,715	$ 27,427,996	$ 30,591,987	$ 32,520,600	$ 39,575,193	$ 43,862,048	$ 50,874,839	$ 61,630,208
All Other Governmental Funds										
Nonspendable	$ 623,943	$ 561,127	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	18,472,163	19,338,480	41,372,751	8,697,456	17,389,278	15,325,706	44,927,922	43,003,611	35,514,267	39,791,472
Assigned	31,427	165,520	48,260	17,440,567	8,309,791	12,972,107	10,695,689	10,978,809	14,211,675	18,456,852
Unassigned, reported in:										
Special revenue funds	(150,303)	-	(187,507)	(130,854)	(436,343)	(179,847)	(109,409)	(182,353)	(305,914)	(807,838)
Capital projects funds	(774,799)	(723,233)	(668,806)	(617,768)	-	(59,899)	-	-	-	(2,039,475)
Total all other governmental funds	$ 18,202,431	$ 19,341,894	$ 40,564,698	$ 25,389,401	$ 25,262,726	$ 28,058,067	$ 55,514,202	$ 53,800,067	$ 49,420,028	$ 55,401,011
Total all governmental funds	$ 35,646,725	$ 39,748,917	$ 62,771,413	$ 52,817,397	$ 55,854,713	$ 60,578,667	$ 95,089,395	$ 97,662,115	$ 100,294,867	$ 117,031,219

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

LANCASTER COUNTY, SOUTH CAROLINA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Taxes	$ 36,910,888	$ 40,100,667	$ 43,591,415	$ 46,703,440	$ 48,219,079	$ 51,370,390	$ 59,160,122	$ 66,656,253	$ 71,921,082	$ 77,832,529
Licenses and permits	4,160,774	5,191,197	5,412,448	6,248,935	10,346,792	6,802,235	6,912,416	7,531,313	9,199,118	10,971,741
Intergovernmental	7,283,619	13,378,905	7,679,451	12,871,513	6,009,615	10,413,632	9,217,432	9,521,558	11,444,493	17,004,276
Charges for services	4,644,851	4,882,693	5,189,021	5,017,909	5,723,388	6,800,198	7,177,398	7,280,484	7,296,439	8,346,188
Fines, fees, and forfeitures	1,056,203	1,028,680	1,020,330	1,024,620	1,137,351	1,139,183	1,045,268	817,399	749,252	852,830
Interest income	29,211	57,446	62,046	163,832	1,177,037	553,374	1,272,202	1,342,606	164,055	233,670
Contributions and donations	525,936	351,666	344,344	2,831,040	271,928	450,436	526,931	258,776	497,921	1,077,329
Contributions from property owners	-	-	-	-	-	-	-	-	-	-
Other	486,396	230,863	247,254	247,577	202,836	205,132	264,277	656,354	638,573	1,201,565
Total revenues	55,097,878	65,222,117	63,546,309	75,108,866	73,088,026	77,734,580	85,576,046	94,064,743	101,910,933	117,520,128
Expenditures:										
General government	11,619,717	10,004,834	11,646,926	11,900,170	13,170,074	15,760,730	14,922,267	16,595,200	18,688,495	24,130,786
Administration of justice	1,709,906	1,823,021	1,982,265	2,123,474	2,067,748	2,112,988	2,168,732	2,351,776	2,415,594	2,621,704
Public safety and law enforcement	16,364,710	16,500,414	17,169,386	16,921,863	18,942,981	20,049,477	22,431,673	26,227,341	25,380,906	27,760,699
Public works	5,549,083	6,279,272	6,656,489	20,100,712	11,738,926	10,306,899	9,276,883	10,890,271	17,358,204	11,343,363
Public health and welfare	6,292,003	6,587,179	6,353,634	6,940,375	7,373,665	7,292,478	7,630,114	10,066,880	8,592,318	8,874,512
Culture and recreation	-	3,226,890	3,696,364	3,605,227	1,074,098	3,845,233	4,236,825	6,185,651	10,080,794	4,277,866
Economic development	1,954,572	5,517,505	659,185	2,244,723	3,844,142	2,816,911	1,195,172	949,374	1,602,966	1,550,046
Other	3,196,847	-	-	-	-	-	-	-	-	-
Capital outlay	133,297	3,101,804	9,575,828	8,919,489	7,452,924	3,565,409	2,086,336	6,775,685	6,925,495	24,791,873
Debt service										
Principal retirement	7,203,729	7,515,489	16,482,104	9,097,775	3,548,365	5,755,391	7,419,030	9,580,883	7,253,830	9,405,593
Interest	2,274,282	2,002,080	1,895,703	1,789,488	1,647,576	1,589,485	1,364,646	1,789,676	1,765,303	1,320,740
Fees	-	7,500	274,560	92,071	7,500	3,500	227,662	4,656	13,306	299,596
Total expenditures	56,298,146	62,565,988	76,392,444	83,735,367	70,867,999	73,098,501	72,959,340	91,417,393	100,077,211	116,376,778
Excess (deficiency) of revenues over (under) expenditures	(1,200,268)	2,656,129	(12,846,135)	(8,626,501)	2,220,027	4,636,079	12,616,706	2,647,350	1,833,722	1,143,350
Other financing sources (uses):										
Transfer in	8,042,257	6,129,115	9,295,417	26,469,059	2,326,475	3,651,522	5,628,487	4,895,885	4,741,680	4,392,288
Transfer out	(8,042,257)	(6,169,115)	(9,345,417)	(26,533,345)	(2,391,761)	(3,718,522)	(5,780,388)	(4,970,515)	(4,820,610)	(4,501,418)
Issuance of debt - capital leases	-	226,000	445,000	-	-	-	-	-	-	-
Issuance of debt	-	950,000	35,384,119	6,750,000	650,000	-	19,905,000	-	700,000	14,289,160
Premium on bond	-	-	-	686,146	-	-	2,116,323	-	-	1,396,381
Payment to refunded debt escrow agent	-	-	-	(9,199,375)	-	-	-	-	-	-
Sale of capital assets	77,792	210,915	89,512	500,000	232,575	154,875	24,600	-	177,960	16,591
Special item - insurance recoveries	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses	77,792	1,346,915	35,868,631	(1,327,515)	817,289	87,875	21,894,022	(74,630)	799,030	15,593,002
Net change in fund balances	$ (1,122,476)	$ 4,003,044	$ 23,022,496	$ (9,954,016)	$ 3,037,316	$ 4,723,954	$ 34,510,728	$ 2,572,720	$ 2,632,752	$ 16,736,352
Debt Service as a Percentage of Noncapital Expenditures	18.85%	16.72%	25.93%	14.63%	8.58%	10.90%	13.61%	15.52%	11.53%	12.36%

LANCASTER COUNTY, SOUTH CAROLINA

TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Year	Real Property Tax (1)	Vehicle Tax	Local Option Sales Tax Property Tax Relief	Local Option Sales Tax Capital Projects	Road Improvement Fee Tax	Other Taxes	Total
2013	$ 20,616,739	$ 2,223,687	$ 4,849,911	$ 7,225,680	$ 1,522,254	$ 472,617	$ 36,910,888
2014	21,990,985	2,586,810	5,302,815	7,871,762	1,940,220	408,075	40,100,667
2015	23,648,295	2,951,321	5,773,290	8,655,243	2,183,931	379,335	43,591,415
2016	25,289,628	3,356,927	6,165,506	9,264,782	2,286,114	340,483	46,703,440
2017	26,173,979	3,520,652	6,635,723	8,591,056	2,382,448	915,221	48,219,079
2018	28,755,053	3,446,079	6,634,110	8,596,418	2,411,954	1,526,776	51,370,390
2019	33,689,494	3,920,027	7,447,605	9,632,957	2,487,225	1,982,814	59,160,122
2020	37,363,857	4,539,885	8,618,653	11,199,016	2,813,201	2,121,641	66,656,253
2021	37,201,411	4,743,265	10,432,363	13,987,334	3,154,315	2,402,395	71,921,083
2022	40,489,209	4,931,882	11,274,919	15,068,141	3,460,173	2,608,205	77,832,529

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

LANCASTER COUNTY, SOUTH CAROLINA

GENERAL FUND REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Year	Property Taxes	Inter-governmental	Licenses and Permits	Charges for Services	Fines, Fees, and Forfeitures	Other	Total Revenues	Other Financing Sources	Grand Total Revenues Including Other Financing Sources
2012	$ 22,224,415	$ 2,843,967	$ 2,873,627	$ 3,008,911	$ 906,290	$ 1,470,680	$ 33,327,890	$ 1,079,031	$ 34,406,921
2013	24,410,433	3,303,561	4,160,774	2,816,174	893,708	831,362	36,416,012	102,792	36,518,804
2014	24,653,264	4,226,086	5,191,197	3,999,763	937,975	2,359,029	41,367,314	235,915	41,603,229
2015	26,871,707	4,383,847	5,412,448	4,243,269	930,840	2,609,881	44,451,992	1,115,639	45,567,631
2016	32,394,019	4,541,474	6,248,935	3,977,933	935,942	1,442,395	49,540,698	7,190,762	56,731,460
2017	30,394,683	4,670,820	6,009,615	4,619,066	1,051,759	2,928,604	49,674,547	262,590	49,937,137
2018	32,519,908	4,913,937	6,802,235	4,263,883	1,045,120	3,059,927	52,605,010	233,590	52,838,600
2019	37,751,878	5,003,978	6,912,416	4,438,960	974,883	3,884,591	58,966,706	46,470	59,013,176
2020	41,435,302	5,230,588	7,531,313	4,186,195	744,088	4,240,153	63,367,639	30,828	63,398,467
2021	47,183,218	5,826,715	10,971,741	4,620,948	784,576	4,805,857	74,193,055	49,137	74,242,192

(1) During fiscal year 2014, it was determined that the Library and Recreation functions no longer met the criteria for Special Revenue Funds and, therefore, they were reclassified as General Funds. Prior years have not been restated.

LANCASTER COUNTY, SOUTH CAROLINA

GENERAL FUND EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Year	General Government	Administration of Justice	Public Safety & Law Enforcement	Public Works	Public Health & Welfare	Other	Debt Service	Total Expenditures	Other Financing Uses	Grand Total Expenditures Including Other Financing Uses
2013	$ 9,817,196	$ 1,693,101	$ 10,676,053	$ 4,137,879	$ 5,901,039	$ 828,894	$ 488,409	$ 33,542,571	$ 1,913,347	$ 35,455,918
2014	9,943,242	1,823,021	12,229,972	4,328,763	6,168,796	3,734,954	492,823	38,721,571	40,000	38,761,571
2015	11,543,862	1,982,265	14,155,303	5,277,991	6,326,950	3,857,890	207,429	43,351,690	416,249	43,767,939
2016	11,827,178	2,108,384	14,145,424	4,805,405	6,919,809	3,787,090	450,489	44,043,779	7,466,400	51,510,179
2017	12,529,121	2,063,616	15,206,095	5,612,657	6,803,861	4,062,665	429,845	46,707,860	65,286	46,773,146
2018	14,745,595	2,112,988	16,510,580	5,528,950	7,280,243	4,127,179	222,087	50,527,622	382,365	50,909,987
2019	14,298,332	2,157,241	17,947,213	5,479,025	7,618,327	4,089,295	227,249	51,816,682	151,901	51,968,583
2020	16,167,367	2,256,109	21,675,582	5,733,934	8,054,393	3,986,590	50,000	57,923,975	1,187,637	59,111,612
2021	18,450,984	2,301,657	20,369,784	6,404,447	8,293,700	4,217,149	50,000	60,087,821	1,012,766	61,100,587
2022	19,032,541	2,501,719	22,433,935	6,219,271	8,664,921	4,305,059	220,247	63,377,693	109,130	63,486,823

(1) During fiscal year 2014, it was determined that the Library and Recreation functions no longer met the criteria for Special Revenue Funds and, therefore, they were reclassified as General Funds. Prior years have not been restated.

LANCASTER COUNTY, SOUTH CAROLINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (1)
LAST TEN FISCAL YEARS

		Real Property		Personal Property		Total			
Year	Levy Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Assessed Value	Assessed Value	Estimated Actual Value	Assessed Value as a Percentage of Actual Value	Total Direct Tax Rate
2013	2012	$ 223,980,320	$ 4,479,606,400	$ 74,846,481	$ 883,965,916	$ 298,826,801	$ 5,363,572,316	5.57 %	85.10 %
2014	2013	231,213,120	4,624,262,400	79,072,239	946,454,939	310,285,359	5,570,717,339	5.57	90.41
2015	2014	241,517,630	4,830,352,600	82,400,776	995,933,689	323,918,406	5,826,286,289	5.56	92.80
2016	2015	255,663,400	5,113,268,000	87,570,084	1,066,887,072	343,233,484	6,180,155,072	5.55	94.30
2017	2016 (2)	272,287,050	5,445,741,000	96,647,049	1,166,052,922	368,934,099	6,611,793,922	5.58	91.20
2018	2017	288,360,810	5,767,216,200	101,725,024	1,211,912,052	390,085,834	6,979,128,252	5.59	95.60
2019	2018	302,285,440	6,045,708,800	109,715,204	1,301,444,272	412,000,644	7,347,153,072	5.61	101.20
2020	2019	325,248,500	6,504,970,000	109,997,560	1,319,960,975	435,246,060	7,824,930,975	5.56	108.75
2021	2020	341,045,420	6,820,908,400	116,572,389	1,401,840,457	457,617,809	8,222,748,857	5.57	105.10
2022	2021	395,081,510	7,901,630,200	127,309,026	1,533,002,371	522,390,536	9,434,632,571	5.54	101.60

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

(2) Real property was reassessed.

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

LANCASTER COUNTY, SOUTH CAROLINA

PROPERTY TAX MILLAGE RATES OF DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

						Overlapping Rates (1)								
		Lancaster County				Lancaster County School District								
Levy Year Ended December 31	Fiscal Year Ended June 30	County Operating	County Debt	County Capital Improvement and Court Security	Total County	School Operating	School Debt	Total School District	University of S.C. Lancaster	Town of Heath Springs	Town of Van Wyck (3)	Town of Kershaw	City of Lancaster	Total Direct and Overlapping Rates
2012	**2013**	71.40	6.10	7.60	85.10	140.00	47.00	187.00	3.80	-		72.10	149.70	497.70
2013	**2014**	75.65	7.16	7.60	90.41	145.00	43.00	188.00	3.95	-		75.00	154.70	512.06
2014	**2015**	78.00	7.00	7.80	92.80	149.50	43.00	192.50	4.10	-		75.00	156.90	521.30
2015	**2016**	80.80	5.30	8.20	94.30	149.50	53.00	202.50	4.30	-		75.00	164.40	540.50
2016	**2017** [2]	76.00	7.00	8.20	91.20	149.50	68.00	217.50	4.30	-		77.00	176.40	566.40
2017	**2018**	80.10	7.10	8.40	95.60	149.50	68.00	217.50	4.50	-		82.00	178.50	578.10
2018	**2019**	84.20	8.30	8.70	101.20	154.50	65.00	219.50	4.70	-	-	85.00	172.90	583.30
2019	**2020**	88.70	11.25	8.80	108.75	159.50	65.00	224.50	4.90	-	-	85.00	172.90	596.05
2020	**2021**	88.70	7.60	8.80	105.10	163.50	65.00	228.50	4.90	-	-	95.00	174.70	608.20
2021	**2022**	84.30	8.50	8.80	101.60	163.50	65.00	228.50	4.90	-	-	95.00	175.90	605.90

Source: Lancaster County Auditor

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

(2) Real property was reassessed.

(3) Town of Van Wyck became municipality for tax year 2018.

LANCASTER COUNTY, SOUTH CAROLINA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

	2022				2013			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxes Paid (1)	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxes Paid (1)
Duke Energy	$ 12,471,830	1	2.39%	$ 2,824,045	$ 7,572,510	1	2.53%	$ 2,146,207
Haile Gold Mine Inc	7,289,422	2	1.40%	1,689,101	1,892,756	6	0.63%	512,165
Red Ventures	6,834,294	3	1.31%	1,595,808			0.00%	
Lennar Carolina LLC	3,005,580	4	0.58%	649,909				
Keer America Corporation	2,995,719	5	0.57%	698,969			0.00%	
Morgan Corp	2,547,180	6	0.49%	580,259				
Capital Clum SC Appartments LLC	2,448,930	7	0.47%	547,416				
Hutton Indian Land LLC	2,221,210	8	0.43%	496,513			0.00%	
The Flats at Edgewater LLC	2,032,600	9	0.39%	454,353				
PSREG Six Mile Creek Owner, LP	1,922,240	10	0.37%	429,684			0.00%	
Lancaster Hospital Corp.					4,398,090	2	1.47%	1,688,207
The Gillette Company					4,014,234	3	1.34%	1,672,972
Springs Global					1,588,890	8	0.53%	424,620
Springland Associates					1,395,020	5	0.47%	531,649
Pulte Home Corp.					2,299,350	4	0.77%	585,544
Lancaster Telephone Co.					1,415,180	7	0.47%	465,269
Wells Real Estate					1,293,393	9	0.43%	356,847
Springmaid Federal Credit Uniion					806,648	10	0.27%	331,207
Total assessed value of ten largest taxpayers	$ 43,769,005		8.38%	$ 9,966,058	$ 26,676,071		8.93%	$ 8,714,687
Total assessed value of all taxpayers	$ 522,390,536		100%		$ 298,826,801		100%	

Source: Lancaster County Treasurer

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

LANCASTER COUNTY, SOUTH CAROLINA

REAL PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Levy Year	Original Levy	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2012	$ 18,086,112	$ (61,664)	$ 18,024,448	$ 17,297,322	95.97%	$ 626,977	$ 17,924,299	99.44%
2013	19,312,592	530,677	19,843,269	18,975,609	95.63%	756,639	19,732,248	99.44%
2014	20,736,283	435,654	21,171,937	20,418,390	96.44%	636,296	21,054,686	99.45%
2015	22,506,743	393,321	22,900,064	22,135,439	96.66%	643,372	22,778,811	99.47%
2016	23,702,386	128,901	23,831,287	23,149,210	97.14%	550,989	23,700,199	99.45%
2017	24,415,252	1,131,332	25,546,584	24,808,606	97.11%	579,685	25,388,291	99.38%
2018	29,214,057	1,814,650	31,028,707	30,259,717	97.52%	573,289	30,833,006	99.37%
2019	32,966,150	703,975	33,670,125	32,887,097	97.67%	467,054	33,354,151	99.06%
2020	32,623,017	1,019,568	33,642,585	33,021,251	98.15%	-	33,021,251	98.15%
2021	35,049,897	1,585,667	36,635,564	36,109,720	98.56%	-	36,109,720	98.56%

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

LANCASTER COUNTY, SOUTH CAROLINA

VEHICLE PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Levy Year	Original Levy	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2012	$ 1,982,449	$ 116,229	$ 2,098,678	$ 2,018,240	96.17%	$ 77,715	$ 2,095,955	99.87%
2013	2,212,716	175,945	2,388,661	2,275,933	95.28%	109,481	2,385,414	99.86%
2014	2,559,126	256,987	2,816,113	2,709,070	96.20%	102,130	2,811,200	99.83%
2015	2,846,803	419,698	3,266,501	3,030,026	92.76%	137,317	3,167,343	96.96%
2016	3,144,338	512,265	3,656,603	3,381,874	92.49%	158,298	3,540,172	96.82%
2017	3,061,408	434,695	3,496,103	3,221,298	92.14%	141,340	3,362,638	96.18%
2018	3,274,821	463,679	3,738,500	3,425,273	91.62%	162,884	3,588,157	95.98%
2019	3,856,161	625,681	4,481,842	4,106,769	91.63%	197,930	4,304,699	96.05%
2020	3,916,497	971,371	4,887,868	4,492,005	91.90%	-	4,492,005	91.90%
2021	3,911,122	1,047,080	4,958,202	4,596,865	92.71%	-	4,596,865	92.71%

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

LANCASTER COUNTY, SOUTH CAROLINA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities									
Fiscal Year	General Obligation Bonds	Special Obligation Bonds	SCAGO Public Facilities Installment Purchase Revenue Bonds	Financed Purchases	Special Source Revenue Bonds	Leases Payable	Unamortized Discount/Premium on Debt	Total Outstanding Debt	Percentage of Personal Income	Per Capita
2013	$ 18,325,000	$ -	$ 24,710,000	$ 2,797,416	$ 2,510,000	$ -	$ 341,199	$ 48,683,615	3.06%	616
2014	17,506,450	-	19,675,000	2,611,477	2,210,000	-	374,768	42,377,695	2.52%	527
2015	31,300,178	-	14,445,000	2,875,644	9,394,000	-	3,530,280	61,545,102	3.52%	740
2016	36,736,205	-	-	2,451,843	7,504,000	-	3,627,628	50,319,676	2.67%	586
2017	34,589,492	-	-	2,038,778	7,154,382	-	2,929,225	46,711,877	2.31%	521
2018	29,372,360	-	-	1,826,483	6,782,076	-	2,158,137	40,139,056	1.77%	434
2019	42,398,607	-	-	1,602,396	6,433,649	-	3,654,075	54,088,727	1.82%	567
2020	34,123,712	-	-	620,000	6,110,057	-	2,924,721	43,778,490	1.43%	447
2021	27,917,646	-	-	570,000	5,812,293	-	2,267,214	36,567,153	0.68%	381
2022	27,524,538	6,140,000	-	520,000	4,856,716	290,128	2,920,877	42,252,259	0.75%	418

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

LANCASTER COUNTY, SOUTH CAROLINA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Unamortized Discount/Premium on Debt	Less: Amounts Available in Debt Service Fund	Net G.O. Bonds Outstanding	Percentage of Estimated Actual Taxable Value of Property (1)	Debt Per Capita (2)
2013	$ 18,325,000	$ 341,199	$ 571,773	$ 18,094,426	0.34%	229
2014	17,506,450	374,768	572,689	17,308,529	0.31%	215
2015	31,300,178	3,530,280	2,857,126	31,973,332	0.55%	384
2016	36,736,205	3,627,629	3,264,525	37,099,309	0.60%	432
2017	34,589,492	2,929,225	1,631,995	35,886,722	0.54%	401
2018	29,372,360	2,158,137	839,211	30,691,286	0.44%	332
2019	42,398,607	3,654,075	4,461,216	41,591,466	0.57%	436
2020	34,123,712	2,924,721	2,334,738	34,713,695	0.44%	354
2021	27,917,646	2,267,214	1,528,049	28,656,811	0.35%	298
2022	27,524,538	2,920,877	1,071,015	29,374,400	0.30%	282

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

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

LANCASTER COUNTY, SOUTH CAROLINA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2022

Governmental Unit	Debt Outstanding	Percentage Applicable to County	Amount Applicable to County
Direct debt:			
Lancaster County	$ 42,252,259	100%	$ 42,252,259
Overlapping debt:			
City of Lancaster	N/A	100%	N/A
Lancaster School District	N/A	100%	N/A
Total overlapping debt	-		-
Total direct and overlapping debt	$ 42,252,259		$ 42,252,259

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

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

N/A - Information not readily available.

LANCASTER COUNTY, SOUTH CAROLINA

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	$ 22,713,718	$ 23,580,100	$ 24,665,722	$ 26,153,377	$ 27,880,673	$ 29,389,302	$ 30,639,401	$ 32,738,053	$ 34,227,352	$ 39,048,145
Total Net G.O. Debt Applicable to Limit	15,538,227	14,818,761	12,147,161	16,740,199	14,737,497	12,795,789	13,993,784	12,635,261	11,176,952	15,376,943
Legal Debt Margin	$ 7,175,491	$ 8,761,339	$ 12,518,561	$ 9,413,178	$ 13,143,176	$ 16,593,513	$ 16,645,617	$ 20,102,792	$ 23,050,400	$ 23,671,202
Total Net G.O. Debt Applicable to the to the Limit as a Percentage of Debt Limit	68.41%	62.84%	49.25%	64.01%	52.86%	43.54%	45.67%	38.60%	32.66%	39.38%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value (1)	$ 487,236,302
Add back: exempt Merchant Inventory (2)	865,515
Total assessed value	488,101,817
Debt limit (8% of assessed value) (3)	39,048,145
Debt applicable to limit:	
Total general obligation bonds	27,524,538
Less amount set aside for repayment of G.O. debt (4)	(1,071,015)
Less G.O. bonds not applicable to 8% debt limit (5)	(11,076,580)
Net G.O. bonds applicable to limit	15,376,943
Legal debt margin without a referendum (6)	$ 23,671,202

Notes:

(1) Property value data can be found in the Assessed Value and Estimated Actual Value of Taxable Property schedule. Fee-in-lieu, joint industrial park, and reimbursement assessments are not included in the assessed value for debt limit calculation.

(2) Business inventory is exempt from tax, but its 1987 assessed value is included in the computation of the legal debt margin.

(3) The legal debt limit is 8 percent of total assessed value.

(4) This is the amount available in the debt service funds for GO debt.

(5) G.O. bonds for the Pleasant Valley Fire District and Brookchase District are not subject to the 8% debt limit. Special fees are assessed to pay these bonds as approved by the voters. Also, a $16,500,000 referendum bond was issued in FY2015 and a $11,500,000 referendum bond was issued in 2019 and a Special Obligation Bond was issued in FY2021; these are not subject to the 8% debt limit.

(6) The legal debt margin is the government's available borrowing under SC Code of Laws and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

LANCASTER COUNTY, SOUTH CAROLINA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	County Population (1)	Total Personal Income (in thousands) (1)	Per Capita Personal Income *	School Enrollment (2)	County Unemployment Rate (3)
2013	79,089	$ 1,588,503	$ 20,085	11,554	10.8%
2014	80,458	1,681,492	20,899	11,581	6.6%
2015	83,160	1,746,609	21,003	11,760	6.6%
2016	85,842	1,883,631	21,943	12,420	6.0%
2017	89,594	2,020,076	22,547	12,758	4.6%
2018	92,550	2,270,066	24,528	13,017	3.9%
2019	95,380	2,973,662	31,177	13,258	4.1%
2020	98,012	3,057,190	31,192	13,936	10.6%
2021	96,016	5,348,952	52,999	14,722	4.8%
2022	100,336	5,609,650	55,909	14,414	3.8%

Sources:
(1) Bureau of Census/SC Budget & Control Board Office of Research & Statistics/Bureau of Economic Analysis. All are estimates except fiscal year 2021 which is based on the 2020 census.

(2) Lancaster County School District.

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

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

LANCASTER COUNTY, SOUTH CAROLINA

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2022			2013		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Red Ventures	1,925	1	4.52%	1,600	1	4.92%
Lancaster County Schools	1,800	2	4.23%	1,569	2	4.82%
Movement Mortgage	725	3	1.70%			
MUSC (Springs Memorial Hospital)	642	4	1.51%	700	6	2.15%
Continental Tire	609	5	1.43%	430	7	1.32%
Lancaster County (1)	535	6	1.26%	840	3	2.58%
Nutramax Laboratories	483	7	1.13%			
Cardinal Health	440	8	1.03%	800	4	2.46%
KEER America	401	9	0.94%			
Oceana Gold	396	10	0.93%			
Founders Federal Credit Union				311	10	0.96%
Duracell (Gillette)				405	8	1.24%
Wal-Mart				723	5	2.22%
URS Nuclear				400	9	1.23%
Total	7,956		18.68%	7,778		23.90%
Total Labor Force	42,601			32,543		

Source: Lancaster County Economic Development Corporation and SC Department of Employment and Workforce
(1) 2022 survey does not include part-time

LANCASTER COUNTY, SOUTH CAROLINA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government Administration	90.00	90.00	96.00	102.00	103.00	105.00	103.00	107.00	112.00	111.00
Administration of Justice	31.00	34.00	36.00	38.00	37.00	38.00	37.00	36.00	36.00	37.00
Culture & Recreation	56.00	58.00	62.00	71.00	69.00	69.00	69.00	64.00	62.00	62.00
Public Safety & Law Enforcement	187.00	210.00	226.00	240.00	243.00	250.00	263.00	269.00	273.00	275.00
Public Works	41.00	43.00	45.00	49.00	47.00	51.00	63.00	64.00	69.00	69.00
Public Health & Welfare	80.00	81.00	79.00	85.00	84.00	87.00	92.00	98.00	102.00	104.00
	485.00	516.00	544.00	585.00	583.00	600.00	627.00	638.00	654.00	658.00

Source: Lancaster County Human Resources Department

LANCASTER COUNTY, SOUTH CAROLINA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administration of Justice										
Clerk of Court general sessions cases disposed	1,910	1,929	1,977	2,869	2,059	2,624	2,693	3,148	1,940	4,044
Clerk of Court common pleas cases disposed	2,210	2,172	2,533	1,715	1,654	1,565	1,914	2,737	1,659	2,402
Family Court cases disposed	820	735	1,034	818	994	988	853	726	778	968
Magistrate Court										
Criminal Docket total cases filed	2,562	2,493	2,300	2,551	2,671	3,224	3,921	2,427	N/A	1,957
Traffic Docket total cases filed	9,933	11,209	8,604	10,645	11,537	9,342	12,555	7,864	9,436	8,829
Civil Docket total cases filed	2,149	2,348	2,418	2,437	2,536	3,076	3,106	2,425	2,437	2,051
Culture and Recreation										
Library - Circulation	n/a	n/a	n/a	276,906	278,736	282,774	279,304	145,921	76,134	200,864
Recreation - total number of participants	n/a	n/a	n/a	217,415	223,476	224,157	11,257	11,837	3,411	9,800
General Government										
Assessor - number of parcels revised	n/a	n/a	n/a	14,102	46,875 (1)	17,626	15,369	55,530 (1)	10,600	9,820
Building - number of permits issued	n/a	n/a	n/a	2,738	2,847	2,847	3,386	4,113	4,362	4,139
Delinquent Tax - number of properties redeemed	n/a	n/a	n/a	224	270	273	269	211	208	74
Human Resources - number of applications taken	n/a	n/a	n/a	1,034	663	518	254	311	317	291
Planning - number of rezoning cases	n/a	n/a	n/a	19	27	38	32	26	32	19
Risk Management - number of inspections performed	n/a	n/a	n/a	68	60	60	60	65	60	56
Fleet Operations - number of work orders	n/a	n/a	n/a	2,919	2,228	2,846	3,250	3,249	3,167	3,104
Public Safety & Law Enforcement										
Coroner - total number of deaths	n/a	n/a	n/a	463	500	560	571	647	810	848
Communication E911 - total number of calls	n/a	n/a	n/a	122,164	152,695	104,218	181,987	148,717	181,804	175,337
Detention Center - total number incarcerated	3,477	3,366	3,261	2,997	3,351	3,486	3,355	3,376	2,640	2,060
Fire Service - total number of calls	3,644	3,533	4,543	5,948	6,368	6,496	7,215	7,620	6,911	9,708
Sheriff Department										
Calls for services	n/a	n/a	n/a	61,707	67,515	65,906	68,758	70,533	64,279	63,516
Total arrests	n/a	n/a	n/a	3,275	3,677	3,549	3,838	3,840	3,019	2,927
Litter complaints	n/a	n/a	n/a	95	117	160	395	378	-	-
Public Works										
Road maintenance - total work orders	n/a	n/a	n/a	3,946	3,645	2,089	2,996	2,647	2,760	3,280
Solid Waste										
Tons of refuse collected	n/a	n/a	n/a	6,156	6,811	6,090	7,760	8,514	18,157	10,765
Tons of comingled recyclables collected	n/a	n/a	n/a	771	709	536	624	457	37	-
Public Health & Welfare										
Animal Control										
Number of animals through shelter	4,338	3,611	3,992	3,433	3,387	3,069	2,659	1,868	2,148	1,988
EMS - total number of calls	12,497	12,530	14,891	14,880	15,144	17,380	17,108	17,937	19,830	19,224

Sources: Various county departments

Note: Statistics were not available for several departments until fiscal year 2016.

(1) Reassessment year - all parcels were revised

LANCASTER COUNTY, SOUTH CAROLINA

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program										
Public safety and law enforcement										
Number of police stations	1	1	1	1	1	1	1 (1)	1	1	1
Number of police sub-stations	4	3	3	3	3	2	2	2	2	2
Number of police vehicles	116	123	135	143	135	148	155	148	148	137
Number of fire stations	18	18	18	18	18	18	18	18	18	18
Number of fire sub-stations	3	3	3	3	3	3	2	2	2	2
Number of fire emergency vehicles	111	111	111	111	111	112	113	114	114	114
Public works										
Miles of unpaved roads maintained	n/a	214.84	215.84	215.84	215.84	215.84	215.84	215.84	215.84	215.84
Miles of paved roads maintained	n/a	164.81	168.76	168.76	200.81	223.76	234.41	302.21	302.21	302.21
Public health and welfare										
Number of EMS stations	8	8	8	8	8	8	8	8	8	8
Number of emergency vehicles*	25	25	33	37	31	31	31	30	30	36
Culture and recreation										
Number of parks	15	15	16	16	16	16	16	16	16	16
Number of recreation centers	4	4	4	4	4	4	4	4	4	4
Number of libraries	3	3	3	3	3	3	3	3	3	3

Source: Various County departments

Note: Capital asset indicators are not available for the general government function or the administration of justice function. Public works statistics were not available for FY2010 thru FY2013.

(1) - Item corrected in 2020.

*Beginning in FY2015, QRV vehicles are included.

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

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*

To the County Council
of Lancaster County
Lancaster, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Lancaster County, South Carolina** (the "County"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Lancaster County, South Carolina's basic financial statements and have issued our report thereon dated December 6, 2022.

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Columbia, South Carolina
December 6, 2022

MAULDIN & JENKINS
CPAs & ADVISORS

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

To the County Council
of Lancaster County
Lancaster, South Carolina

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited **Lancaster County, South Carolina's** (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2022. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lancaster County, 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 each of its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However material weaknesses or significant deficiencies may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Columbia, South Carolina
December 6, 2022

LANCASTER COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant Identification Number	Total Expenditures	Passed through to Subrecipients
U.S. Department of Justice				
(Passed through the SC Department of Public Safety)				
Edward Byrne Memorial Assistance Grant Program	16.738	2020-DJ-BX-0677	$ 14,215	$ -
Edward Byrne Memorial Assistance Grant Program	16.738	1G19036	145,652	-
Edward Byrne Memorial Assistance Grant Program	16.738	5G000221	85,365	-
			245,232	-
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	1CF20085	28,996	-
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	1CF20149	2,323	-
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1156	388	-
			31,707	-
Victims Advocate	16.575	1V20020	41,412	-
Victims Advocate	16.575	1V19110	41,422	-
			82,834	-
Drug Court Discretion Grant Program	16.585	2018-DC-BX-0048	119,985	-
			119,985	-
Innovations in Community Based Crime Reduction	16.817	2019-BJ-BX-0012	259,321	-
			259,321	-
Comprehensive Opioid Abuse Site-based Program	16.838	2019-AR-BX-K053	66,542	-
Comprehensive Opioid Abuse Site-based Program	16.838	2020-AR-BX-0036	86,837	-
			153,379	-
Total U.S. Department of Justice			892,458	-
U.S. Department of Homeland Security				
(Passed through the SC Emergency Management Division)				
Emergency Management Performance Grants	97.042	20EMPG01	7,770	-
			7,770	-
Total U.S. Department of Homeland Security			7,770	-
U.S. Department of Health and Human Services				
(Passed through the SC Department of Social Services)				
Child Support Enforcement	93.563	N/A	130,169	-
Child Support Enforcement	93.563	N/A	38,753	-
Child Support Enforcement	93.563	N/A	12,873	-
Child Support Enforcement	93.563	N/A	6,815	-
Child Support Enforcement	93.563	N/A	4	-
			188,614	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI082533-01	90,054	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI082533-02	409,750	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79FG000350-01	7,848	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI083846-01	103,770	-
			611,422	-
477 Cluster				
Child Care Development Fund	93.575/93.596	N/A	35	-
			35	-
Temporary Assistance for Needy Families - TANF Block Grant	93.558	N/A	3,172	-
			3,172	-
Total 477 Cluster			3,207	-
Substance Abuse and Mental Health Services/Opioid Response	93.788	N/A	1,303	-
			1,303	-
Medicaid Cluster				
Medicaid Assistance Program	93.778	N/A	1,241	-
Total Medicaid Cluster			1,241	-
Social Services Block Grant Administration	93.667	N/A	610	-
Family Preservation (CWS Part II)	93.556	N/A	22	-
Foster Care	93.658	N/A	980	-
			1,612	-
Total U.S. Department of Health and Human Services			807,399	-

LANCASTER COUNTY, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Grant Identification Number	Total Expenditures	Passed through to Subrecipients
U.S. Department of Agriculture				
(Passed through the SC Department of Social Services)				
SNAP Cluster				
State Administrative Matching Grants for Supplemental Nutrition Assistance	10.561	N/A	$ 1,381	$ -
Total SNAP Cluster			1,381	-
Total U.S. Department of Agriculture			1,381	-
U.S. Department of Transportation				
COVID-19 Airport Improvement Program	20.106	3-45-0034-024-2021	207,772	-
COVID-19 Airport Improvement Program	20.106	3-45-0034-021-2020	85,716	-
			293,488	-
(Passed through the SC Department of Public Safety)				
Highway Safety Cluster				
National Priority Safety Programs	20.616	M4HVE-2021-HS-45-21	39,029	-
National Priority Safety Programs	20.616	M4HVE-2022-HS-45-22	23,243	-
			62,272	-
Total Highway Safety Cluster			62,272	-
Total U.S. Department of Transportation			355,760	-
U.S. Department of Housing and Urban Development				
(Passed through the SC Department of Commerce)				
Community Development Block Grant	14.228	4-CE-18-014	14,125	-
Community Development Block Grant	14.228	4-CE-19-007	302,159	-
Community Development Block Grant	14.228	4-RP-17-003	50,280	-
COVID-19 Community Development Block Grant	14.228	CDBG-CV1-003	65,501	-
			432,065	-
Total U.S. Department of Housing and Urban Development			432,065	-
U.S. Department of Commerce				
Economic Development Cluster				
Investments for Public Works and Economic Development Facilities	11.300	04-01-07416	3,672	-
Total Economic Development Cluster			3,672	-
Total U.S. Department of Commerce			3,672	-
U.S. Institute of Museum and Library Services				
Library Services and Technology Program	45.310	IID-ARPA-056	8,000	-
Library Services and Technology Program	45.310	IID-ARPA-057	11,000	-
			19,000	-
Total U.S. Institute of Museum and Library Services			19,000	-
U.S. Department of Treasury				
(Passed through the State of South Carolina)				
COVID-19 Coronavirus Relief Fund	21.019	N/A	50,113	-
			50,113	-
COVID-19 Coronavirus State and Local Fiscal recovery Funds	21.027	N/A	3,750,897	-
			3,750,897	-
Total U.S. Department of Treasury			3,801,010	-
Total Expenditures of Federal Awards			$ 6,320,515	$ -

LANCASTER COUNTY, SOUTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE I. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Lancaster County, South Carolina (the "County"), and is presented on the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for the proprietary fund types. The County reporting entity is defined in Note 1 to the County’s basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE II. DE MINIMIS INDIRECT COST RATE

The County chose not to use the ten percent de Minimis cost rate for the year ended June 30, 2022.

NOTE III. NONCASH ASSISTANCE AND LOANS

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

LANCASTER COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP.	Unmodified
Internal control over financial reporting: Material weaknesses identified?	____ Yes __X__ No
Significant deficiencies identified?	____ Yes __X__ None Reported
Noncompliance material to financial statements noted?	____ Yes __X__ No

Federal Awards

Internal Control over major programs: Material weaknesses identified?	____ Yes __X__ No
Significant deficiencies?	____ Yes __X__ None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	____ Yes __X__ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	U.S. Department of Treasury – Passed through the State of South Carolina COVID-19 – Coronavirus State and Local Fiscal Recover Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	__X__ Yes ____ No

LANCASTER COUNTY, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
SCHEDULE OF PRIOR YEAR FINDINGS

None reported.

Going Further.



Lancaster County, South Carolina

Auditor's Discussion & Analysis
Financial & Compliance Audit Summary
June 30, 2022

Presented by:

Grant Davis, CPA
(803) 799-5810

508 Hampton Street, Suite 100
Columbia, SC 29201

PURPOSE OF ANNUAL AUDITOR'S DISCUSSION & ANALYSIS

- Engagement Team and Firm Information:
  - The Governmental Practice
  - Additional Information Regarding Other Industries & Services

- Overview of:
  - Independent Auditor's Report
  - Overview of the Financial Statements, Footnotes, and Supplementary Information
  - Compliance Reports (Internal Controls and Laws & Regulations)

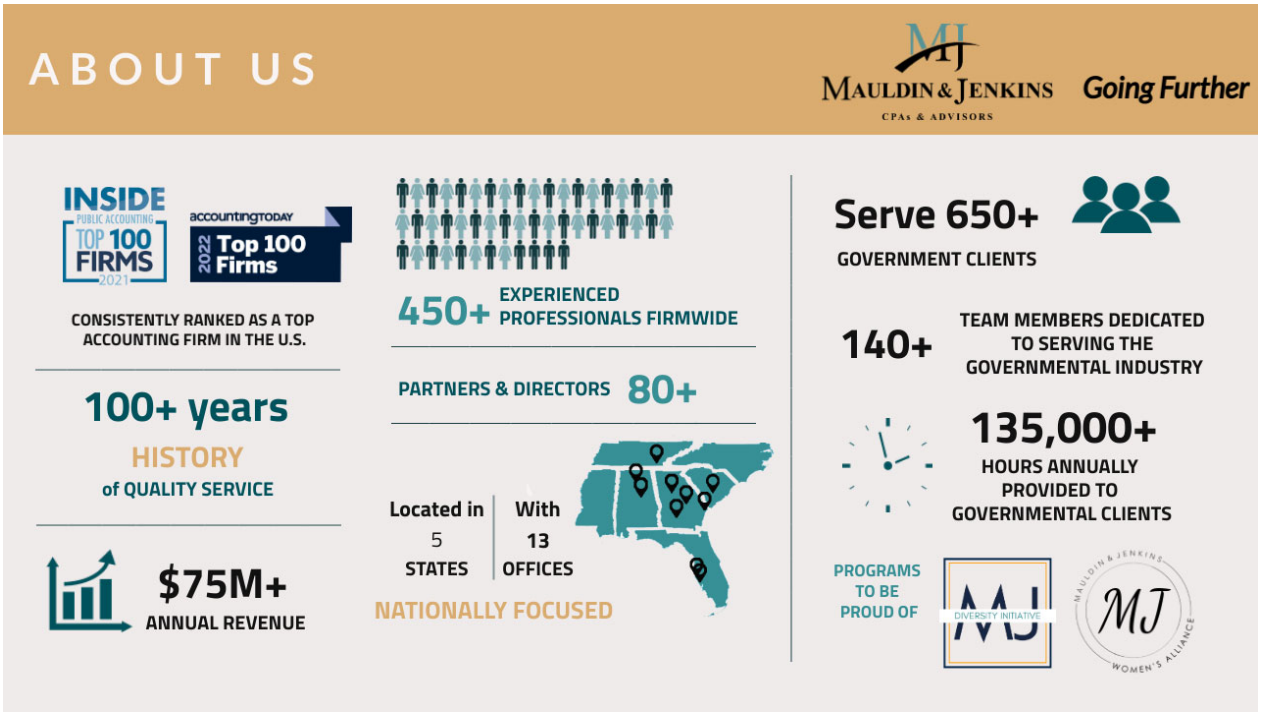
- Required Communications under *Government Auditing Standards*

- Accounting and Related Matters:
  - Other Matters for Communication

- Free Continuing Education and Newsletters

- Closing Thoughts

- Answering Your Questions



Engagement Team Leaders Include:

- Grant Davis - Engagement Lead Partner - 10 years' experience
- Brian Nicholson – Engagement Senior Manager – 8 years' experience
- David Irwin - Quality Assurance Partner - 18 years' experience

MAULDIN & JENKINS
CPAs & ADVISORS

MAULDIN & JENKINS – ADDITIONAL INFORMATION

Other Industries & Services by Mauldin & Jenkins:

Each of Mauldin & Jenkins' offices provides a wide variety of services to a broad range of clientele. We have partners and managers who are responsible for specialized practice areas of auditing and accounting, taxes and management advisory services. Their purpose, as leaders in the particular practice area, is to establish policies with respect to technical matters in these specific areas and ensure that the quality of the Firm's practice is maintained.

Industries Served: Over the years, our partners have developed expertise in certain industries representative of a cross section of the South Carolina economy, including:

- Governmental Entities (state entities, cities, counties, school systems, business type operations, libraries, and other special purpose entities)
- SEC Registrants
- Wholesale Distribution
- Agri-Businesses
- Manufacturing
- Professional Services
- Employee Benefit Plans
- Financial Institutions (community banks, savings and loans, thrifts, credit unions, mortgage companies, and finance companies)
- Non-Profit Organizations
- Retail Businesses
- Long-term Healthcare
- Construction & Development
- Individuals, Estates and Trusts
- Real Estate Management

Services Provided: This diversity of practice enables our personnel to experience a wide variety of business, accounting and tax situations. We provide the traditional and not-so-traditional services such as:

- Financial Audit/Review/Compilation
- Compliance Audits and Single Audits
- Agreed-Upon Procedures
- Forensic Audits
- Bond Issuance Services
- Performance Audits
- State Sales Tax Matters
- International Tax Matters
- Business and Strategic Planning
- Profitability Consulting
- Budgeting
- Buy-Sell Agreements and Business Valuation Issues
- Income Tax Planning and Preparation
- Multi-State Income Tax Issues
- Information Systems Consulting
- Cost Accounting Analysis
- Healthcare Cost Reimbursement
- Outsourced Billing Services
- Fixed Asset Inventories
- Succession and Exit Strategy Consulting
- Estate Planning
- Management Information Systems
- Employee Benefit Plan Administration
- Merger/Acquisition and Expansion Financing

INDEPENDENT AUDITOR'S REPORT

The independent auditor's report has specific significance to readers of the financial report.

Management's Responsibility for the Financial Statements

The financial statements are the responsibility of management.

Auditor's Responsibility

Our responsibility, as external auditors, is to express an opinion 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. We planned and performed our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Opinion

We have issued an unmodified audit report (i.e., "clean opinion"). The respective financial statements are considered to present fairly the financial position and results of operations as of, and for the year ended.

Other Matters

Certain required supplementary information and other information is included in the financial report, and as directed by relevant auditing standards, we have not expressed an opinion or provided any assurance on the respective information.

Other Reporting

Government Auditing Standards require auditors to issue a report on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. We have issued such a report and reference to this report is included in the independent auditor's report.

REVIEW OF ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

An Annual Comprehensive Financial Report (ACFR) goes beyond the normal financial reporting required by accounting principles generally accepted in the United States. An ACFR includes at a minimum the following elements/sections:

- **Introductory Section:** general information on the County's structure and the services it provides.
  - Letter of Transmittal
  - Organizational Chart
  - Directory of Officials
  - Certificate of Achievement for Excellence in Financial Reporting

- **Financial Section:** basic financial statements, footnotes and required supplementary information along with the auditor's report.
  - Independent Auditor's Report
  - Management Discussion & Analysis (MD&A)
  - Financial Statements and Footnotes

- **Statistical Section:** broad range of financial, demographic information useful in assessing the County's economic condition, and this information covers multiple years.
  - Financial Trends Information
  - Revenue Capacity Information
  - Debt Capacity Information
  - Operating Information

An ACFR goes far beyond the basic requirements of annual financial reporting, and the County should be commended for going beyond the minimum and providing such a report.

Recognition and Award

Once completed, the fiscal year 2021 ACFR was submitted to the Government Finance Officers Association (GFOA) for determination if the report would merit the GFOA's Certificate of Achievement for Excellence in Financial Reporting. We are happy to inform everyone that the GFOA did indeed review the ACFR and awarded the County with the sought after Certificate.

OVERVIEW OF FINANCIAL STATEMENTS

The County's basic financial statements include three components:

1) Government-wide financial statements;
2) Fund financial statements; and
3) Notes to the financial statements.

The **government-wide financial statements** provide a broad overview of all of the County's funds. The *Statement of Net Position* presents information on all assets (and deferred outflows) and liabilities (and deferred inflows) of the County, with the resulting difference reported as net position. The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. Revenues are categorized as program revenues or general revenues. Expenses are categorized by function.

The **fund financial statements** more closely resemble the financial statements as presented prior to the adoption of GASB Statement No. 34. All of the funds of the County can be divided into three (3) categories: governmental funds (includes the General Fund), business-type funds, and fiduciary funds.

The County also includes, as part of the ACFR, the following information:

1) Uniform Schedule of Court Fines, Assessments and Surcharges, and
2) Single Audit schedules and reports.

Government-wide (Full-accrual) Financial Statements

As noted above, the financial report of the County includes two (2) entity-wide financial statements: a *Statement of Net Position*; and a *Statement of Activities*.

Highlights of the government-wide statements notes total assets (and deferred outflows of resources) of approximately $308,191,000 offset by liabilities (and deferred inflows of resources) of approximately $140,267,000. This results in the County reporting net position (or equity) of approximately $167,924,000.

A substantial element of the net position is composed of the net investment in capital assets in the approximate amount of $113,599,000. Restricted net position amounts to approximately $42,641,000 leaving unrestricted net position at a deficit of $11,684,000.

The *Statement of Activities* attempts to report expenses in the first column with direct offsetting program revenues to the adjacent columns to arrive a net cost of the functional areas of operation.

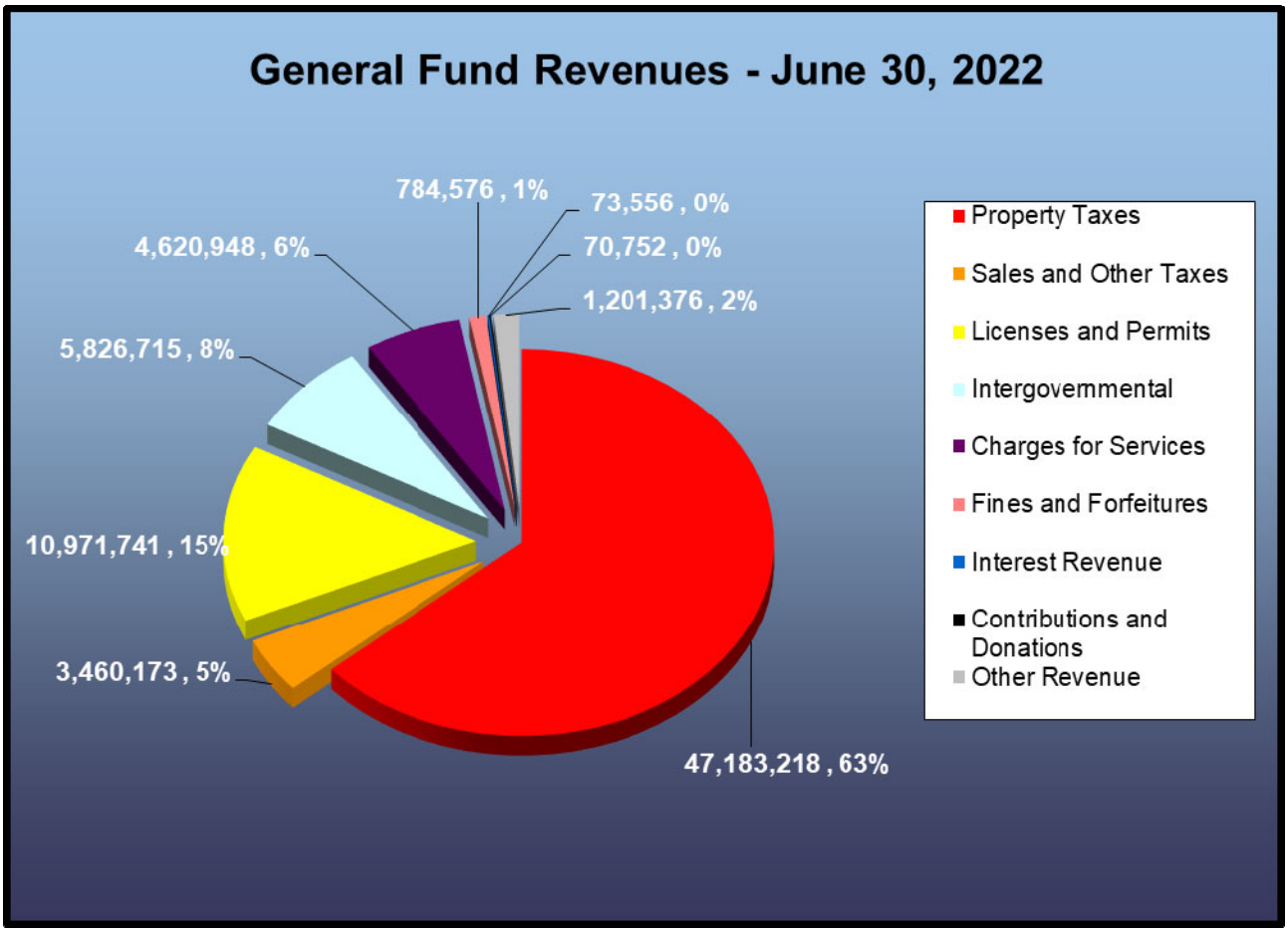
General revenues (primarily property taxes and sales taxes) come to the rescue of the net cost functional areas resulting in the County reporting an increase in net position of approximately $32,385,000 for the fiscal year ended June 30, 2022.

General Fund

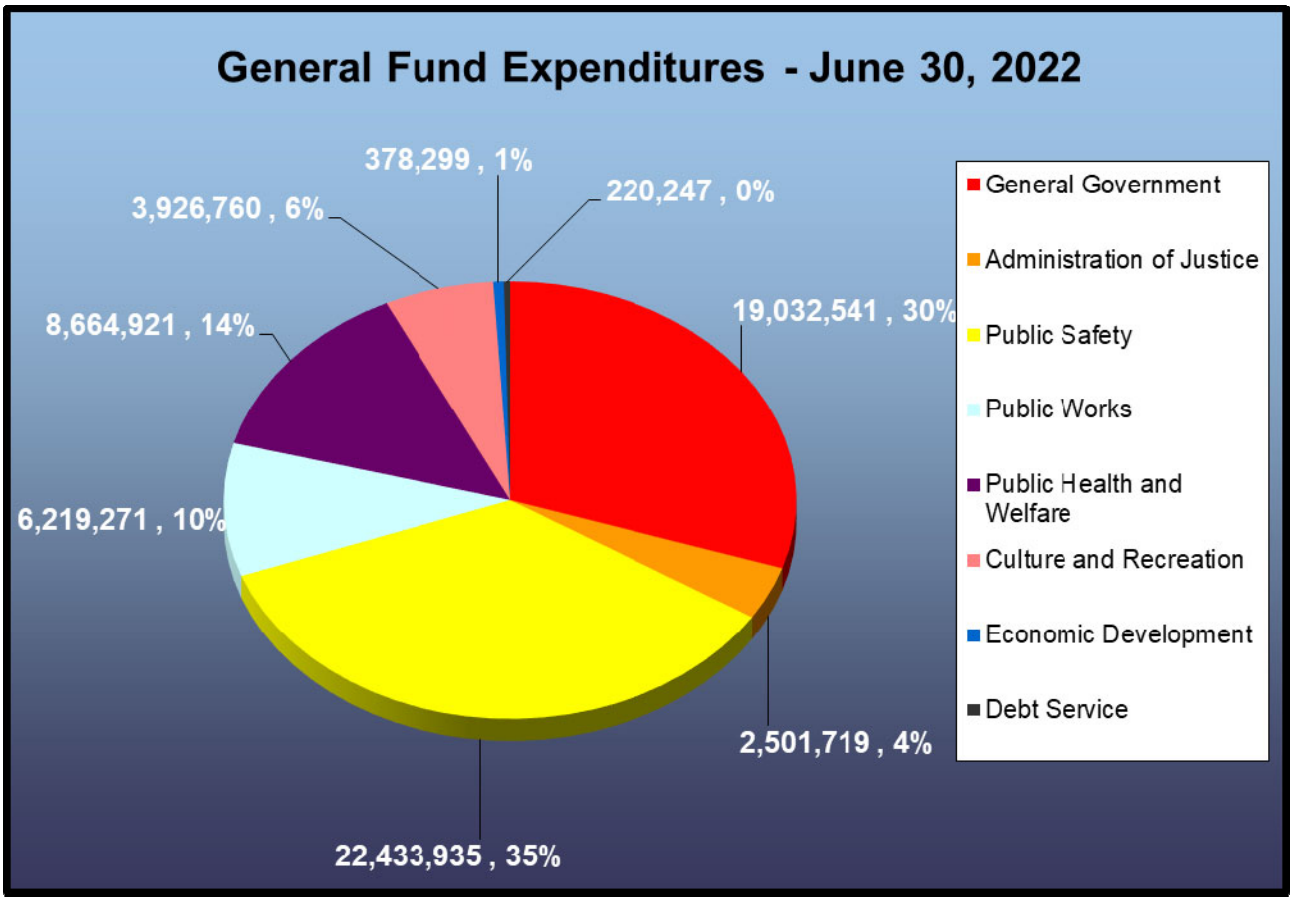
Of primary interest to the County is the **General Fund**, which accounts for the majority of revenues received and funds expended in the operations of the County, including:

- General government
- Administration of Justice
- Public Safety
- Public Works
- Public Health and Welfare
- Culture and Recreation
- Economic Development
- Debt Service

General Fund Revenues: The following chart depicts the primary revenue sources of the General Fund for FY 2022. Property taxes and other taxes represent key components of revenue.



General Fund Expenditures: The following chart presents the General Fund's expenditures by major function for the year ended June 30, 2022.



Other Governmental Funds

The County also maintains seventeen (17) *special revenue funds.* These funds account for revenues derived from specific sources which are legally restricted to finance particular functions or activities. *Debt service funds* are used to account for the accumulation of resources for payment of the County's long-term debt. The County maintains one (1) debt service fund. *Capital projects funds* are used to account for revenues and expenditures related to the renovation and/or construction of major capital assets. Nine (9) capital projects funds are maintained by the County.

Business-type Funds

The County maintains one (1) *enterprise fund,* which are used to account for operations in a manner similar to private business enterprises. The enterprise fund maintained is the Airport Fund.

Business-type Statement of Net Position

Assets and Deferred Outflows of Resources: The County reports total assets (and deferred outflows of resources) related to its business-type activities of approximately $7,396,000. Liabilities (and deferred inflows of resources) amounted to approximately $531,000. This results in the County reporting net position (or equity) of approximately $6,865,000. Also, a substantial element of the net position is composed of the net investment in capital assets in the approximate amount of $7,143,000. Unrestricted net position amounts to a deficit of $278,000.

Business-type Statement of Revenues, Expenses and Changes in Net Position

Total operating revenues of the County amounted to approximately $231,000 while total operating expenses amounted to $732,000 resulting in an operating loss before capital contributions and transfers of $501,000. The Airport fund reported capital contributions of $467,000 and $109,000, respectively. In total net position increased by approximately $75,000.

Business-type Statement of Cash Flows

The statement of cash flows is a very important statement for any enterprise, and the County is no different.

The "cash flows from operating activities" is the most important element in the statement of cash flows, because it should be the operations of an entity that provides a substantial portion of the capital needed in a growth environment. This section of the statement begins with operating income or loss (not net income as you see in the commercial sector) as reported in the statement of operations.

The County reported cash used in operations of approximately $120,000. Cash received from transfers "comes to the rescue" of operating activities to provide approximately $109,000. Ultimately the County reported no change in its cash balance as of June 30, 2022.

Other highlights from the statement of cash flows include:

- The County purchased capital assets in the amount of approximately $456,000.
- The County had $467,000 in intergovernmental revenues.

Fiduciary Funds

The County maintains sixteen (16) *custodial funds* which are used to account for the collection and disbursement of funds by the County on behalf of other governments and individuals.

COMPLIANCE REPORT

The financial reporting package contains two (2) compliance reports.

Yellow Book Report: The first compliance report is a report on our tests of the County's internal controls and compliance with laws, regulations, etc. The tests of internal controls were those we determined to be required as a basis for designing our financial statement auditing procedures. Such tests also considered the County's 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. In accordance with the respective standards, the report is **not** intended to provide an opinion, but to provide a form of negative assurance as to the County's internal controls and compliance with applicable rules and regulations.

Single Audit Report: The second compliance report is a report on our tests of the County's internal controls and compliance with laws, regulations, etc. relative to certain Federal grant programs and the respective expenditures. One major program was selected for testing:

- COVID-19 State and Local Fiscal Recovery Fund

Our tests were performed on the County's major program (as defined by the relevant Federal guidelines), and were not applied to each and every Federal grant expended by the County. In accordance with the respective standards, we did provide an unmodified (or positive) opinion on the County's compliance based on our audit. However, we were not required to provide an opinion on the relevant internal controls, but to provide a form of negative assurance on such controls.

AUDIT SCOPES AND PROCEDURES

1. Governmental audit programs were used in all areas.
2. We observed and made an independent count of inventory at the Airport at June 30, 2022. There were no differences noted between our counts and those of the County's. We also performed certain price tests to determine the propriety of valuation of inventory.
3. We confirmed trade accounts receivable. Due to the timing of the audit as compared to the fiscal year end, a poor response rate was noted. Therefore, we performed alternate procedures to verify existence of the amounts.
4. For purposes of assessing the adequacy of the allowance for doubtful accounts, we reviewed the aging of accounts receivable, and considered the current economic environment coupled with recent history of the County. We also reviewed subsequent collection activity.
5. We evaluated the assumptions used by actuaries relative to the County's various benefit plans, and tested the respective valuations associated with these plans.
6. We reviewed supporting documentation for a sample of additions to capital assets during the year ended June 30, 2022.
7. We performed a search for unrecorded liabilities via review of unpaid vouchers and subsequent disbursements.

REQUIRED COMMUNICATIONS

The Auditor's Responsibility Under *Government Auditing Standards* and Auditing Standards Generally Accepted in the United States of America

Our audit of the financial statements of Lancaster County, South Carolina (the "County") for the year ended June 30, 2022, was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe our audit accomplishes that objective.

In accordance with *Government Auditing Standards*, we have also performed tests of controls and compliance with laws and regulations that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the County's internal control or compliance with laws and regulations.

Accounting Policies

Management has the ultimate responsibility for the selection and use of appropriate accounting policies used by the County. During the current year, the Government implemented GASB Statement No. 87. In addition, there are several new accounting standards which will be required to be implemented in the coming years. These are discussed later in this document.

In considering the qualitative aspects of the County's accounting policies, we did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. The County's policies relative to the timing of recording of transactions are consistent with GAAP and typical government organizations

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon Management's current judgment. The process used by Management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. We considered this information and the qualitative aspects of Management's calculations in evaluating the County's significant accounting policies. Estimates significant to the financial statements include such items as: the estimated lives of depreciable assets; actuarial assumptions and concepts relative to the benefit plans; deferred revenues; valuation of financial and non-financial instruments; the estimated incurred-but-not-reported liabilities; conservation commitments; extraordinary items; and the estimated allowance for uncollectible accounts.

Financial Statement Disclosures

The footnote disclosures to the financial statements are also an integral part of the financial statements. The process used by Management to accumulate the information included in the disclosures was the same process used in accumulating the financial statements, and the accounting policies described above are included in those disclosures. The overall neutrality, consistency, and clarity of the disclosures was considered as part our audit and in forming our opinion on the financial statements.

Significant Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Disagreements with Management

We encountered no disagreements with Management over the application of significant accounting principles, the basis for Management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Representation from Management

We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without a problem.

Management's Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

There were no significant issues discussed with Management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements. We are not aware of any consultations Management had with us or other accountants about accounting or auditing matters. No major issues were discussed with Management prior to our retention to perform the aforementioned audit.

Audit Adjustments

During our audit of the County's basic financial statements as of and for the year ended June 30, 2022, there were several adjustments, proposed to the funds of the County. The details of all adjustments have been provided to management and are available to share with governing board members. All adjustments have been discussed with management, and their concurrence was duly noted and have been posted.

Uncorrected Misstatements

We had no passed adjustments.

Independence

We are independent of the County, and all related organizations, in accordance with auditing standards promulgated by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited basic financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the County.

Required Supplementary Information

We applied certain limited procedures to the pension and other post-employment benefit plan schedules, which are is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Supplementary Information

We were engaged to report on the summarized schedule of comparative financial information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

ACCOUNTING RECOMMENDATIONS AND RELATED MATTERS

Recommendation for Improvement and Other Matters

During our audit of the financial statements as of and for the year ended June 30, 2022, we noted areas within the accounting and internal control systems that we believe can be improved. Our recommendations (also commonly referred to as management points) are presented in the following paragraphs. We believe consideration of these recommendations will help provide proper control over financial activities, and add effectiveness and efficiency to overall operations.

Management Point

1) Information Technology and Cybersecurity

The Information Technology (IT) environment is characterized by rapid change and there has been no shortage of headlines about cybersecurity attacks. While breaches of large organizations have been very high profile and have received a lot of press coverage, organizations of all sizes face the same types of threats and are experiencing similar breaches. Many organizations are still struggling to effectively address cybersecurity issues; however, they are no longer ignoring them.

During the performance of our audit of the financial statements of Lancaster County, we noted that the organization is lacking some elements of a Cybersecurity Framework or Cybersecurity Risk Management Program (CRMP). A functioning CRMP will assist the County with comprehensively identifying cybersecurity weaknesses, potential threats and risks, and controls used to safeguard information and systems. We recommend that the entity investigate and consider implementation of a CRMP covering: Cybersecurity risk assessment, identification of sensitive data, use of strong passwords, software updates/patching cadence, audit security measures, and monitoring and testing of controls in place.

Further, any risk assessment and control activities, as they relate to information technology, need to be monitored and reviewed on a regular basis. During our review, we noted that the County is utilizing an IT framework in evaluating its cybersecurity risk management. However, we recommend that the framework currently being used by management add a monitoring component as new IT risks can emerge, controls and other mitigations can lose effectiveness, and new procedures can be deployed to address changing risk. A regular review or monitoring component to an IT framework is a key part of an effective internal control framework and risk management process.

ACCOUNTING AND RELATED MATTERS

Other Matters for Communication to the Board and Management

During our audit of the financial statements as of and for the year ended June 30, 2022, we noted other matters which we wish to communicate to you in an effort to keep the County abreast of accounting matters that could present challenges in financial reporting in future periods.

1) New Governmental Accounting Standards Board (GASB) Standards

As has been the case for the past 10 years, GASB has issued several other new pronouncements which will be effective in future years. The following is a brief summary of the new standards:

a) Statement No. 87, *Leases* was issued in June 2017 and is effective for the fiscal year ending June 30, 2022.

This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principle that a lease is the financing of the right to use an underlying asset.

Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease: A lease is defined as a contract that conveys control of the right to use another entity's non-financial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of non-financial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the lease's guidance, unless specifically excluded in this statement.

Lease Term: The lease term is defined as the period during which a lessee has a non-cancelable right to use an underlying asset, plus the following periods, if applicable:

- Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option;
- Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option;
- Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option;
- Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised. Lessees and lessors should reassess the lease term only if one or more of the following occur:

- The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option;
- The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option;
- An event specified in the lease contract that requires an extension or termination of the lease takes place.

Short-term Leases: A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

Lessee Accounting: A *lessee* should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A *lessee* should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

Lessor Accounting: A *lessor* should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

Contracts with Multiple Components and Contract Combinations: Generally, a government should account for the lease and non-lease components of a lease as separate contracts. If a lease involves multiple underlying assets, lessees and lessors in certain cases should account for each underlying asset as a separate lease contract. To allocate the contract price to different components, lessees and lessors should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment, or use professional judgment to determine their best estimate if

there are no stated prices or if stated prices appear to be unreasonable. If determining a best estimate is not practicable, multiple components in a lease contract should be accounted for as a single lease unit. Contracts that are entered into at or near the same time with the same counterparty and that meet certain criteria should be considered part of the same lease contract and should be evaluated in accordance with the guidance for contracts with multiple components.

Lease Modifications and Terminations: An *amendment* to a lease contract should be considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. A lease termination should be accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any difference being recognized as a gain or loss. A lease modification that does not qualify as a separate lease should be accounted for by re-measuring the lease liability and adjusting the related lease asset by a lessee and re-measuring the lease receivable and adjusting the related deferred inflows of resources by a lessor.

Subleases and Leaseback Transactions: Subleases should be treated as transactions separate from the original lease. The original lessee that becomes the lessor in a sublease should account for the original lease and the sublease as separate transactions, as a lessee and lessor, respectively.

A transaction qualifies for sale-leaseback accounting only if it includes a sale. Otherwise, it is a borrowing. The sale and lease portions of a transaction should be accounted for as separate sale and lease transactions, except that any difference between the carrying value of the capital asset that was sold and the net proceeds from the sale should be reported as a deferred inflow of resources or a deferred outflow of resources and recognized over the term of the lease.

A lease-leaseback transaction should be accounted for as a net transaction. The gross amounts of each portion of the transaction should be disclosed.

b) Statement No. 91, *Conduit Debt Obligations* was issued in May 2019 and is effective for the first reporting period beginning after December 15, 2020, meaning for those with year ends of December 31, 2021 and beyond. However, in light of the COVID-19 Pandemic, in May 2020 the GASB issued Statement No. 95 (*Postponement of the Effective Dates of Certain Authoritative Guidance*) which changed the effective date of Statement No. 91 to reporting periods beginning after December 15, 2021.

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.

A conduit debt obligation is defined as a debt instrument meeting **all** of the following characteristics:

- There are at least three parties involved: 1) an issuer, 2) a third-party obligor, and 3) a debt holder (or a debt trustee);
- The issuer and the third-party obligor are not within the same financial reporting entity;
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer;
- The third-party obligor (or its agent), not the issuer, ultimately receives the proceeds from the debt issuance;
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third-party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate, at least annually, whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should **not** recognize a capital asset.
- If the title does not pass to the third-party obligor and the third-party has exclusive use of the entire capital asset during the arrangement, the issuer should **not** recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer should recognize the entire capital asset and a deferred inflow of resources at the inception of the arrangement. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

c) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* was issued in March 2020 and is effective for fiscal years beginning after June 15, 2022 which means year ends of June 30, 2023 and following.

This statement was issued by the GASB to address a gap in generally accepted accounting principles: how do we account for these type arrangements that do not meet the definition of a service concession arrangement ("SCA") covered by GASB Statement No. 60?

Statement No. 94 requires that Public-Private Partnerships and Public-Public Partnerships ("PPPs") that meet the definition of a lease apply the guidance in Statement No. 87, *Leases* if: (a) existing assets of the transferor are the only underlying PPP assets, (b) improvements are not required to be made by the operator to those existing assets as part of the PPP arrangement, and (c) the PPP does not meet the definition of an SCA. All other PPPs that will not apply the guidance in Statement No. 87 will generally use the accounting guidance contained in Statement No. 60 which was superseded by this new standard.

Statement No. 94 also establishes accounting and financial reporting requirements for availability payment arrangements ("APAs"). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying non-financial asset for a period of time in an exchange or exchange-like transaction. An APA that is related to designing, constructing, and financing a non-financial asset in which ownership of the asset transfers by the end of the contract should be accounted for by the government as a financed purchase of the underlying asset.

d) Statement No. 96, *Subscription-Based Information Technology Arrangements* was issued in May 2020 and is effective for fiscal years beginning after June 15, 2022 which means year ends of June 30, 2023 and following.

This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users (governments). This statement: 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology ("IT") software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a non-cancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A

government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of: 1) the initial subscription liability amount, 2) payments made to the SBITA vendor before commencement of the subscription term, and 3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

e) Statement No. 99, *Omnibus 2022* was issued in April 2022 and contains multiple different effective dates for the guidance based on the differing topics. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument

- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of Statement 99 are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

f) Statement No. 100, *Accounting Changes and Error Corrections* was issued in June 2022 and is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

g) Statement No. 101, *Compensated Absences* was issued in June 2022 and is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

h) Other Pending or Current GASB Projects. As noted by the numerous pronouncements issued by GASB over the past decade, the GASB continues to research various projects of interest to governmental units. Subjects of note include:

- **Re-examination of the Financial Reporting Model.** GASB has added this project to its technical agenda to make improvements to the existing financial reporting model (established via GASB 34). Improvements are meant to enhance the effectiveness of the model in providing information for decision-making and assessing a government's accountability. GASB anticipates issuance of a final standard in late 2023 or early 2024.
- **Revenue and Expense Recognition** is another long-term project where the GASB is working to develop a comprehensive application model for recognition of revenues and expenses from non-exchange, exchange, and exchange-like transactions. The final standard is expected in mid-2027.
- **Going Concern Uncertainties and Severe Financial Stress** is a major project where the goal is to address issues related to disclosures regarding going concern uncertainties and severe financial stress. The project will consider (1) improvements to existing guidance for going concern considerations to address diversity in practice and clarify the circumstances under which disclosure is appropriate, (2) developing a definition of severe financial stress and criteria for identifying when governments should disclose their exposure to severe financial stress, and (3) what information about a government's exposure to severe financial stress is necessary to disclose. This technical topic is being examined by the GASB due to a wide diversity in practice regarding required presentation on the face of the financial statements, disclosures, etc. An exposure draft on this topic is expected by mid-2025.

FREE QUARTERLY CONTINUING EDUCATION AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS

Free Continuing Education. We provide free quarterly continuing education for all of our governmental clients. Each quarter, we pick a couple of significant topics tailored to be of interest to governmental entities, and offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking among our governmental clients. We normally see approximately 100 people per quarter. We obtain the input and services of experienced outside speakers along with our in-house professionals.

"I've been a CPA for 32 years. Today's CPE class by Mauldin & Jenkins has been the best of my career". ***Terry Nall, CPA, City of Dunwoody (GA) Council Member***

"They are always on top of new accounting pronouncements and provide training well before implementation deadlines. This is a very valuable resource for our organization". ***Laurie Puckett, CPA, CPFO, Gwinnett County (GA), Accounting Director***



Examples of subjects addressed in past quarters include:

- Accounting for Debt Issuances
- Achieving Excellence in Financial Reporting
- Best Budgeting Practices, Policies and Processes
- Best Practices in Banking
- Budget Preparation
- ACFR Preparation (several times including a two (2) day hands-on course)
- Capital Asset Accounting Processes and Controls
- Closing Out and Audit Preparation
- Collateralization of Deposits and Investments
- Component Units
- Cybersecurity Risk Management
- Evaluating Financial and Non-Financial Health of a Local Government
- Financial Report Card – Where Does Your Government Stand?
- Financial Reporting Model Improvements
- GASB No. 74 & 75, New OPEB Standards
- GASB No. 77, Tax Abatement Disclosures
- GASB No. 84, Fiduciary Activities

- GASB No. 87, Leases
- GASB Projects & Updates (ongoing and several sessions)
- Grants (Accounting and Auditing)
- Human Capital Management
- Information Technology (IT) Risk Management
- Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
- Internal Controls Over Receivables & the Revenue Cycle
- Internal Revenue Service (IRS) Compliance Issues, Primarily Payroll Matters
- Legal Considerations for Debt Issuances & Disclosure Requirements
- Policies and Procedures Manuals
- Presenting Financial Information to Non-Financial People
- Procurement Card Red Flags
- Risk, Efficiency, & Effectiveness in Governments
- Segregation of Duties
- Single Audits for Auditees
- SPLOST Accounting, Reporting & Compliance
- Uniform Grant Guidance



Governmental Newsletters. We periodically produce newsletters tailored to meet the needs of governments. The newsletters have addressed a variety of subjects and are intended to be timely in their subject matter. The newsletters are authored by Mauldin & Jenkins partners and managers, and are not purchased from an outside agency. The newsletters are intended to keep you informed of current developments in the government finance environment.

In the past several years, the following topics have been addressed in our monthly newsletters:

- Are Your Government's Funds Secure?
- COVID-19 Updates (several)
- Cybersecurity Awareness
- Deposit Collateralization
- Employee vs Independent Contractor
- Escheat Laws on Unclaimed Property
- Federal Funding and Accountability Transparency Act
- Forensic Audit or Financial Audit?
- Form PT 440
- GASB Invitation to Comment – the New Financial Reporting Model
- GASB No. 72, Fair Value, It is Not Totally About Disclosure
- GASB No.'s 74 & 75, Other Post-Employment Benefits (OPEB)

- GASB No. 77, Abatements – Go Viral with GASB 77
- GASB No. 84 Fiduciary Activities (Series)
- GASB No. 87, Leases
- GASB No. 89, Accounting for Interest Cost Incurred Before the End of Construction
- GASB No. 91, Conduit Debt Obligations
- GASB No. 93, Replacement of Interbank Offered Rates
- General Data Protection Regulation (GDPR)
- Grants Management
- OMB Compliance Supplements
- OPEB, What You Need to Know
- Public Funds and Secure Deposit Program
- Rotating or Not Rotating Auditors
- Property Tax Assessments
- Remote Auditing Best Practices
- Refunding Debt
- Sales & Use Taxes on Retail Sales of Jet Fuel
- Sales Tax Collections and Remittances by the State
- SAS Clarity Standards and Group Audits
- Single Audit, including Uniform Guidance (several)
- Social Security Administration (SSA) Incentive Payments
- Special Purpose Local Option Sales Taxes (SPLOST) Expenditures
- Subrecipient Risk Assessment Tool
- Supplemental Social Security for Inmates
- The New Tax Cuts and Jobs Act – Impact on Bond Refunding
- The Return of the Component Unit – GASB 61
- Uniform Guidance & New Procurement Requirements
- What's Happening with Property Tax Assessments

You are the best auditors I have ever worked with over my career. It is a big difference having a group that is dedicated to governmental accounting.

Wesley Ropp,
Charleston Water System,
Chief Financial Officer

Communication. In an effort to better communicate our free continuing education plans and newsletters, please email Paige Vercoe at pvercoe@mjcpa.com (send corresponding copy to gdavis@mjcpa.com), and provide individual names, mailing addresses, email addresses and phone numbers of anyone you wish to participate and be included in our database.



Governmental Advisory Services

Beyond traditional audit and accounting services and IT services, we provide advisory services that are wide-ranging in nature. Our experienced government advisory team helps governments, governmental agencies and special purpose governmental organizations balance fiscal responsibility with the latest business strategies to achieve targeted and overarching objectives. Our advisory services can be summarized via the following bubbles.

David Roberts
Partner, Governmental Advisory Services

David Roberts has more than 22 years of experience as a consultant and trusted advisor providing operational/organizational assessments and similar transformational projects for federal, state, and local governments across the country. David's experience includes leading numerous enterprise-wide/departmental/functional assessments and transformations over his career measuring the efficiency and effectiveness of organizational structures and culture, performance management, technology systems and strategies, staffing models, service delivery models, and customer satisfaction.



David helps his clients turn visions and goals into reality. He has helped multiple clients win national government industry awards for innovation, transformation, and cost savings.

David leads our Government Advisory practice, where he focuses on helping governments and individual agencies fulfill and exceed their financial, operational, and regulatory obligations to the public.

David has completed hundreds of projects over his career. Below are representative sample management consulting projects demonstrating David's depth and breadth completed within the past 12 months:

Operational and Performance Assessment – *Walton County, Georgia*
David led a multi-department Operational and Performance Assessment for Walton County. The scope included assessing organizational structure, operational efficiency, staffing levels and resource utilization, comparison to leading practices, and observations and recommendations to assist the County in achieving the desired future state. The final report included numerous observations with associated recommendations and a detailed Roadmap/Implementation Plan.

Outsourcing Feasibility Study – *City of Rocky Mount, North Carolina*
David led a feasibility study for the City of Rocky Mount to assess its current service delivery model for providing parks maintenance and landscaping services. City operations used of a hybrid model of both internal resources and third-party contractors to provide parks maintenance and landscaping. The project evaluated the pros and cons (both financial and non-financial) of 1) maintaining the hybrid model, 2) performing all services in-house, and 3) performing all services externally.

Finance Functional Assessment – *Richland County Library, South Carolina*
David led a functional assessment of the Library's finance department. The project consisted of understanding the current state – current service provision, performance, workflow, business processes, internal controls, organizational structure, reporting, and communications. The current state was compared to leading practices and gaps were identified. An implementation roadmap was created that aligned recommendations to leaderships' vision to help the organization achieve its desired future state.

Technology Utilization Assessment – Mt. Pleasant Waterworks (South Carolina)

David led an objective evaluation of the organization's system usage and governance related to the existing financial system (Microsoft Dynamics) and the existing workorder management system (Maximo). The organization wanted to maximize the efficiency and effectiveness of both systems while maintaining internal controls and system of record. The project consisted of numerous interviews, data review, system mapping, and a collaborative workshop among stakeholders to define a future state.

Grant Compliance Audit – *Decide DeKalb (Georgia)*

David led a Grant Compliance Assessment of various development projects for Decide DeKalb. The project reviewed the established grant and contractual criteria to be maintained by developers and compared with tenant information related to low income occupants. The project identified areas of compliance, non-compliance, and recommendations for remediation.

Forensic Audit – *Confidential City*

David led a forensic investigation into questionable cash management activity for a City Parks and Recreation department. The project reviewed bank account activity, cancelled checks, cash withdrawals, and purchased item documentation as well as conducted interviews with account cardholders to determine the collection, handling, and use of several hundred thousand dollars collected in fees, sponsorships, and contributions made to the City. Numerous observations and corresponding recommendations were developed to enhance internal controls, written policies, and procedures to correct conflicts of interest, mishandling of funds, and misappropriation of funds.

CLOSING

If you have any questions regarding any comments, suggestions or recommendations set forth in this memorandum, we will be pleased to discuss it with you at your convenience.

This information is intended solely for the use of the County's management, and others within the County's organization and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve Lancaster County, South Carolina and look forward to serving the County in the future. Thank you.

Client:	***0209987 - Lancaster County, South Carolina***
Engagement:	***0209987 - Lancaster County, South Carolina***
Period Ending:	***6/30/2022***
	Adjusting Journal Entry Report

Account	Description	W/P Ref	Debit	Credit
	General Fund			
Adjusting Journal Entries JE # 1		**1001.000**		
To adjust FCB Investment to actual.				
10-4-011-480-05	INTEREST INCOME		65,120.66	
10-1-000-120-20	FCB TRUST #5100514400DMA			65,120.66
Total			**65,120.66**	**65,120.66**
Adjusting Journal Entries JE # 2		**PBC**		
To adjust prepaids to actual				
10-1-000-160-10	PREPAID OTHER		29,234.75	
10-7-815-600-00	CONTRACTUAL SERVICES(CS)			29,234.75
Total			**29,234.75**	**29,234.75**
Adjusting Journal Entries JE # 3		**PBC**		
To correct due to froms based on CI/AP net position/fund balance entry.				
10-1-000-150-20	DUE FR 47 AIRPORT FUND		23,230.00	
10-1-000-150-38	DUE FR 11 CAPITAL IMPR FUND			23,230.00
Total			**23,230.00**	**23,230.00**
Adjusting Journal Entries JE # 4		**PBC**		
To adjust CIP tp actual per client.				
10-1-000-150-20	DUE FR 47 AIRPORT FUND		73,880.00	
10-7-011-760-00	CNT - GRANTS MATCH			73,880.00
Total			**73,880.00**	**73,880.00**
Adjusting Journal Entries JE # 5		**PBC**		
To adjust animal control services.				
10-4-120-436-10	INTERGOVERNMENTAL REVENUE		24,876.56	
10-4-110-436-10	Intergovernmental Revenue			24,876.56
Total			**24,876.56**	**24,876.56**
Adjusting Journal Entries JE # 6		**PBC**		
To record LGIP transfer				
10-1-000-102-50	CASH BANK ACCOUNT		429,538.77	
10-1-000-150-32	DUE FR 44 2001-2010 BOND			429,538.77
Total			**429,538.77**	**429,538.77**
Adjusting Journal Entries JE # 7		**5005.100**		
To record Canon lease.				
MJ 1 Lease	Lease Pricipal 87		14,378.00	
MJ 2 Lease	Lease Interest 87		136.00	
10-7-041-600-00	CONTRACTUAL SERVICES (CS)			14,514.00
Total			**14,514.00**	**14,514.00**
Adjusting Journal Entries JE # 8		**5005.100**		
To record Indian Land Substattion lease.				
MJ 1 Lease	Lease Pricipal 87		36,265.00	
MJ 2 Lease	Lease Interest 87		631.00	
10-7-110-581-00	RENT-BUILDING			36,896.00
Total			**36,896.00**	**36,896.00**

Adjusting Journal Entries JE # 9		**5005.100**		
To record Midway Con. lease.				
MJ 1 Lease	Lease Pricipal 87		1,400.00	
10-7-312-580-00	RENT-LAND			1,400.00
Total			**1,400.00**	**1,400.00**
Adjusting Journal Entries JE # 10		**5005.100**		
To record RH lease.				
MJ 1 Lease	Lease Pricipal 87		1,200.00	
10-7-312-580-00	RENT-LAND			1,200.00
Total			**1,200.00**	**1,200.00**
Adjusting Journal Entries JE # 11		**5005.100**		
To record Tradesville lease.				
MJ 1 Lease	Lease Pricipal 87		750.00	
10-7-312-580-00	RENT-LAND			750.00
Total			**750.00**	**750.00**
Adjusting Journal Entries JE # 12		**5005.100**		
To record Unity Site lease.				
MJ 1 Lease	Lease Pricipal 87		1,435.00	
10-7-312-580-00	RENT-LAND			1,435.00
Total			**1,435.00**	**1,435.00**
Adjusting Journal Entries JE # 13		**5005.100**		
To record Pitney Bowes lease.				
MJ 1 Lease	Lease Pricipal 87		4,316.00	
MJ 2 Lease	Lease Interest 87		14.00	
10-7-005-593-00	MAINTENANCE-SERVICE AGREEMENT			4,330.00
Total			**4,330.00**	**4,330.00**
Adjusting Journal Entries JE # 14		**5005.100**		
To record Sharp lease				
MJ 1 Lease	Lease Pricipal 87		109,722.00	
10-7-007-750-00	LEASE- COPIERS			2,303.00
10-7-020-750-00	LEASE- COPIERS			2,135.00
10-7-021-750-00	LEASE- COPIERS			5,045.00
10-7-022-750-00	LEASE- COPIERS			674.00
10-7-023-750-00	LEASE- COPIERS			4,079.00
10-7-024-750-00	LEASE- COPIERS			3,595.00
10-7-026-750-00	LEASE- COPIERS			1,719.00
10-7-029-750-00	LEASE- COPIERS			2,135.00
10-7-031-750-00	LEASE- COPIERS			1,966.00
10-7-032-750-00	LEASE- COPIERS			3,157.00
10-7-041-750-00	LEASE- COPIERS			3,056.00
10-7-043-750-00	LEASE- COPIERS			2,595.00
10-7-044-750-00	LEASE- COPIERS			1,707.00
10-7-045-750-00	LEASE- COPIERS			1,797.00
10-7-051-750-00	LEASE- COPIERS			2,651.00
10-7-060-750-00	LEASE- COPIERS			4,606.00
10-7-063-750-00	LEASE- COPIERS			2,707.00
10-7-064-750-00	LEASE- COPIERS			2,730.00
10-7-068-750-00	LEASE- COPIERS			2,505.00
10-7-069-750-00	LEASE- COPIERS			5,236.00
10-7-070-750-00	LEASE- COPIERS			4,337.00
10-7-110-750-00	LEASE- COPIERS			22,215.00
10-7-120-750-00	LEASE- COPIERS			5,090.00
10-7-130-750-00	LEASE- COPIERS			2,852.00
10-7-141-750-00	LEASE- COPIERS			675.00
10-7-153-750-00	LEASE- COPIERS			4,427.00
10-7-202-750-00	LEASE- COPIERS			1,573.00

10-7-210-750-00	LEASE- COPIERS			1,483.00
10-7-318-750-00	LEASE- COPIERS			505.00
10-7-610-750-00	LEASE- COPIERS			1,719.00
10-7-801-750-00	LEASE- COPIERS			6,123.00
10-7-840-750-00	LEASE- COPIERS			2,325.00
Total			**109,722.00**	**109,722.00**

Adjusting Journal Entries JE # 15		**PBC**		
To record GASB 87 Lease AR activity.				
MJ AR Lease	GF 87 Lease		175,832.60	
MJ AR DI Lease	GF 87 DI Lease			175,832.60
Total			**175,832.60**	**175,832.60**

Adjusting Journal Entries JE # 16		**PBC**		
To record CY lease AR activity.				
10-4-011-490-60	RENTS - GENERAL		24,220.44	
MJ AR DI Lease	GF 87 DI Lease		28,513.40	
10-4-011-490-60	RENTS - GENERAL			28,513.40
MJ AR Lease	GF 87 Lease			24,220.44
Total			**52,733.84**	**52,733.84**

Adjusting Journal Entries JE # 17		**PBC**		
To correct AR account.				
10-1-000-130-45	A/R RETURNED CHECKS		431,127.86	
10-4-011-490-25	MISCELLANEOUS INCOME			431,127.86
Total			**431,127.86**	**431,127.86**

ARPA

Adjusting Journal Entries JE # 1				
To reclass unearned per CY activity.				
08-4-011-437-00	FEDERAL GRANT		15,286,785.10	
MJ 1	Unearned			15,286,785.10
Total			**15,286,785.10**	**15,286,785.10**

Restricted Grants

Adjusting Journal Entries JE # 1		**5504.000**		
To record unavailable grant revenue.				
09-1-000-140-00	A/R - STATE / FED GRANTS		1,342,727.50	
09-2-000-260-10	DEF. REVENUE-GRANTS			1,342,727.50
Total			**1,342,727.50**	**1,342,727.50**

Stormwater

Adjusting Journal Entries JE # 1		**5005.100**		
To reclass SW lease activity.				
Mj 2	Lease interest		1,530.00	
MJ1	Lease Principal		48,189.00	
MJ1	Lease Principal		2,640.00	
19-7-203-581-00	RENT-BUILDING			49,719.00
19-7-203-750-00	LEASE- COPIERS			2,640.00
Total			**52,359.00**	**52,359.00**

Capital Improvements Fund

Adjusting Journal Entries JE # 1		PBC		
To adjust fund balance to actual.				
11-2-000-213-01	DUE TO GENERAL FUND		23,230.00	
11-3-000-300-00	UNRESERVED FUND BALANCE			23,230.00
Total			**23,230.00**	**23,230.00**

Brookchase Special Tax

Adjusting Journal Entries JE # 1		5001.000		
To adjust payments to actual.				
24-7-018-770-00	DS PRINCIPAL - GENERAL		1,202.33	
24-7-018-770-10	DS INTEREST - GENERAL			1,202.33
Total			**1,202.33**	**1,202.33**

KEER

Adjusting Journal Entries JE # 1		PBC		
To reclass debt service payments				
33-7-933-770-00	DS PRINCIPAL - GENERAL		593,029.40	
33-7-933-782-10	DISBURSEMENT TO KEER			593,029.40
Total			**593,029.40**	**593,029.40**

Edgewater II Improvement District

Adjusting Journal Entries JE # 1		PBC		
To reclass interest income per client.				
38-4-919-480-05	INTEREST INCOME		103.59	
38-1-000-120-04	INVESTMENTS ACCT - EDGEWATER II			103.59
Total			**103.59**	**103.59**

Bond Projects

Adjusting Journal Entries JE # 1		PBC		
To record transfer of LGIP				
44-2-000-213-01	DUE TO GENERAL FUND		429,538.77	
44-1-000-120-24	#2610 LGIP 2019GO RECREATION PR			429,538.77
Total			**429,538.77**	**429,538.77**

Airprot

Adjusting Journal Entries JE # 1		6203.000		
To adjust NPL and related items to actual.				
47-1-000-189-00	DEF. OUTFLOWS - PENSION		6,984.40	
47-2-000-289-00	NET PENSION LIABILITY		7,460.19	
47-2-000-289-01	DEFERRED INFLOWS- PENSION		630.81	
47-3-000-300-00	UNRESERVED FUND BALANCE		7,103.58	
47-7-215-510-05	SC RET EMPLOYERS CONTRIB		457.67	
47-1-000-189-00	DEF. OUTFLOWS - PENSION			288.43
47-2-000-289-00	NET PENSION LIABILITY			14,718.79
47-2-000-289-01	DEFERRED INFLOWS- PENSION			7,629.43
Total			**22,636.65**	**22,636.65**

Adjusting Journal Entries JE # 2		PBC		
To correct equity.				
47-1-000-182-50	FIXED ASSET-FURN & EQUIP		7,480.00	
47-1-000-182-55	FIXED ASSET- VEHICLES		23,230.00	
47-3-000-300-00	UNRESERVED FUND BALANCE		18,724.54	
47-1-000-182-60	FIXED ASSET-ACCUM. DEPR/			7,480.00
47-1-000-182-60	FIXED ASSET-ACCUM. DEPR/			18,724.54
47-2-000-213-01	DUE TO GENERAL FUND			23,230.00
Total			**49,434.54**	**49,434.54**

Adjusting Journal Entries JE # 3		PBC		
To adjust CIP to actual per client.				
47-7-227-600-00	CONTRACTUAL SERVICES(CS)		73,880.00	
47-2-000-213-01	DUE TO GENERAL FUND			73,880.00
Total			**73,880.00**	**73,880.00**

Adjusting Journal Entries JE # 4		PBC		
To record Hanger Lease initial balance.				
MJ 1	Hanger Lease AR		48,412.84	
MJ 2	Hanger Lease DI			48,412.84
Total			**48,412.84**	**48,412.84**

Adjusting Journal Entries JE # 5		PBC		
To correct unearned revenue.				
47-2-000-260-20	UNEARNED REV. OTHER		22,500.00	
47-4-215-490-60	RENTS - GENERAL			22,500.00
Total			**22,500.00**	**22,500.00**

Adjusting Journal Entries JE # 6		PBC		
To record CY Hanger lease activity.				
MJ 2	Hanger Lease DI		1,296.29	
MJ 3	Lease Rev			1,296.29
Total			**1,296.29**	**1,296.29**

Adjusting Journal Entries JE # 7		PBC		
To record Initial License Agreement lease				
MJ 4	Licence Agreement Lease		67,457.36	
MJ 5	License Agreement Lease DI			67,457.36
Total			**67,457.36**	**67,457.36**

Adjusting Journal Entries JE # 8		PBC		
To record CY license agreement lease activity.				
MJ 3	Lease Rev		1,150.27	
MJ 5	License Agreement Lease DI		9,993.68	
MJ 3	Lease Rev			9,993.68
MJ 4	Licence Agreement Lease			1,150.27
Total			**11,143.95**	**11,143.95**

Lancaster County, South Carolina

Financial & Compliance Audit – June 30, 2022



MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

Presented by:
Grant Davis
December 12, 2022

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

2022 Audit Presentation

Lancaster County
South Carolina

Purpose of Today's Presentation

Overview of:

- **Engagement Firm**
- **Annual Comprehensive Financial Report**
- **Audit Opinion (Financial / Compliance)**
- **Financial Statements Highlights**
- **Other Matters (New Standards)**




Financial & Compliance Audit
June 30, 2022




2022 Audit Presentation

Firm Overview

ABOUT US

MAULDIN & JENKINS CPAs & ADVISORS — Going Further

INSIDE PUBLIC ACCOUNTING TOP 100 FIRMS 2021

accountingTODAY 2022 Top 100 Firms

CONSISTENTLY RANKED AS A TOP ACCOUNTING FIRM IN THE U.S.

100+ years
HISTORY
of QUALITY SERVICE

$75M+
ANNUAL REVENUE

450+ EXPERIENCED PROFESSIONALS FIRMWIDE

PARTNERS & DIRECTORS **80+**

Located in 5 STATES | With 13 OFFICES



NATIONALLY FOCUSED

Serve 650+
GOVERNMENT CLIENTS

140+ TEAM MEMBERS DEDICATED TO SERVING THE GOVERNMENTAL INDUSTRY

135,000+
HOURS ANNUALLY PROVIDED TO GOVERNMENTAL CLIENTS

PROGRAMS TO BE PROUD OF — DIVERSITY INITIATIVE — MJ WOMEN'S ALLIANCE



Financial & Compliance Audit
June 30, 2022



Audit Opinion

- **Lancaster Co. = responsible for financial statements.**
- **M&J = to express an opinion.**
- **Auditing Standards = *GAS***
- **Clean Opinion =**

***Financial Statements* - The financial statements of Lancaster Co. are considered to present fairly, in all material respects ……**

***Federal Programs* = 1 major program (ARPA - CSLFRF) = $3,751,000 of a total of $6,326,000 in Federal Awards.**







Award for ACFR

- **Lancaster Co. has prepared an Annual Comprehensive Financial Report FY 2022.**

- **Awarded *Certificate of Achievement for Excellence in Financial Reporting* from the Government Finance Officers Association (GFOA).**







2022 Audit Presentation

Gov-Wide Financial Statements

- **$308 million = total assets (and def. outflows)**
- **$140 million = capital assets, net of A/D**
- **$140 million = total liabilities (and def. inflows)**
- **$168 million = net position *(or equity)***

- **$120 million = revenues**
- **$87 million = expenses**
- **$32 million = result (increase)**







2022 Audit Presentation

General Fund Financial Statements

- $ 131 million = total assets
- $ 69 million = total liabilities
- $ 61.6 million = fund balance *(11.8 mos. = 355 days)*
- $ 48.5 million = unassigned *(9.3 mos. = 280 days)*

- $74.2 million = revenues
- $63.4 million = expenditures ($5.3M per mo.)
- $10.8 million = net increase in fund balance

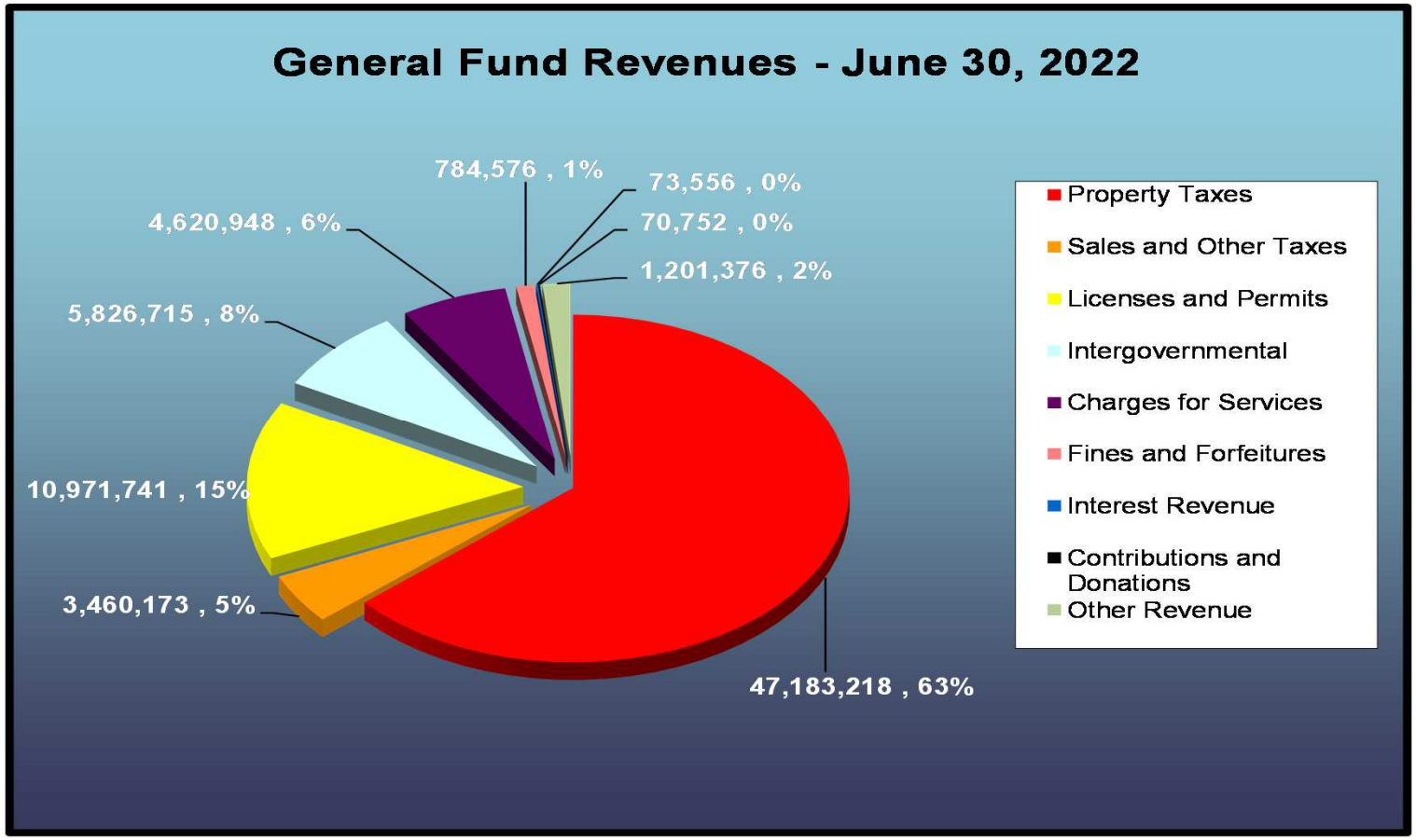
(before $60K net other financing uses)







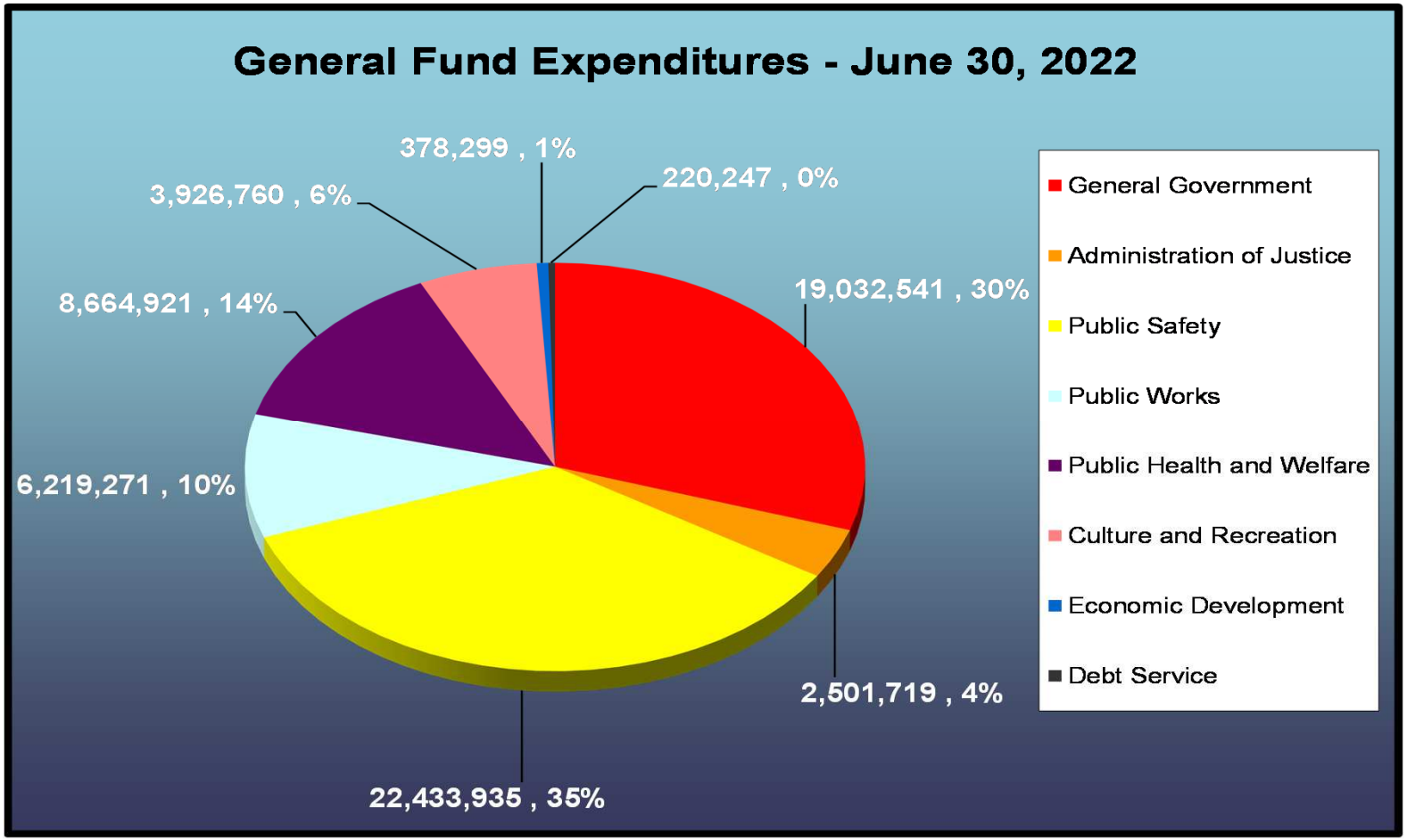
General Fund Revenues



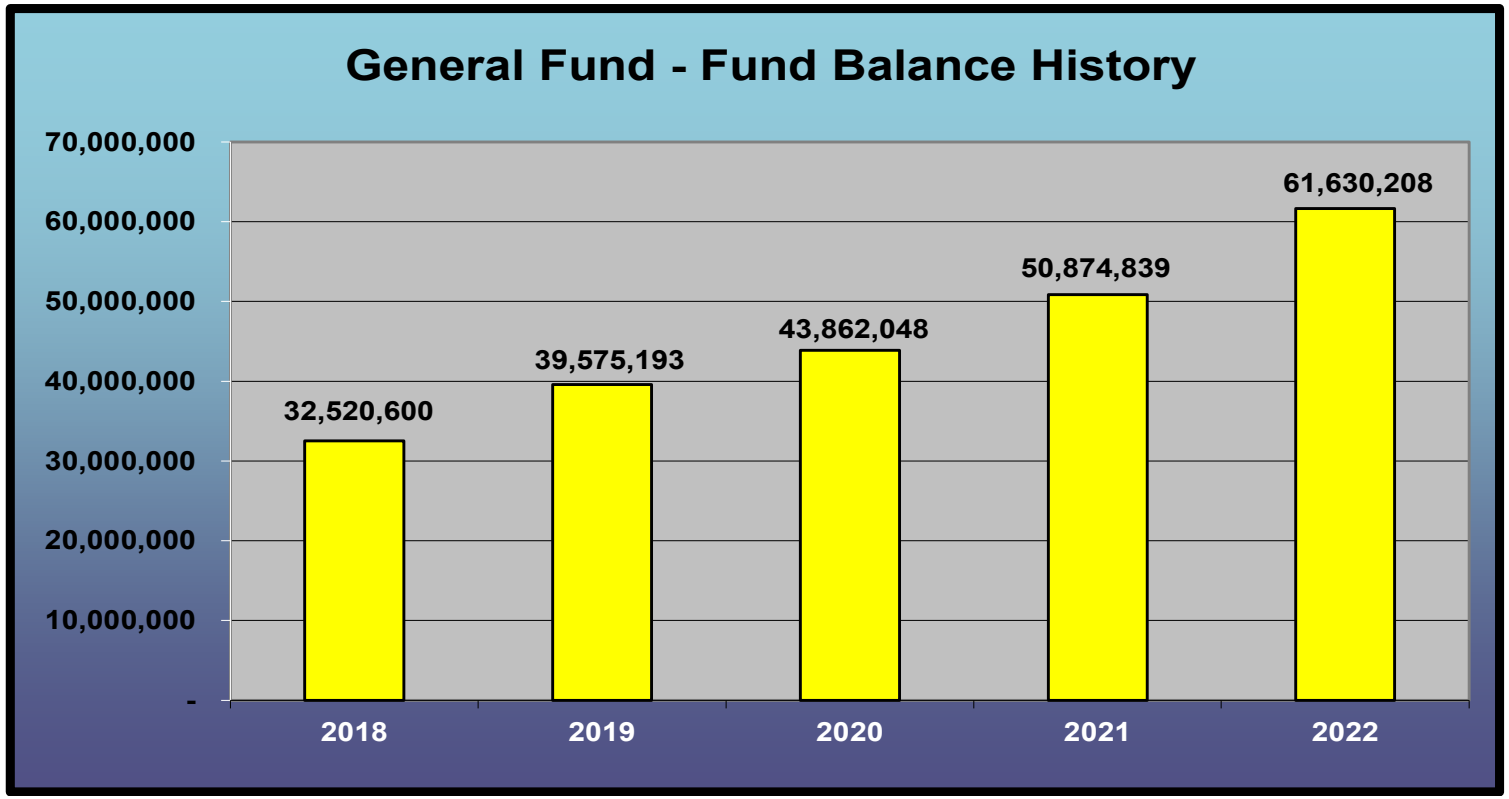




General Fund Expenditures



General Fund Historical Fund Balance







Financial & Compliance Audit
June 30, 2022





Other Communications

- **We are required to present information relative to the audit process and its results.**
- **Significant areas addressed in our reports:**
  - **Judgments & estimates;**
  - **Audit adjustments;**
  - **Independence;**
  - **Other.**





2022 Audit Presentation

New Financial Reporting GASB Standards

- *#94 – Public-Private & Public-Public Partnerships (2023)*
- *#96 – Subscription-Based IT Arrangements (2023)*
- *#97 – Certain Component Unit Criteria (2022)*
- *#99 - Omnibus 2022 (Various Implementation Dates by topic)*
- *#100 – Accounting Changes and Error Corrections (2024)*
- *#101 – Compensated Absences (2025)*







Lancaster County, South Carolina

Financial & Compliance Audit – June 30, 2022



MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

Presented by:
Grant Davis

December 12, 2022

Agenda Item Summary

Ordinance # / Resolution #: N/A
Contact Person / Sponsor: Donna Greene / Deputy Clerk to Council
Department: County Clerk
Date Requested to be on Agenda: 12/12/2022

Issue for Consideration:
Approve or amend the minutes from the November 16, 2022 Committee Of The Whole meeting.

Points to Consider:
The draft minutes from the November 16, 2022 Committee Of The Whole meeting are attached for Council's review and consideration.

Funding and Liability Factors:
There are no funding or liability factors regarding approval of minutes.

Council Options:
Council can approve or amend the minutes.

Recommendation:
Approve the minutes as written.

ATTACHMENTS:

Description	Upload Date	Type
Draft Minutes from the 11-16-2022 Committee of the Whole Meeting	12/7/2022	Backup Material

Council Members
District 1: Terry Graham
District 2: Charlene McGriff
District 3: Billy Mosteller, Secretary
District 4: Larry Honeycutt
District 5: Steve Harper, Chair
District 6: Allen Blackmon
District 7: Brian Carnes, Vice-Chair

Lancaster County
South Carolina

County Administrator
Dennis Marstall

County Attorney
John K. DuBose III

Clerk to Council
Sherrie Simpson

November 16, 2022 | **4:00 PM** | **101 North Main Street, Lancaster, SC 29720**

LANCASTER COUNTY COUNCIL
COMMITTEE OF THE WHOLE
County Council Chambers, County Administration Building, 101 North Main Street, Lancaster, SC 29720

MINUTES

DRAFT

Council Members Present: Allen Blackmon, Brian Carnes, Terry Graham, Steve Harper, Larry Honeycutt, Charlene McGriff, and Billy Mosteller

Staff Members/Others present: Dennis Marstall, County Administrator; John DuBose, County Attorney; Sherrie Simpson, Clerk to Council; John Bodner, Assistant County Administrator; Rox Burhans, Development Services Director; Veronica Thompson, Finance Director; Sheriff Barry Faile; Captain Larry Deason, Detention Center; Fred Thomas, Associate Chief Magistrate; Chad Catledge, Perception Builders; the press; various Department Heads; various employees and citizens.

A quorum of Lancaster County Council was present for the meeting. The following press were notified of the meeting by e-mail in accordance with the Freedom of Information Act: *The Lancaster News, Kershaw News Era, The Rock Hill Herald,* Cable News 2, Channel 9 and the local government channel. The agenda was posted in the lobby of the County Administration Building and also on the County website the required length of time. The power point presentation utilized during the meeting is attached to the written minutes in the Clerk to Council's office.

Call to Order - Chairman Steve Harper

Chairman Steve Harper called the Committee of the Whole meeting to order at approximately 4:00 p.m.

Welcome and Recognition - Chairman Steve Harper

Chairman Steve Harper welcomed everyone to the meeting.

Pledge of Allegiance and Invocation - Council Member Terry Graham

Terry Graham led the Pledge of Allegiance to the American Flag and delivered the Invocation.

Approval of Agenda

Brian Carnes moved to approve the agenda as submitted. Seconded by Charlene McGriff. Motion Passed 7-0.

Citizens Comments

The following citizens signed up for Citizens Comments: None.

The following citizens submitted electronic, written comments for Citizens Comments:

1. Lydia Myrick, Indian Land, SC, sent in an email asking that Council place a moratorium on growth in the Indian Land area. Dennis Marstall provided a brief summary of the email and Council Members were provided a hard copy of the email at their seats. The email is attached as Schedule A to the written minutes in the Clerk to Council's office.

Discussion and Action Items

Review of the 2023 Calendar Meeting Schedule for Council, Committees, Boards and Commissions and Advisory Boards for Changes, Additions or Deletions

(Adoption of the 2023 Calendar is scheduled for the November 28, 2022 Council meeting.)

Dennis Marstall stated that Council had a list of 2023 Calendar meetings for Council, Committees, Boards and Commissions and Advisory Boards in their packets. He explained that these schedules would be presented for adoption at the November 28, 2022 Council meeting. There were no comments from Council.

County Debt Capacity and Portfolio - Dennis Marstall/Veronica Thompson

Veronica Thompson reviewed the County power point presentation on debt capacity, and that County presentation is attached to the written minutes in the Clerk to Council's office.

Council and staff discussed Capital Project Sales Tax (CPST) funds, excess CPST funds, financing of installment purchase revenue bonds, and purchases of land and funding streams for land.

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Update on New Detention Center - Dennis Marstall/Sheriff Barry Faile/Chad Catledge, Perception Builders

Sheriff Barry Faile and Chad Catledge provided an update on the new detention center via a Power Point presentation and that presentation is attached as Schedule B to the written minutes in the Clerk to Council's office.

Alan Richardson, consultant, reviewed the part of the power point presentation regarding programming, average daily population, average length of stay, housing, and facility space summary. They discussed how COVID effected detention centers.

Frank Reynolds, consultant, reviewed the part of the power point presentation regarding the master site plan.

Blake Taylor, with S.C. Department of Corrections, reviewed the part of the power point presentation regarding inmate classifications and explained the importance of that system.

Finally, Chad Catledge reviewed the power point presentation regarding the programmatic budget. He stated the first budget presented included the Magistrate's Court and the costs were approximately $112 million. He stated the second budget presented did not include the Magistrate's Court and that the costs were approximately $89 million. Dennis Marstall stated the Capital Project Sales Tax referendum that the voters approved included the Magistrate's Office.

Council and staff discussed escalation of costs, budget, construction details, operation costs for staff and building, and similar detention centers in the State.

Allen Blackmon requested a spreadsheet of cash flow for the jail and Council expressed that they would like to visit other similar detention centers in the State.

Growth, Density and Cluster Developments - Dennis Marstall/Rox Burhans

Dennis Marstall stated that staff needed clarity on what County Council wanted for managing growth.

Rox Burhans reviewed the County Power Point presentation regarding growth management and that County presentation is attached to the written minutes in the Clerk to Council's office.

Council and staff discussed responsibilities to developers, providing guidance to developers and staff in writing, establishing parameters going forward for development, and obtaining legal advice regarding resolution versus changing the Unified Development Ordinance (UDO). They also dicussed a possible moratorium, termporary setbacks, one (1) house per acre, Mixed Use (MX) districts; national trends; smart growth; recommendations from Planning, commercial growth; cluster subdivisions, and Impact Fees.

Adjournment

Larry Honeycutt moved to adjourn. Seconded by Terry Graham. Motion Passed 7-0.

There being no further business, the Committee of the Whole meeting adjourned at approximately 6:08 p.m.

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Agenda Item Summary

Ordinance # / Resolution #: N/A
Contact Person / Sponsor: Donna Green / Deputy Clerk to Council
Department: County Clerk
Date Requested to be on Agenda: 12/12/2022

Issue for Consideration:
Approve or amend the minutes from the November 28, 2022, County Council regular meeting.

Points to Consider:
The draft minutes from the November 28, 2022, County Council regular meeting are attached for Council's review and consideration.

Funding and Liability Factors:
There are no funding or liability factors regarding approval of minutes.

Council Options:
Council can approve or amend the minutes.

Recommendation:
Approve the minutes as written.

ATTACHMENTS:

Description	Upload Date	Type
Draft Minutes from the 11-28-2022 County Council Regular Meeting	12/7/2022	Backup Material

Council Members
District 1: Terry Graham
District 2: Charlene McGriff
District 3: Billy Mosteller, Secretary
District 4: Larry Honeycutt
District 5: Steve Harper, Chair
District 6: Allen Blackmon
District 7: Brian Carnes, Vice-Chair

Lancaster County
South Carolina

County Administrator
Dennis Marstall

County Attorney
John K. DuBose III

Clerk to Council
Sherrie Simpson

November 28, 2022 | **6:00 PM** | **101 North Main Street, Lancaster, SC 29720**

LANCASTER COUNTY COUNCIL
County Council Chambers, County Administration Building, 101 North Main Street, Lancaster, SC 29720

MINUTES

DRAFT

Council Members Present: Allen Blackmon, Brian Carnes, Terry Graham, Steve Harper, Larry Honeycutt, Charlene McGriff, and Billy Mosteller.

Staff Members/Others present: Dennis Marstall, County Administrator *(via Conference Call)*; John DuBose, County Attorney; Sherrie Simpson, Clerk to Council; John Bodner, Assistant County Administrator; Rox Burhans, Development Services Director; Leah Clevenger, IT Project Manager; the press; various Department Heads; various employees and citizens.

A quorum of Lancaster County Council was present for the meeting. The following press were notified of the meeting by e-mail in accordance with the Freedom of Information Act: *The Lancaster News, Kershaw News Era, The Rock Hill Herald,* Cable News 2, Channel 9 and the local government channel. The agenda was posted in the lobby of the County Administration Building and also on the County website the required length of time. The County power point presentation utilized during the meeting is attached to the written minutes in the Clerk to Council's office.

Call to Order Regular Meeting - Chairman Steve Harper

Chairman Steve Harper called the regular meeting of County Council to order at approximately 6:00 p.m.

Welcome and Recognition - Chairman Steve Harper

Chairman Steve Harper welcomed everyone to the meeting.

Pledge of Allegiance led by Avari McGee, granddaughter of Councilmember Charlene McGriff, and Invocation led by Councilmember Charlene McGriff

Avari McGee, granddaughter of Councilmember Charlene McGriff, led the Pledge of Allegiance to the American Flag and Charlene McGriff delivered the Invocation.

Approval of the Agenda

Charlene McGriff moved to approve the agenda. Seconded by Allen Blackmon. Motion Passed 7-0.

Special Presentations

Sean Scoopmire with White and Smith,Planning And Law Group, reviewed the Power Point presentation on the Unified Development Ordinance update of Module 2 which is attached as Schedule A to the written minutes in the Clerk to Council's office.

Citizens Comments

The following citizens signed up for Citizens Comments:

1. Lawrence T. Potts, Indian Land, SC, asked for reconsideration of Ordinance 2022-1833/RZ-2022-1357 and provided and read from the letter which is attached as Schedule B to the written minutes in the Clerk to Council's office;
2. Angie Potts Ennis, Indian Land, SC, asked for reconsideration of Ordinance 2022-1833/RZ-2022-1357 and read from the letter attached as Schedule B to the written minutes in the Clerk to Council's office;
3. Margie Potts Moore, Indian Land, SC, asked for reconsideration of Ordinance 2022-1833/RZ-2022-1357 and read from the letter attached as Schedule B to the written minutes in the Clerk to Council's office;
4. Gerald Haymond, Lancaster, SC, stated that he yielded his time;
5. Gordon Johnston, Century Communities, gave an update on Shiloh Woods community on Shiloh Unity Road; and
6. Wyscle Washington, Lancaster, SC, spoke regarding surveying.

The following citizens submitted electronic, written comments for Citizens Comments:

1. Felisa Dixon, Lancaster, SC, sent a letter regarding the ordinance on the number of deeds allowed on one road, which is attached as Schedule C to the written minutes in the Clerk to Council's office and a summary of that written comment was provided by Sherrie Simpson, Clerk to Council. A copy of the written comment was provided to each Council Member.

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Brian Carnes moved to reconsider Ordinance 2022-1833. Seconded by Steve Harper. Motion Failed 2-5; Ayes: Carnes, Harper; Nayes: Blackmon, Graham, Honeycutt, McGriff, Mosteller

Consent Agenda

Billy Mosteller moved to approve Consent Agenda Item **7a**. [which is the same as Item **a**. listed below]. Seconded by Brian Carnes. Motion Passed 7-0.

a. Approval of Minutes from the November 14, 2022 County Council Regular Meeting

Non-Consent Agenda

Resolution 1224-R2022 regarding Amending the Second Master Multi-County Park Agreement with Chesterfield County to Enlarge the Boundaries of the Park so as to Include Property Owned by Sandhills Solar, LLC

Resolution Title: A Resolution To Amend The Second Master Multi-County Park Agreement Between Chesterfield County And Lancaster County, Dated As Of October 1, 2018, So As To Add To The Agreement Property Located In Chesterfield County Owned And/Or Operated By Sandhills Solar, LLC.

Allen Blackmon moved to approve. Seconded by Charlene McGriff.

John DuBose explained this resolution added property from Chesterfield County to the second master multi-county park agreement.

Motion to approve Resolution 1224-R2022 Passed 7-0. Ayes: Blackmon, Carnes, Graham, Harper, Honeycutt, McGriff, Mosteller; Nayes: None

Public Hearing and 3rd Reading of Ordinance 2022-1830 regarding Amending Chapter 7 of the County Code to Adopt Updated Uniform Building Codes

Ordinance Title: An Ordinance To Amend Chapter 7 Of The Lancaster County Code To Adopt Updated Uniform Codes As Mandated By The South Carolina Building Codes Council, To Adopt Certain Permissive Uniform Codes, And To Provide For Other Matters Related Thereto.

John DuBose stated there was nothing to update on this matter.

Steve Harper opened the Public Hearing for Ordinance 2022-1830 at approximately 7:18 p.m.
He noted that no one signed up to speak at the Public Hearing for the Ordinance.
There were approximately 9 citizens in attendance during the Public Hearing for this Ordinance.
The following speakers came forward to make comments or sent in written comments regarding the Ordinance: None.
Steve Harper closed the Public Hearing at approximately 7:18 p.m.

Brian Carnes moved to approve. Seconded by Charlene McGriff.

The motion to approve 3rd Reading of Ordinance 2022-1830 Passed 7-0. Ayes: Blackmon, Carnes, Harper, Honeycutt, McGriff, Mosteller; Abstain: Graham; Nayes: None

2nd Reading of Ordinance 2022-1832 regarding Approval of a Development Agreement for Shiloh Woods (Applicant Century Communities)

Ordinance Title: An Ordinance To Approve A Development Agreement With Century Communities Southeast, LLC, In Accordance With Unified Development Ordinance Section 9.2.18 For A Proposed 398-Unit Single-Family Cluster Subdivision Development Located On Approximately 169.86 Acres Of Land At 500 And 516 W. Shiloh Unity Road (TMS#s 0049-00-004.13, 0049-00-004.16, 0049-00-005.01 And 0049-00-005.02). ***- Planning Department Case Number: DA-2022-0733.***

Chairman Steve Harper recused himself from the discussion and vote on 2nd reading of Ordinance 2022-1832. Vice Chair Brian Carnes took over the meeting at approximately 7:19 p.m. Steve Harper's Statement of Recusal is attached as Schedule D to the written minutes in the Clerk to Council's office.

Rox Burhans reviewed the County Power Point presentation which is attached to the written minutes in the Clerk to Council's office. Rox Burhans stated the developer submitted the revised Traffic Impact Analysis (TIA) on November 22 so Planning has not been able to review the revised TIA due to the holidays.

Charlene McGriff moved to approve the 2nd Reading of Ordinance 2022-1832. Seconded by Billy Mosteller.

Terry Graham stated the school fees and the fire fees were not high enough.

The motion to approve the 2nd Reading of Ordinance 2022-1832 Passed 5-1-1. Ayes: Blackmon, Carnes, Honeycutt, McGriff, Mosteller; Nayes: Graham; Abstain: Harper.

Steve Harper returned to the meeting at approximately 7:24 p.m. and resumed his duties as Chair of the meeting.

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2nd Reading of Ordinance 2022-1836 Amending That Certain March 22, 2021 Special Source Revenue Credit Agreement By And Between Lancaster County And Studio Displays, Inc. To Add T&T Capital, LLC As A Party Thereto With Retroactive Effect

Ordinance Title: An Ordinance To Authorize The Execution And Delivery Of An Amendment To That Certain March 22, 2021 Special Source Revenue Credit Agreement By And Between Lancaster County, South Carolina And Studio Displays, Inc. (The "SSRC Agreement") To Add T&T Capital, LLC As A Party Thereto With Retroactive Effect; To Extend The Provision Of Special Source Revenue Credits Under The SSRC Agreement To Investment Made By T&T Capital, LLC In Lancaster County; And To Provide For Other Matters Related Thereto.

Brian Carnes moved to approve the 2nd Reading of Ordinance 2022-1836. Seconded by Larry Honeycutt.

John DuBose stated the ordinance would add T&T Capital, LLC to the capital agreement with Studio Displays Incorporated.

The motion to approve the 2nd Reading of Ordinance 2022-1836 by title only Passed 7-0. Ayes: Blackmon, Carnes, Graham, Harper, Honeycutt, McGriff, Mosteller; Nayes: None.

Discussion and Action Items

Approval of Re-Appointments to Various Boards or Commissions

- James Barnett to the Planning Commission as the District 5 representative INSTEAD of the District 4 representative due to redistricting. If approved as the District 5 representative, he would fill an unexpired term that would end on 06/30/2025
- Phyllis Jarvis to the Library Board as the District 5 representative INSTEAD of the District 4 representative due to redistricting. If approved as the District 5 representative, she would fill an unexpired term that would end on 06/30/2025

Larry Honeycutt moved to approve the re-appointment of James Barnett to the Planning Commission and Phyllis Jarvis to the Library Board effective January 1, 2023. Seconded by Allen Blackmon. The Motion Passed 7-0.

Approval of Appointment to the Health and Wellness Commission

- Terri Lee as the District 3 representative to the Health and Wellness Commission to fill an unexpired term that ends on 06/30/2023 AND to serve a new four year term that begins on 7/1/2023 and ends on 06/30/2027.

Billy Mosteller moved to approve the appointment of Terri Lee to the Health and Wellness Commission. Seconded by Charlene McGriff. The Motion Passed 7-0.

Adoption of the 2023 Calendar Meeting Schedule for Council, Committees, Boards and Commissions, and Advisory Boards and Adoption of the 2023 Holiday Schedule for the County

Charlene McGriff moved to approve the adoption of the 2023 Calendar Meeting Schedule for Council, Committees, Boards and Commissions, and Advisory Boards and the adoption of the 2023 Holiday Schedule for the County. Seconded by Brian Carnes. The Motion Passed 7-0.

Discussion of Lot Limits on Dead End Roads

Rox Burhans explained that staff was asked to provide an update to Council on the maximum number of lots that would be allowed on closed or dead end roads. He further explained that the current Unified Development Ordinance (UDO) allows a dead end road to be 800 linear feet with no more than 20 lots. He noted that the standard was adopted in 2016. He noted that many older roads were restricted by this regulation, such as Green

DRAFT

Pond Road. He noted that Council may want to consider a text amendment to address this issue. He explained that there were many issues that will be impacted by such a text amendment, such as the 5 lot limit for minor subdivisions, legacy roads, and the private drive 5 lot limit.

Council and staff discussed the history of the 2016 standard, Green Pond Road, or whether the issue needed to be addressed immediately or could wait until the full UDO rewrite. Council requested that staff move forward with a text amendment and send it to the Planning Commission for consideration.

Rock Hill Fort Mill Area Transportation Study (RFATS) Update for Highway 521

Brian Carnes reviewed the County Power Point presentation regarding the Rock Hill Fort Mill Area Transportation Study (RFATS) update for Highway 521. He explained that the presentation would be high level because RFATS staff would be coming before Council at a later date to provide an in-depth presentation.

Status of items tabled, recommitted, deferred or held

a. DEFERRED UNTIL 1-9-2023 - 1st Reading of Ordinance 2022-1831 regarding Rezoning Property Located at 4263 Doby's Bridge Road, Indian Land, SC, from Low Density Residential District (LDR) to Institutional District (INS) to Allow Development of a Daycare Facility

Ordinance Title: An Ordinance To Amend The Official Zoning Map Of Lancaster County To Rezone Approximately 4.84 Acres (TM# 0013-00-024.00) Located At 4263 Doby's Bridge Road, Indian Land, From Low Density Residential (LDR) District To Institutional (INS) District. - ***Planning Department Case Number: RZ-2022-1759.***

There were no discussions regarding the status of items tabled, recommitted, deferred or held.

Miscellaneous Reports and Correspondence

There were no Miscellaneous Reports and Correspondence discussed during the Council meeting.

Executive Session

There was no Executive Session held during the Council meeting.

Adjournment

Steve Harper moved to adjourn. Seconded by Terry Graham. Motion Passed 7-0.

There being no further business, the regular meeting of County Council adjourned at approximately 7:56 p.m.

DRAFT

Agenda Item Summary

Ordinance # / Resolution #: Resolution 1221-R2022
Contact Person / Sponsor: James Mathis / Economic Development and John DuBose / County Attorney
Department: Economic Development
Date Requested to be on Agenda: 12/12/2022

Issue for Consideration:
K2 Lancaster and Cooley intend to effectuate a sale leaseback transaction with FIP Master Funding VIII, LP regarding the real property at the project. They will be assigning the Fee in Lieu of Tax (FILOT) and Special Source Revenue Credit (SSRC) agreement over to the new buyer with respect to the real property.

Points to Consider:
The County and Cooley entered into an economic development agreement on December 14, 2020. The agreement for their property on Quality Drive includes:

The Agreement provided for a minimum investment of $2,500,000 over a Twenty (20) year period with a 6% Assessment ratio applicable for each year of the Agreement and a Millage rate applicable for each year of 338.15 mills, except as otherwise provided in the Agreement.

Special Source Revenue Credits shall be provided for the Economic Development Property in amounts equal to fifty-eight percent (58%) of Negotiated FILOT Payments for seven (7) consecutive years beginning not later than with the Negotiated FILOT Payment due without penalty by January 15, 2022 and ending not later than with the Negotiated FILOT Payment due without penalty by January 15, 2028;

Payment will not be modified using a net present value calculation; and Replacement property provisions will apply.

Funding and Liability Factors:
Their is no funding impact, as the FILOT and SSRC remain the same, only the company name is changing.

Council Options:
Approve, disapprove or request more information.

Recommendation:
Recommend Council approve assignment of FILOT and SSRC agreement to the new buyer.

ATTACHMENTS:

Description	Upload Date	Type
Resolution 1221-R2022	12/6/2022	Resolution
Assignment of FILOT and SSRC to FIP Master Funding VIII, LLC	12/6/2022	Backup Material
Cooley FILOT Estoppel	10/3/2022	Backup Material
Cooley Assignment	10/3/2022	Backup Material
Cooley SSRC Agreement	10/3/2022	Agreement
Cooley Fully Executed fee agreement	10/3/2022	Agreement

STATE OF SOUTH CAROLINA)
) **RESOLUTION NO. 1221-R2022**
COUNTY OF LANCASTER)

A RESOLUTION

TO CONSENT TO, APPROVE, AND RATIFY THE ASSIGNMENT OF THE FEE AGREEMENT BY AND AMONG LANCASTER COUNTY, SOUTH CAROLINA, K2 LANCASTER, LLC AND COOLEY, INCORPORATED TO FIP MASTER FUNDING VIII, LLC AND THE ASSIGNMENT OF THE SPECIAL SOURCE REVENUE CREDIT AGREEMENT BY AND AMONG LANCASTER COUNTY, SOUTH CAROLINA, K2 LANCASTER, LLC AND COOLEY, INCORPORATED TO FIP MASTER FUNDING VIII, LLC.

WHEREAS, Lancaster County, South Carolina (the "County"), RISC, LLC, a Delaware limited liability company ("RISC"), Cooley, Incorporated, a Rhode Island corporation ("Cooley") entered into (*i*) that certain Fee Agreement, dated as of December 14, 2020 (the "Fee Agreement") with regard to certain real property and improvements and other property located thereon (the "Project"), and (*ii*) that certain Special Source Revenue Credit Agreement, dated as of December 14, 2020 (the "SSRC Agreement") with regard to certain real property and improvements and other property located at the Project;

WHEREAS, RISC conveyed the entirety of the real and personal property owned by RISC comprising the Project to K2 Lancaster, LLC, a Delaware limited liability company (the "Assignor");

WHEREAS, Assignor was assigned, and did assume, all of RISC's obligations, rights, titles, and interest in and to each of the Fee Agreement and SSRC Agreement by that certain Assignment and Assumption of Fee Agreement and Special Source Revenue Credit Agreement dated as of December 29, 2020; and

WHEREAS, Assignor desires to assign its rights, titles, and interests in the Fee Agreement and the SSRC Agreement to FIP Master Funding VIII, LLC (the "Assignee") effective upon Assignor's conveyance of the Project, pursuant to an Assignment of Fee Agreement and Special Source Revenue Credit Agreement dated as of [_____], by and between Assignor and Assignee (the "Assignment");

WHEREAS, Assignor and Assignee have requested that the County consent to, approve, and ratify the Assignment as required by Section 12-44-120 of the South Carolina Code, as amended, and Section 9.01 of the Fee Agreement and Section 4.01 of the SSRC Agreement; and

WHEREAS, Council intends by the passage of this resolution to provide its consent to, approval and ratification of the Assignment of the Fee Agreement and the SSRC Agreement from Assignor to Assignee.

NOW, THEREFORE, BE IT RESOLVED by the Council of Lancaster County, South Carolina:

1. The County consents to, approves, and ratifies (a) the Assignor selling, assigning, transferring and setting over to Assignee all of Assignor's rights, titles, and interests under the Fee Agreement and Assignee's acceptance of the assignment of Assignor's rights, titles, and interests under the Fee Agreement, to be effective upon Assignor's conveyance of the Project to Assignee and (b) the Assignor selling, assigning, transferring, and setting over to Assignee all of Assignor's rights, titles, and interests under the SSRC Agreement and Assignee's acceptance of the assignment of Assignor's rights, titles, and interests under the SSRC Agreement, to be effective upon Assignor's conveyance of the Project to Assignee.

2. The Assignment is an assignment only of all of the rights which the Assignor may now or at any time hereafter have under, pursuant to, or in respect of, the Fee Agreement and the SSRC Agreement. Assignee shall not be deemed by virtue of the Assignment to have assumed any of the obligations of the Assignor under the Fee Agreement and the SSRC Agreement, each of which obligations the Assignor covenants and agrees to perform and observe as if the Assignment had not been executed. Notwithstanding the foregoing, in the event of any default or other non-compliance with any of the obligations under the Fee Agreement or the SSRC Agreement by Cooley or the Assignor, the Assignee shall not be entitled to any of the rights, titles, interests or other benefits of the Fee Agreement or the SSRC Agreement, as applicable, while such default or non-compliance has occurred and is continuing, and the County's consent to the assignments set forth in Section 1 hereof is made in reliance on the foregoing agreement of Assignee and Assignor.

3. The validity of each of the Fee Agreement and the SSRC Agreement, and upon the assignment of the Fee Agreement and the SSRC Agreement to Assignee, all rights of Assignee, Cooley, and the County, as parties under the assigned Fee Agreement and the assigned SSRC Agreement, are hereby affirmed.

4. The County Administrator is authorized, empowered and directed, in the name of and on behalf of Lancaster County, to execute, acknowledge and deliver such further agreements, certificates or documents as may be necessary in connection with the approval of the assignment of the Fee Agreement and the SSRC Agreement as contemplated by this Resolution, such agreements, certificates or documents to be in the forms as approved by the County Administrator upon advice of counsel.

5. This resolution takes effect upon its adoption.

[SIGNATURES FOLLOW ON NEXT PAGE]

AND IT IS SO RESOLVED

Dated this 12th day of December 2022

LANCASTER COUNTY, SOUTH CAROLINA

_____
Brian Carnes, Vice-Chair, County Council

_____
Billy Mosteller, Secretary, County Council

ATTEST:

_____
Sherrie Simpson, Clerk to Council

Approved as to form:

_____
John DuBose, County Attorney

ASSIGNMENT OF FEE AGREEMENT AND SPECIAL SOURCE REVENUE CREDIT AGREEMENT

THIS ASSIGNMENT OF FEE AGREEMENT AND SPECIAL SOURCE REVENUE CREDIT AGREEMENT (this "**Assignment Agreement**") is made and entered into as of the [__] day of [_____], 2022 (the "**Effective Date**"), by and between K2 LANCASTER, LLC, a Delaware limited liability company ("**Assignor**"), and FIP MASTER FUNDING VIII, LLC, a Delaware limited liability company ("**Assignee**").

W I T N E S S E T H:

WHEREAS, RISC, LLC, a Delaware limited liability company ("**RISC**"), Cooley, Incorporated, a Rhode Island corporation ("**Cooley**", and together with Assignor, each a "**Company**" and, collectively, the "**Companies**"), and Lancaster County, South Carolina (the "**County**") entered into (i) that certain Fee Agreement dated as of December 14, 2020 (as amended, the "**Fee Agreement**"), a true and correct copy of which is attached as Exhibit A hereto and (ii) that certain Special Source Revenue Credit Agreement dated as of December 14, 2020 (as amended, the "**SSRC Agreement**" and, together with the Fee Agreement, the "**Incentive Agreements**"), a true and correct copy of which is attached as Exhibit B hereto; and

WHEREAS, Assignor was assigned all of RISC's duties, rights, titles, interests and obligations to each of the Incentive Agreements, in connection with RISC's conveyance of the Land (as such term is defined in the Fee Agreement and described in Exhibit C, attached hereto and incorporated herein by reference), building, and real property improvements comprising the Project to Assignor (collectively, the "**Property for Sale**") pursuant to that certain Assignment and Assumption of Fee Agreement and Special Source Revenue Credit Agreement dated as of December 29, 2020, a true and correct copy of which is attached as Exhibit D hereto; and

WHEREAS, Assignor is conveying the Property for Sale to Assignee; and

WHEREAS, Assignor desires to assign to Assignee all of its rights, titles, and interests in and to each of the Incentive Agreements with respect to the Property for Sale, and Assignee desires to accept such assignment; and

WHEREAS, the assignment of the Incentive Agreements contemplated herein shall be subject to and is conditioned upon obtaining consent or subsequent ratification from the County via Resolution of the Lancaster County Council; and

WHEREAS, capitalized terms not otherwise defined herein shall have the same meaning as in the Incentive Agreements.

NOW, THEREFORE, in consideration of TEN AND NO/100 DOLLARS ($10.00) and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Assignment of Fee Agreement. Assignor does hereby sell, assign, transfer and set over to Assignee all of Assignor's rights, titles, and interests under the Fee Agreement with respect to the Property for Sale, and Assignee hereby accepts such assignment of Assignor's rights, titles, and interests under the Fee Agreement with respect to the Property for Sale ("**Assignment of Fee Agreement**").

2. Assignment of SSRC Agreement. Assignor does hereby sell, assign, transfer and set over to Assignee all of Assignor's rights, titles, and interests under the SSRC Agreement with respect to the Property for Sale, and Assignee hereby accepts such assignment of Assignor's rights, titles, and interests under the SSRC Agreement with respect to the Property for Sale ("**Assignment of SSRC Agreement**").

3. Consent to Assignment of Fee Agreement. The Assignment of Fee Agreement is made subject to and is conditioned upon obtaining the consent or ratification from the County as required by Section 12-44-120 of the South Carolina Code, as amended, and following receipt of such consent or ratification, shall be deemed effective as of the Effective Date.

4. Consent to Assignment of SSRC Agreement. The Assignment of SSRC Agreement is made subject to and is conditioned upon obtaining the consent or ratification from the County as required by Section 4.01 of the SSRC Agreement, and following receipt of such consent or ratification, shall be deemed effective as of the Effective Date.

5. No Assumption. This Assignment is an assignment only of all of the rights which the Assignor may now or at any time hereafter have under, pursuant to, or in respect of, the Incentive Agreements. Assignee shall not be deemed by virtue of this Assignment Agreement to have assumed any of the obligations of the Assignor under the Incentive Agreements, each of which obligations the Assignor covenants and agrees with Assignee to perform and observe as if this Assignment Agreement had not been executed. Notwithstanding the foregoing, in the event of any default or other non-compliance with any of the obligations under the Incentive Agreements by Cooley or the Assignor, the Assignee shall not be entitled to any of the rights, titles, and interests of the Incentive Agreements, as applicable, while such default or non-compliance has occurred and is continuing, and Assignee and Assignor acknowledge that the County's consent to the assignment of the Incentive Agreements was made in reliance on the foregoing agreement of Assignee and Assignor.

6. Indemnity. Assignor agrees to indemnify, defend and hold Assignee, its successors and assigns, harmless from and against any and any losses, liabilities, obligations, penalties, claims, fines, demands, litigation, defenses, reasonable out-of-pocket costs and expenses actually incurred, judgments, suits, proceedings and damages of any kind or nature imposed on, incurred by, or asserted or awarded against Assignee (in each case to the extent first arising prior to the Effective Date) to the extent arising from, or relating to, the Incentive Agreements, except to the extent arising from the willful misconduct or gross negligence of Assignee or its beneficial owners, direct and indirect members and partners, and their respective managers, officers, directors, shareholders, trustees, affiliates, subsidiaries, successors and assigns. Assignor hereby acknowledges and agrees that in no event shall Assignor be liable to Assignee for the mere loss or termination of any incentives arising under the Incentive Agreements (including without limitation

the imposition of any fee in lieu of the taxes or other amounts that would otherwise be payable with respect to the Property for Sale absent the existence of Incentive Agreements) provided, however the taxes or other similar amounts payable with respect to the Project are not in excess of such amounts that would be imposed on the Project absent the existence of the Incentive Agreements.

7. Cooperation. If requested by Assignee, Assignor shall provide Assignee with copies of all prior filings made by Assignor with the South Carolina Department of Revenue ("**SCDOR**") with respect to the Fee Agreement and shall execute any document reasonably requested by SCDOR allowing SCDOR to release to Assignee copies of any prior filings made by Assignor with SCDOR under the Fee Agreement. Assignee shall reasonably cooperate with Assignor in connection with the Fee Agreement and/or the SSRC Agreement, including, without limitation, with respect to any modifications to same that Assignor deems reasonably necessary, so long as such cooperation can be accomplished without material cost to Assignee or assumption of any material obligation by Assignee and provided further that, upon, written request from Assignee, Assignor shall reimburse Assignee for any reasonable out-of-pocket costs and expenses Assignee actually incurs arising from or related to its cooperation in connection with the Fee Agreement and/or the SSRC Agreement.

8. Assignor warrants and represents to Assignee as follows:

(a) the Incentive Agreements are in full force and effect with respect to each of the Companies party thereto;

(b) the Companies have not notified the County of their desire to terminate the Incentive Agreements;

(c) there are no amendments or modifications of any kind to the Incentive Agreements except as indicated in such Exhibits A and B;

(d) the Companies are not in default or claimed default in the performance of their obligations under the Incentive Agreements with respect to the Property for Sale, including, without limitation, with respect to the Full-Time Jobs employment requirements under the Incentive Agreements;

(e) other than Payments-in-Lieu-of-Taxes for the current tax year which are accruing but not yet due, no amounts are currently due and payable under the Incentive Agreements;

(f) other than Payments-in-Lieu-of-Taxes for the current year which are accruing but not yet due, no amounts are currently due and payable to the County under the Incentive Agreements with respect to the Property (and, specifically, but without limitation, the Companies do not owe the County for any unpaid Administration Expenses, as defined in the FILOT Agreement);

(g) Section 4.01(a) of the Fee Agreement requires the Companies to invest at least $2.5 million in Economic Development Property by the end of the Investment Period, which Investment Period expires on _____, 202__. As of the date hereof, the Companies have invested $_____ in Economic Development Property; and

(h) no event has occurred or failed to occur which, with the passage of time or the giving of notice, or both, would constitute a default under the Incentive Agreements by the Companies with respect to the Property for Sale.

9. Amendment. This Assignment Agreement may be amended, modified or supplemented, and any provision hereof may be waived, only by written agreement of the parties hereto.

10. Governing Law. This Assignment Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of South Carolina.

11. Successors and Assigns. This Assignment Agreement shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns. This Assignment Agreement is not intended and shall not be deemed to confer upon or give any person except the parties hereto and their respective successors and permitted assigns any remedy, claim, liability, reimbursement, cause of action or other right under or by reason of this Assignment Agreement.

12. Counterparts. This Assignment Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument and shall become binding when one or more of the counterparts have been signed by each of the parties and delivered to the other party.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, Assignor and Assignee have caused this Assignment Agreement to be executed as of the Effective Date.

ASSIGNOR:

K2 LANCASTER, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

ASSIGNEE:

FIP MASTER FUNDING VIII, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

EXHIBIT A
Copy of Fee Agreement

[to be attached]

EXHIBIT B
Copy of SSRC Agreement

[to be attached]

EXHIBIT C
Real Property Description

The real estate located in Lancaster Business Park identified with Parcel Identification No. 0068-00-018.03, with a physical address of 861 Quality Drive, and consisting of approximateley 25.77 acres.

EXHIBIT D
Copy of Assignment and Assumption Agreement dated as of December 29, 2020

[to be attached]

ESTOPPEL CERTIFICATE

This ESTOPPEL CERTIFICATE ("Estoppel Certificate") is delivered as of October ___, 2022 by Lancaster County, South Carolina (the "County") in respect of that certain Fee in Lieu of Tax Agreement, dated as December 14, 2020, by and among the County and RISC, LLC ("RISC") and Cooley, Incorporated ("Cooley") (the "FILOT Agreement") and that certain Special Source Revenue Credit Agreement, dated as of December 14, 2020, by and among the County and RISC and Cooley, dated as of December 14, 2020 (the "SSRC Agreement"); as thereafter assigned by that certain Assignment and Assumption of Fee Agreement and Special Source Revenue Credit Agreement, dated as of December 29, 2020, by and between RISC and Cooley and K2 Lancaster, LLC ("K2 Lancaster" and collectively with Cooley, the "Companies") (the "Assignment Agreement"); true and complete copies of which are attached hereto as Exhibits A-1, A-2, and A-3 (collectively, the "FILOT Documents"). Capitalized terms not otherwise defined herein shall have the same meaning as in the FILOT Documents.

K2 Lancaster has informed the County that FIP Master Funding VIII, LLC (collectively with its successors and assigns, "Purchaser"), is under contract to purchase from K2 Lancaster that certain property consisting of approximately 25.77 acres and being more particularly described on Exhibit B attached hereto (the "Property"). In connection with such sale, Seller has requested that the County deliver this Estoppel Certificate certifying to certain matters described in the FILOT Documents.

The County hereby certifies, for the benefit of Purchaser, to its knowledge that:

1. the FILOT Documents are in full force and effect with respect to each of the Companies party thereto;

2. the Companies have not notified the County of their desire to terminate the FILOT Documents;

3. there are no amendments or modifications of any kind to the FILOT Documents except as indicated in such Exhibits A-1, A-2, and A-3;

4. the Companies are not in default or claimed default in the performance of their obligations under the FILOT Documents with respect to the Property;

5. other than Payments-in-Lieu-of-Taxes for the current tax year which are accruing but not yet due, no amounts are due and payable under the FILOT Documents;

6. other than Payments-in-Lieu-of-Taxes for the current year which are accruing but not yet due, no amounts are due and payable to the County under the FILOT Documents with respect to the Property (and, specifically, but without limitation, the Companies do not owe the County for any unpaid Administration Expenses, as defined in the FILOT Agreement); and

7. no event has occurred or failed to occur which, with the passage of time or the giving of notice, or both, would constitute a default under the FILOT Documents by the Companies with respect to the Property.

The County hereby certifies that the certifications and statements contained in this Estoppel Certificate are true and correct to the County's knowledge and may be relied upon by Purchaser.

[remainder of the page left blank]

IN WITNESS WHEREOF, the County has executed this Estoppel Certificate to be effective as of the date first written above.

Witness: **LANCASTER COUNTY, SOUTH CAROLINA**

_____ By: _____
Name: Dennis Marstall
Title: County Administrator

_____ Attest: _____
Name: Sherrie Simpson
Title: Clerk to County Council

STATE OF SOUTH CAROLINA)
) ACKNOWLEDGEMENT
COUNTY OF LANCASTER)

Dated: _____, 2022

The foregoing Estoppel Certificate was acknowledged before me this ____ day of _____, 2022, by Lancaster County, by Dennis Marstall, its County Administrator, and attested by Sherrie Simpson, its Clerk to County Council.

_____
Notary Public for South Carolina
Printed Name of Notary: _____
My Commission Expires: _____

(SEAL)

Exhibit A-1

[Copy of Fee Agreement]

Exhibit A-2

[Copy of SSRC Agreement]

Exhibit A-3

[Copy of Assignment Agreement]

Exhibit B

The real estate located in Lancaster Business Park identified with Parcel Identification No. 0068-00-018.03, with a physical address of 861 Quality Drive, and consisting of approximately 25.77 acres.

ASSIGNMENT AND ASSUMPTION OF FEE AGREEMENT AND SPECIAL SOURCE REVENUE CREDIT AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF FEE AGREEMENT AND SPECIAL SOURCE REVENUE CREDIT AGREEMENT (this "**Assignment and Assumption Agreement**") is made and entered into as of the 29th day of December, 2020 (the "**Effective Date**"), by and between RISC, LLC, a Delaware limited liability company ("**RISC**"), COOLEY, INCORPORATED (together with RISC, "**Assignors**" and each an "**Assignor**"), and K2 LANCASTER, LLC, a Delaware limited liability company ("**Assignee**").

W I T N E S S E T H:

WHEREAS, Assignors and Lancaster County, South Carolina (the "**County**") entered into (i) that certain Fee Agreement dated as of December 14, 2020 (as amended, the "**Fee Agreement**"), a true and correct copy of which is attached as Exhibit A hereto and (ii) that certain Special Source Revenue Credit Agreement dated as of December 14, 2020 (as amended, the "**SSRC Agreement**" and, together with the Fee Agreement, the "**Incentive Agreements**"), a true and correct copy of which is attached as Exhibit B hereto; and

WHEREAS, RISC has conveyed the Land (as such term is defined in the Fee Agreement and described in Exhibit C, attached hereto and incorporated herein by reference), building, and real property improvements comprising the Project to Assignee (collectively, the "**Property for Sale**"); and

WHEREAS, Assignors desire to assign to Assignee all of their obligations, rights, title and interest in and to each of the Incentive Agreements, a true and correct copy of each such Incentive Agreement having been provided to Assignee, with respect to the Property for Sale, and Assignee desires to assume all obligations, rights, title and interest of Assignors thereunder with respect to the Property for Sale; and

WHEREAS, the assignment of the Incentive Agreements contemplated herein shall be subject to and is conditioned upon obtaining consent or subsequent ratification from the County via Resolution of the Lancaster County Council.

NOW, THEREFORE, in consideration of TEN AND NO/100 DOLLARS ($10.00) and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Assignment and Assumption of Fee Agreement. Each Assignor does hereby sell, assign, transfer and set over to Assignee all of such Assignor's right, title, interest and obligations under the Fee Agreement with respect to the Property for Sale, and Assignee hereby accepts such assignment and assumes all of Assignors' duties, rights, titles, interests and obligations under the Fee Agreement with respect to the Property for Sale ("**Assignment and Assumption of Fee Agreement**").

2. Assignment and Assumption of SSRC Agreement. Each Assignor does hereby sell, assign, transfer and set over to Assignee all of such Assignor's right, title, interest and obligations under the SSRC Agreement with respect to the Property for Sale, and Assignee hereby accepts such assignment and assumes all of Assignors' duties, rights, titles, interests and obligations under the SSRC Agreement with respect to the Property for Sale ("**Assignment and Assumption of SSRC Agreement**").

3. Consent to Assignment and Assumption of Fee Agreement. The Assignment and Assumption of Fee Agreement is made subject to and is conditioned upon obtaining the consent or ratification from the County as required by Section 12-44-120 of the South Carolina Code, as amended, and Section 9.01 of the Fee Agreement, and following receipt of such consent or ratification, shall be deemed effective as of the Effective Date.

4. Consent to Assignment and Assumption of SSRC Agreement. The Assignment and Assumption of SSRC Agreement is made subject to and is conditioned upon obtaining the consent or ratification from the County as required by Section 4.01 of the SSRC Agreement, and following receipt of such consent or ratification, shall be deemed effective as of the Effective Date.

5. Mutual Indemnities. Each Assignor agrees to indemnify, defend and hold Assignee, its successors and assigns, harmless from and against any and all claims, actions, charges, fees and expenses (including, without limitation, reasonable attorneys' fees and court costs) and liabilities that result directly from the failure of such Assignor to perform its obligations under, or to observe the covenants and conditions in, the Fee Agreement or the SSRC Agreement, provided that any such obligation accrued and that such failure occurred prior to the Effective Date. Assignee agrees to indemnify, defend and hold each Assignor, its successors and assigns, harmless from and against any and all claims, actions, charges, fees and expenses (including, without limitation, reasonable attorneys' fees and court costs) and liabilities that: (a) result directly from the failure of Assignee to perform its obligations under, or to observe the covenants and conditions in, the Fee Agreement or the SSRC Agreement, provided that any such obligation accrued and that such failure occurred on or after the Effective Date; or (b) arise from any modification or amendment to the Fee Agreement or the SSRC Agreement on or after the Effective Date.

6. Cooperation. If requested by Assignee, Assignors shall provide Assignee with copies of all prior filings made by Assignors with the South Carolina Department of Revenue ("**SCDOR**") with respect to the Fee Agreement and shall execute any document reasonably requested by SCDOR allowing SCDOR to release to Assignee copies of any prior filings made by Assignors with SCDOR under the Fee Agreement. Assignors and Assignee shall cooperate with each other in connection with any 2020 filing(s) required by law under the Fee Agreement and the SSRC Agreement.

7. Amendment. This Assignment and Assumption Agreement may be amended, modified or supplemented, and any provision hereof may be waived, only by written agreement of the parties hereto.

8. Governing Law. This Assignment and Assumption Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of South Carolina.

9. Successors and Assigns. This Assignment and Assumption Agreement shall be binding upon and inure to the benefit of Assignors and Assignee and their respective successors and assigns. This Assignment and Assumption Agreement is not intended and shall not be deemed to confer upon or give any person except the parties hereto and their respective successors and permitted assigns any remedy, claim, liability, reimbursement, cause of action or other right under or by reason of this Assignment and Assumption Agreement.

10. Counterparts. This Assignment and Assumption Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument and shall become binding when one or more of the counterparts have been signed by each of the parties and delivered to the other party.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, Assignors and Assignee have caused this Assignment and Assumption Agreement to be executed as of the Effective Date.

ASSIGNORS:

RISC, LLC, a Delaware limited liability company

By: _____
Name: Steven A. Siener
Title: Manager

COOLEY, INCORPORATED, a Rhode Island corporation

By: _____
Name: Daniel Dwight
Title: President

IN WITNESS WHEREOF, Assignors and Assignee have caused this Assignment and Assumption Agreement to be executed as of the Effective Date.

ASSIGNORS:

RISC, LLC, a Delaware limited liability company

By: _____
Name: Steven A. Siener
Title: Manager

COOLEY, INCORPORATED, a Rhode Island corporation

By: _____
Name: Daniel Dwight
Title: President

ASSIGNEE:

K2 LANCASTER, LLC, a Delaware limited liability company

By: _____
Name: Shaneel Patel
Title: Vice President

EXHIBIT A
Copy of Fee Agreement

[attached]

FEE AGREEMENT

by and among

LANCASTER COUNTY, SOUTH CAROLINA,

RISC, LLC

and

COOLEY, INCORPORATED

Dated as of December 14, 2020

FEE AGREEMENT

This FEE AGREEMENT (this "Agreement") is dated as of December 14, 2020, by and among LANCASTER COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), RISC, LLC ("Sponsor"), a Delaware limited liability company, and COOLEY, INCORPORATED ("Sponsor Affiliate"), a Rhode Island corporation (collectively, Sponsor and Sponsor Affiliate are referred to as the "Companies").

RECITALS

WHEREAS, the County, acting by and through its County Council, is authorized and empowered under and pursuant to the provisions of Title 12, Chapter 44 (the "Act") of the Code of Laws of South Carolina 1976, as amended (the "Code") and Sections 4-1-170, 4-1-172, and 4-1-175 of the Code and Article VIII, Section 13(D) of the South Carolina Constitution (the "Multi-County Park Act"): (*i*) to enter into agreements with certain entities to construct, operate, maintain, and improve industrial and commercial properties through which the economic development of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in South Carolina and thus utilize and employ South Carolina's workforce, agricultural products, and natural resources; (*ii*) to covenant with such entities to accept certain payments in lieu of *ad valorem* taxes with respect to the project (a "Fee-in-Lieu of Tax" or "FILOT"); and (*iii*) to maintain, create or expand, in conjunction with one or more other counties, multi-county business or industrial park;

WHEREAS, Sponsor proposes to expand certain of its business operations in the County in a facility constructed by Sponsor Affiliate and leased to Sponsor (the "Project");

WHEREAS, Sponsor anticipates that the Project will result in the creation of at least five (5) new, full-time jobs and an investment of at least $4,000,000 in the County;

WHEREAS, the County Council approved on November 9, 2020, Resolution No. 1123-R2020 (the "Inducement Resolution") to identify, reflect and induce the Project under the Act and to state the commitment of the County to, among other things, enter into this Agreement;

WHEREAS, as a result of the Companies locating the Project in the County, the Companies requested that the County complete the FILOT arrangement referred to in the Inducement Resolution by entering into this Agreement with the Companies pursuant to the Act, and the Companies elect to enter into the FILOT arrangement with the County in an effort to implement the terms of the Project and allow the Companies to make FILOT payments pursuant to the Act;

WHEREAS, for the Project, the parties have determined, based on information provided by Sponsor, that Sponsor is a "Sponsor," Sponsor Affiliate is a "Sponsor Affiliate," and that some or all of the Project constitutes "Economic Development Property," all within the meaning of the Act; and

WHEREAS, for the purposes set forth above, the County has determined that it is in the best interests of the County to enter into this Agreement with the Companies, subject to the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, and the sum of $1.00 in hand, duly paid by the Companies to the County, the receipt and sufficiency of which are hereby acknowledged, the County and the Companies agree as follows:

ARTICLE I

DEFINITIONS AND RECAPITULATION

Section 1.01. Statutorily Required Recapitulation.

(a) Pursuant to Section 12-44-55(B) of the Act, the County and the Company agree to waive the recapitulation requirements of Section 12-44-55 of the Act. Subsection (b) of this section is inserted for convenience only and does not constitute a part of this Agreement or a summary compliant with Section 12-44-55 of the Act.

(b) Summary of Agreement.

1. Legal name of each initial party to this Agreement:

   LANCASTER COUNTY, SOUTH CAROLINA, a body politic and corporate, and a political subdivision of the State of South Carolina
   RISC, LLC, a Delaware limited liability company
   COOLEY, INCORPORATED, a Rhode Island corporation

2. County, street address, parcel number or other location identifier of the Project and property to be subject to this Agreement:

   Lancaster County, South Carolina
   861 Quality Drive
   Parcel Identification No. 0068-00-018.03

3. Minimum investment agreed upon: $2,500,000.

4. Length and term of this Agreement: Twenty (20) years for each annual increment of investment in the Project during the Investment Period.

5. Assessment ratio applicable for each year of this Agreement: 6%, except as otherwise provided in the Agreement.

6. Millage rate applicable for each year of this Agreement: 338.15 mills, except as otherwise provided in the Agreement.

7. Statements

   (a) The Project is to be located in a multi-county park;
   (b) Disposal of property subject to payments-in-lieu-of-taxes is allowed;

(c) Special Source Revenue Credits shall be provided for the Economic Development Property in amounts equal to fifty-eight percent (58%) of Negotiated FILOT Payments for seven (7) consecutive years beginning not later than with the Negotiated FILOT Payment due without penalty by January 15, 2022 and ending not later than with the Negotiated FILOT Payment due without penalty by January 15, 2028;

(d) Payment will not be modified using a net present value calculation; and

(e) Replacement property provisions will apply.

Section 1.02. Definitions. In addition to the words and terms elsewhere defined in this Agreement, the following words and terms as used herein and in the recitals hereto shall have the following meanings, unless the context or use indicates another or different meaning or intent.

"*Act*" or "*Simplified FILOT Act*" shall mean Title 12, Chapter 44 of the Code, as amended through the date hereof.

"*Administration Expense*" shall mean the reasonable and necessary out-of-pocket expenses, including attorneys' fees, incurred by the County with respect to: (*i*) the preparation, review, approval and execution of this Agreement, (*ii*) the preparation, review, approval and execution of other documents related to this Agreement and any multi-county park documents; and (*iii*) the fulfillment of its obligations under this Agreement and any multi-county park documents, and in the implementation and administration of the terms and provisions of the documents after the date of execution thereof.

"*Affiliate*" shall mean any Person directly or indirectly controlling, controlled by, or under common control with such other Person. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Person, whether through the ownership of voting securities, by contract, or otherwise.

"*Agreement*" shall mean this Fee Agreement by and among the County, Sponsor, and Sponsor Affiliate, as originally executed and from time to time supplemented or amended as permitted herein, and dated as of December 14, 2020.

"*Co-Investor*" shall mean the Companies, any other Sponsor or Sponsor Affiliate within the meaning of Sections 12-44-30(19) and (20) of the Act, any Affiliate of the Sponsor or Sponsor Affiliate or of any other Sponsor or Sponsor Affiliate, any developer in a build-to-suit arrangement or other leasing arrangement with respect to the Project, any lessor of equipment or other property comprising a part of the Project, and any financing entity or other third party investing in, or providing funds for, the Project. Sponsor, so long as it is a tenant of Sponsor Affiliate, and thereafter, Sponsor Affiliate shall notify the County in writing of the identity of any other Sponsor, Sponsor Affiliate or other Co-Investor and shall, to the extent Sponsor or Sponsor Affiliate, as applicable, and any such other Sponsor, Sponsor Affiliate, or other Co-Investor intend to extend the benefits of the FILOT to property owned by any such Sponsor, Sponsor Affiliate, or other Co-Investor pursuant to Section 5.01 hereof, comply with any additional notice requirements, or other

applicable provisions, of this Agreement and the Act. As of the original execution and delivery of this Agreement, the Companies are the only Co-Investors.

"*Code*" shall mean the Code of Laws of South Carolina 1976, as amended through the date hereof, unless the context clearly requires otherwise.

"*Companies*" shall mean, collectively, Sponsor and Sponsor Affiliate, and their successors and assigns.

"*Confidential Information*" shall have the meaning set forth in Section 4.02(d) hereof.

"*County*" shall mean Lancaster County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, and its successors and assigns.

"*County Council*" shall mean the governing body of the County and its successors.

"*Department of Revenue*" shall mean the South Carolina Department of Revenue.

"*Economic Development Property*" shall mean each item of real and tangible personal property comprising the Project, except Non-Qualifying Property, within the meaning of that term as defined and used in Sections 12-44-30(6) and 12-44-40(C) of the Code.

"*Equipment*" shall mean all machinery, equipment, furnishings, and other personal property acquired by Sponsor and Sponsor Affiliate and installed as part of the Project during the Investment Period in accordance with this Agreement.

"*Event of Default*" shall mean an Event of Default as defined in Section 11.01 hereof.

"*Existing Property*" shall mean property proscribed from becoming Economic Development Property pursuant to Section 12-44-110 of the Code, including, without limitation, property which has been subject to *ad valorem* taxes in the State prior to the execution and delivery of this Agreement and property included in the Project as part of the repair, alteration, or modification of such previously taxed property; *provided, however,* that Existing Property shall not include: (a) the Land (excluding existing improvements on the Land); (b) property acquired or constructed by Sponsor and Sponsor Affiliate during the Investment Period which has not been placed in service in this State prior to the Investment Period notwithstanding that *ad valorem* taxes have heretofore been paid with respect to such property; or (c) modifications which constitute an expansion of Existing Property.

"*FILOT*" shall mean the fee-in-lieu of taxes which the Companies are obligated to pay to the County pursuant to Section 5.01 hereof.

"*FILOT Payments*" shall mean the payments to be made by Sponsor and Sponsor Affiliate or any other Co-Investor with respect to its respective portion of the Project, whether made as Negotiated FILOT Payments pursuant to Section 5.01(b)(ii) hereof or as payments in lieu of *ad valorem* taxes made pursuant to Section 5.01(b)(i) hereof.

"*Full-Time Job*" means a full-time job (*i.e.*, at least thirty (30) hours per week), with health care benefits. Jobs relocated from other states to the Project shall be counted as Full-Time Jobs if the relocated job meets the Wage Requirement. All persons filling the Full-Time Job positions must be authorized pursuant to state and federal law to be employed in the United States and not less than ninety percent (90%) of the persons filling the Full-Time Job positions must be U.S. citizens.

"*Infrastructure Improvements*" shall mean, pursuant to Section 4-29-68(A)(2) of the Code, Sponsor's, Sponsor Affiliate's or any other Co-Investor's, costs of designing, acquiring, constructing, improving or expanding (a) the infrastructure serving the Project, or (b) improved or unimproved real estate and personal property including machinery and equipment used in the operation of the Project, or (c) other qualifying investments under Section 12-44-70 of the Code and Section 4-1-175 of the Code serving the Project.

"*Investment Period*" shall mean the period beginning with the first day that Economic Development Property is purchased or acquired and ending on the date that is five (5) years from the end of the Property Tax Year in which the initial Economic Development Property comprising all or a portion of the Project is placed in service, unless extended by agreement of the Companies and the County pursuant to Section 12-44-30(13) of the Code.

"*Jobs Commitment*" shall mean the commitment of Sponsor to create jobs with respect to the Project as set forth in Section 4.01(b) of this Agreement.

"*Land*" shall mean the real estate upon which the Project is to be located. More specifically, the real estate located in the Lancaster Business Park identified with Parcel Identification No. 0068-00-018.03, with a physical address of 861 Quality Drive, and consisting of approximately 25.77 acres. Additional real estate may be included by amendment as provided in the Section 12.12 of this Agreement.

"*Multi-County Park*" means, initially, with respect to the Land, the multi-county park established pursuant to the Amended and Restated Master Multi-County Park Agreement between Chesterfield County, South Carolina and Lancaster County, South Carolina, Amended and Restated as of November 9, 2015, and thereafter any Park which hereafter includes the Land and which is designated by the County as such pursuant to any Park agreement which replaces or succeeds the Amended and Restated Master Multi-County Park Agreement between Chesterfield County, South Carolina and Lancaster County, South Carolina, Amended and Restated as of November 9, 2015.

"*Multi-County Park Act*" shall mean Sections 4-1-170, 4-1-172, and 4-1-175 of the Code and Article VIII, Section 13(D) of the South Carolina Constitution, as amended through the date hereof.

"*Negotiated FILOT*" shall have the meaning set forth in Section 5.01(b)(ii) hereof.

"*Negotiated FILOT Payment*" shall mean the FILOT due pursuant to Section 5.01(b) hereof with respect to that portion of the Project consisting of Economic Development Property.

"*Non-Qualifying Property*" shall mean that portion of the Project consisting of: (*i*) property as to which the Companies incurred expenditures prior to the Investment Period or, except as to Replacement Property, after the end of the Investment Period; (*ii*) Existing Property; and (*iii*) any Released Property or other property which fails or ceases to qualify for Negotiated FILOT Payments, including without limitation property as to which the Companies have terminated the Negotiated FILOT pursuant to Section 4.03(iii) hereof.

"*Person*" shall mean and include any individual, association, unincorporated organization, corporation, partnership, limited liability company, joint venture, or government or agency or political subdivision thereof.

"*Project*" shall mean the Project, as defined in the recitals above, and shall include the Land, the buildings and other improvements on the Land to the extent placed thereon by or on behalf of the Sponsor, Sponsor Affiliate or any other Co-Investor, including water, sewer treatment and disposal facilities, and other machinery, apparatus, equipment, office facilities, and furnishings which are necessary, suitable, or useful, including Equipment, and any Replacement Property.

"*Property Tax Year*" shall mean the annual period which is equal to the fiscal year of the Sponsor, Sponsor Affiliate, or any applicable other Co-Investor, as the case may be.

"*Released Property*" shall mean any portion of the Project removed, scrapped, traded in, sold, or otherwise disposed of pursuant to Section 4.03 hereof, any portion of the Project stolen, damaged, destroyed, or taken by condemnation or eminent domain proceedings as described in Article VII hereof, and any infrastructure which Sponsor, Sponsor Affiliate, or any other Co-Investor dedicates to the public use (within the meaning of that phrase as used in Section 12-6-3420(C) of the Code).

"*Replacement Property*" shall mean all property installed in or on the Land in substitution of, or as replacement for, any portion of the Project, but only to the extent that such property may be included in the calculation of the Negotiated FILOT pursuant to Section 5.01(g) hereof and Section 12-44-60 of the Code.

"*Special Source Revenue Credits*" shall mean the Special Source Revenue Credits described in Section 5.01(d) hereof.

"*Sponsor Affiliate*" shall mean Cooley, Incorporated, a Rhode Island corporation, its successors and assigns, and any other Person who agrees to be bound by the terms and provisions of this Agreement and is approved by the County in writing pursuant to the provisions of Section 8.04 of this Agreement.

"*State*" shall mean the State of South Carolina.

"*Term*" shall mean the term of this Agreement, as set forth in Section 10.01 hereof.

"*Transfer Provisions*" shall mean the provisions of Section 12-44-120 of the Code, as amended through the date hereof.

"*Wage Requirement*" means, for all periods ending on or before December 31, 2023, an hourly wage rate not less than $14.00, and for all periods ending after December 31, 2023, an hourly wage rate not less than $14.86.

Section 1.03. Singular and Plural Words; References to Agreement. Except where the context otherwise requires, (*i*) words importing the singular number shall include the plural number and *vice versa*, and (*ii*) the words "hereof", "herein", "hereunder", and other words of similar import refer to this Agreement as a whole.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties by County. The County represents and warrants that: (*i*) it is a body politic and corporate and a political subdivision of the State; (*ii*) it is authorized by the Act to enter into this Agreement; (*iii*) it has approved this Agreement in accordance with the procedural requirements of the Act and any other applicable state law; and (*iv*) it has authorized its officials to execute and deliver this Agreement.

Section 2.02. Representations and Warranties by Sponsor. Sponsor makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Sponsor is a limited liability company, validly existing and in good standing under the laws of Delaware and authorized to do business in the State; has all requisite power to enter into this Agreement; and by proper action has been duly authorized to execute and deliver this Agreement.

(b) The agreement with the County with respect to the FILOT has been instrumental in inducing Sponsor to locate its portion of the Project within the County and the State.

(c) Except as otherwise disclosed to the County, no actions, suits, proceedings, inquiries, or investigations known to the undersigned representatives of Sponsor is pending or threatened against or affecting Sponsor in any court or before any governmental authority or arbitration board or tribunal, which could materially adversely affect the transactions contemplated by this Agreement or which could, in any way, adversely affect the validity or enforceability of this Agreement.

(d) For the Project, Sponsor shall use commercially reasonable efforts to invest, collectively with Sponsor Affiliate and any other Co-Investors, at least two million five hundred thousand dollars ($2,500,000) in Economic Development Property by the end of the Investment Period. Investments made by Sponsor Affiliate and any other Co-Investors in Economic Development Property shall be included in the determination whether Sponsor has fulfilled its commitment made in this item to invest in the Project.

(e) The income tax year of Sponsor, and accordingly the Property Tax Year with respect to Sponsor, for federal income tax purposes is a 52/53 week fiscal year ending December 31.

(f) Sponsor intends to operate the Project for the purpose of manufacturing. Sponsor had determined that the "Project" is a "project" under the Act and that some or all of the Project constitutes "economic development property" within the meaning of the Act.

Section 2.03. Representations and Warranties by Sponsor Affiliate. Sponsor Affiliate makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Sponsor Affiliate is a corporation, validly existing and in good standing under the laws of Rhode Island and authorized to do business in the State; has all requisite power to enter into this Agreement; and by proper action has been duly authorized to execute and deliver this Agreement.

(b) The agreement with the County with respect to the FILOT has been instrumental in inducing Sponsor Affiliate to locate its portion of the Project within the County and the State.

(c) Except as otherwise disclosed to the County, no actions, suits, proceedings, inquiries, or investigations known to the undersigned representatives of Sponsor Affiliate are pending or threatened against or affecting Sponsor Affiliate in any court or before any governmental authority or arbitration board or tribunal, which could materially adversely affect the transactions contemplated by this Agreement or which could, in any way, adversely affect the validity or enforceability of this Agreement.

(d) For the Project, Sponsor Affiliate shall use commercially reasonable efforts to invest, collectively with any other Co-Investors, such amounts as required under the lease agreement it has entered into with the Sponsor, but in no event less than two million five hundred thousand dollars ($2,500,000). Investments made by Sponsor and any other Co-Investors in Economic Development Property shall be included in the determination whether Sponsor Affiliate has fulfilled its commitment made in this item to invest in the Project.

(e) The income tax year of Sponsor Affiliate, and accordingly the Property Tax Year with respect to Sponsor Affiliate, for federal income tax purposes is a 52/53 week fiscal year ending September 30.

ARTICLE III

UNDERTAKINGS OF THE COUNTY

Section 3.01. Agreement to Accept FILOT Payments. The County hereby agrees to accept FILOT Payments made by the Companies and any other Co-Investor in accordance with Section 5.01 hereof in lieu of *ad valorem* taxes with respect to the Project until this Agreement expires or is sooner terminated.

Section 3.02. No Warranties by County. The Companies acknowledge that the County has made no warranties or representations, either express or implied, as to the condition or state of the Project or as to the design or capabilities of the Project or that it will be suitable for the Companies' purposes or needs. No representation of the County is hereby made with regard to

compliance by the Project or any Person with laws regulating: (*i*) the construction or acquisition of the Project; (*ii*) environmental matters pertaining to the Project; (*iii*) the offer or sale of any securities; or (*iv*) the marketability of title to any property.

Section 3.03. Invalidity. The parties acknowledge that the intent of this Agreement is to afford the Companies and any other Co-Investors the benefits of the Negotiated FILOT Payments in consideration of the Companies' decision to locate the Project within the County and that this Agreement has been entered into in reliance upon the enactment of the Simplified FILOT Act. In the event that, for any reason, the Act and/or the Negotiated FILOT or any portion thereof is, by a court of competent jurisdiction following allowable appeals, declared invalid or unenforceable in whole or in part, or the portion of the Project consisting of Economic Development Property is deemed not to be eligible for a Negotiated FILOT pursuant to the Act in whole or in part, the Companies and the County express their intentions that such payments be reformed so as to afford the Companies and any other Co-Investors benefits commensurate with those intended under this Agreement as then permitted by law, including without limitation any benefits afforded under the Code, to the extent allowed by law. Absent the legal authorization to effect such reformation, the Companies and the County agree that there shall be due hereunder, with respect to the portion of the Economic Development Property affected by such circumstances, *ad valorem* taxes and that, to the extent permitted by law, the Companies and any other Co-Investors shall be entitled: (1) to enjoy the five-year exemption from *ad valorem* taxes (or fees in lieu of taxes) provided by Article X, Section 3 of the Constitution of the State, and any other exemption allowed by law; (2) to enjoy all allowable depreciation; and (3) to receive other tax credits which would be due if the Companies and any other Co-Investors were obligated to pay *ad valorem* taxes hereunder. To the extent that under such circumstances the Negotiated FILOT Payments hereunder are required by law to be subject to retroactive adjustment, then there shall be due and payable by each of the Companies or any other Co-Investor to the County with respect to the portion of the Economic Development Property in question an amount equal to the difference between the Negotiated FILOT Payments theretofore actually paid and the amount which the Company would have paid as *ad valorem* taxes, including all exemptions, credits, and depreciation for which the Company would have otherwise been eligible if it were obligated to pay *ad valorem* taxes, together with, but only if required by law, interest on such deficiency as provided in Section 12-54-25(D) of the Code. The Companies agree that if this Agreement is reformed as provided in this Section or if retroactive adjustments are made, then under no circumstances shall the County be required to refund or pay any monies to the Companies or any other Co-Investor.

In addition to and notwithstanding the foregoing paragraph, the County shall not be obligated to perform any of its obligations or promises under this Section 3.03 unless the Sponsor, Sponsor Affiliate, or any other Co-Investor, as applicable, has otherwise complied with or provided satisfactory evidence to the County that it intends to comply with its obligations and responsibilities under this Agreement.

Section 3.04. Multi-County Park Status. The County agrees to use its best efforts to maintain the Land in the Multi-County Park until the date this Agreement is terminated. If it becomes necessary to remove the Land from the Multi-County Park prior to the termination of this Agreement, the County agrees to use its best efforts to place the Land in another multi-county park established pursuant to the Multi-County Park Act and to maintain the multi-county park

designation until the date this Agreement is terminated. The parties acknowledge and agree that the County's agreement to place and maintain the Land in a multi-county park may be subject to the exercise of discretion by a governmental entity other than the County and the exercise of that discretion is not controlled by the County.

ARTICLE IV

INVESTMENT BY COMPANY IN PROJECT; MAINTENANCE AND MODIFICATION OF PROJECT

Section 4.01. Investment by Company in Project.

(a) For the Project, Sponsor agrees and commits to invest at least two million five hundred thousand dollars ($2,500,000) in Economic Development Property by the end of the Investment Period. The investment amount shall not include any amount paid by Sponsor, Sponsor Affiliate or any other Co-Investor for real estate improvements on the Land existing as of the date of this Agreement. Investments made by Sponsor, Sponsor Affiliate, and any other Co-Investor in Economic Development Property shall be included in any determination of whether Sponsor has fulfilled its commitment made in this Section 4.01(a) to invest in the Project.

(b) For the Project, together with any Sponsor Affiliates, Sponsor agrees and commits to the following aggregate Jobs Commitment: the creation and maintenance of the number of Full-Time Jobs, paying an hourly wage rate not less than the Wage Requirement, at the following employment levels and in the designated timeframes:

(1) to have employed in Full-Time Jobs, paying an hourly wage rate not less than the Wage Requirement, an average of not less than sixty-three (63) in calendar year 2020 through calendar year 2022, and

(2) to have employed in Full-Time Jobs, paying an hourly wage rate not less than the Wage Requirement, an average of not less than sixty-eight (68) in calendar year 2023 through calendar year 2026.

The number of Full-Time Jobs shall be based on the average number of Full-Time Jobs, paying an hourly wage rate not less than the Wage Requirement, for each month during the year.

Section 4.02. Reporting and Filing.

(a) The Companies agree to provide a copy of Form PT-443 filed with the Department of Revenue no later than thirty (30) days after execution and delivery of this Agreement to the Auditor, Treasurer and Assessor of the County and any multi-county park partner county and the Economic Development Director of the County. Each year during the term of this Agreement, the Company shall deliver to the Auditor, Treasurer and Assessor of the County and any multi-county park partner county and the Economic Development Director of the County a copy of its most recent annual filings made with the Department of Revenue with respect to the Project, no later than thirty (30) days following delivery thereof to the Department of Revenue.

(b) (1) Sponsor agrees, as soon as reasonably practicable following the end of each tax year of the Sponsor, to submit to the County Economic Development Director a certification on Sponsor letterhead listing the amount of capital investment and aggregate Full-Time Jobs maintained by the Company at the end of such tax year.

(2) For purposes of determining compliance with the Jobs Commitment, Sponsor agrees to provide to the County Economic Development Director, by January 30 of each year, a copy of all of Sponsors' filings with the State (if required to file by the State) for the preceding calendar year including: (*i*) reports submitted to the South Carolina Coordinating Council for Economic Development with respect to any Job Development Credits awarded in connection with the Project; (*ii*) Department of Revenue Form SC SCH. TC 4 (New Jobs Credit); and (*iii*) South Carolina Department of Employment and Workforce quarterly contribution and wage reports (such as Form UCE 120). Sponsor agrees to redact any personally identifying information and proprietary and confidential information prior to submitting any form to the County Economic Development Director. In lieu of providing any of the forms specifically identified in this subsection, Sponsor and the County Economic Development Director may agree on an alternative method for Sponsor to demonstrate compliance with the Jobs Commitment.

(c) (1) Sponsor and Sponsor Affiliate agree to maintain such books and records with respect to the Project as will permit the identification of those portions of the Project placed in service in each Property Tax Year during the Investment Period, the amount of investment with respect thereto and its computations of all FILOT Payments made hereunder and will comply with all reporting requirements of the State and the County applicable to property subject to FILOT Payments under the Act and this Agreement, including the reports described in subsection (a) and (b) of this section.

(2) Sponsor and Sponsor Affiliate agree that the County and its authorized agents have the right at all reasonable times and upon prior reasonable notice to enter upon and examine and inspect the Project and to have access to and examine and inspect all of the Sponsor's and Sponsor Affiliate's books and records pertaining to the Project. The right of examination and inspection shall be exercised only upon reasonable and necessary terms and conditions prescribed by Sponsor or Sponsor Affiliate, as applicable, to protect such company's confidentiality and proprietary rights. Any such entrance upon and examination and inspection of the Project shall be at the County's expense.

(d) The County acknowledges and understands that Sponsor and Sponsor Affiliate may have and maintain at the Project certain confidential and proprietary information, including, but not limited to, trade secrets, financial, sales or other information concerning either Sponsor's or Sponsor Affiliate's operations and processes ("Confidential Information") and that any disclosure of the Confidential Information could result in substantial harm to Sponsor or Sponsor Affiliate and could have a significant detrimental impact on either company's employees and also upon the County. Except as required by law, including, without limitation, court orders, the County agrees to use its best reasonable efforts to keep confidential, and to cause employees, agents and representatives of the County to keep confidential, the Confidential Information which may be obtained from Sponsor and Sponsor Affiliate, its agents or representatives, when the Confidential Information is clearly marked and identified as Confidential Information and known to the County

to be Confidential Information. The County shall not knowingly and willfully disclose and shall cause all employees, agents and representatives of the County not to knowingly and willfully disclose the marked and identified Confidential Information to any person or entity other than in accordance with the terms of this Agreement. If a demand is made for the release, under color of law, to a third party of any Confidential Information, the County shall notify Sponsor and Sponsor Affiliate and give the Companies the opportunity to contest the release.

Section 4.03 Modification of Project.

As long as no Event of Default exists hereunder, Sponsor, Sponsor Affiliate, and any other Co-Investor shall have the right at any time and from time to time during the Term hereof to undertake any of the following:

(i) Sponsor, Sponsor Affiliate, and any other Co-Investor may, at its own expense, add to the Project any real and personal property as such Person in its discretion deems useful or desirable.

(ii) In any instance where Sponsor, Sponsor Affiliate, or any other Co-Investor, in its discretion, determines that any items included in the Project have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary for operations at the Project, then such company or such other Co-Investor may remove such items or portions from the Project and sell, trade in, exchange, or otherwise dispose of them (as a whole or in part) without the consent of the County, as such may be permitted under the Simplified FILOT Act.

(iii) Sponsor, Sponsor Affiliate and any other Co-Investor may, at any time in its discretion by written notice to the County, remove any real or personal property from the Negotiated FILOT set forth in this Agreement, and thereafter such property will be considered Non-Qualifying Property and will be subject to FILOT Payments as set forth in Section 5.01(b)(i) hereof.

ARTICLE V

PAYMENTS IN LIEU OF TAXES

Section 5.01. Payments in Lieu of *Ad Valorem* Taxes.

(a) In accordance with the Act, the parties hereby agree that, during the Term of the Agreement, the Sponsor, Sponsor Affiliate, and any other Co-investor shall pay annually, with respect to its portion of the Project, a FILOT in the amount calculated as set forth in this Section, to be collected and enforced in accordance with Section 12-44-90 of the Act.

(b) The FILOT Payment due with respect to each Property Tax Year shall equal:

(i) With respect to any portion of the Project consisting of undeveloped land, land under development, other property not yet placed in service or Non-Qualifying Property, if any, as long as such property is located in the Multi-County Park, a payment equal to the *ad valorem* taxes that would otherwise be due on such Non-Qualifying Property if it were taxable

giving effect to all credits, exemptions, depreciation, rebates and abatement that would be available if such Non-Qualifying Property were taxable; and

(ii) With respect to those portions of the Project consisting of Economic Development Property, for each of the twenty (20) consecutive years following the year in which such portion of the Project is placed in service, a payment calculated each year as set forth in paragraphs (c) and (d) of this Section 5.01 (a "Negotiated FILOT").

(c) The Negotiated FILOT Payments shall be calculated with respect to each Property Tax Year based on: (1) the fair market value (determined in accordance with Section 12-44-50(A)(1)(c) of the Code) of the improvements to real property and Equipment included within the Project theretofore placed in service (less, for Equipment, depreciation allowable for property tax purposes as provided in Section 12-44-50(A)(1)(c) of the Code), (2) a fixed millage rate equal to 338.15 mills, for the Term, and (3) an assessment ratio of six percent (6%). All such calculations shall take into account all deductions for depreciation or diminution in value allowed by the Code or by the tax laws generally, as well as tax exemptions which would have been applicable if such property were subject to *ad valorem* taxes, except the exemption allowed pursuant to Section 3(g) of Article X of the South Carolina Constitution and the exemptions allowed pursuant to Sections 12-37-220(B)(32) and (34) of the Code.

(d) Special Source Revenue Credits shall be provided for the Economic Development Property in amounts equal to fifty-eight percent (58%) of Negotiated FILOT Payments for seven (7) consecutive years beginning not later than with the Negotiated FILOT Payment due without penalty by January 15, 2022 and ending not later than with the Negotiated FILOT Payment due without penalty by January 15, 2028. Company agrees to maintain a membership in the Lancaster County Chamber of Commerce in any year in which it receives a Special Source Revenue Credit pursuant to this Section 5.01(d). At no time shall the aggregate Special Source Revenue Credits provided pursuant to this **Section 5.01(d)** exceed the aggregate cost of Infrastructure Improvements incurred by Sponsor, Sponsor Affiliate and any other Co-Investors. The Special Source Revenue Credit provided in this **Section 5.01(d)** applies only to the Economic Development Property and does not apply to the Non-Qualifying Property or to any other property.

(e) The FILOT Payments are to be recalculated:

(i) to reduce such payments in the event Sponsor, Sponsor Affiliate, or any other Co-Investor disposes of any part of the Project within the meaning of Section 12-44-50(B) of the Code and as provided in Section 4.03 hereof, by the amount applicable to the Released Property;

(ii) to increase such payments, based on the methodology set forth in Section 5.01(c) hereof, in the event Sponsor, Sponsor Affiliate, or any other Co-Investor adds property (other than Replacement Property) to the Project; or

(iii) to adjust such payments if Sponsor, Sponsor Affiliate, or any other Co-Investor elects to convert any portion of the Project from the Negotiated FILOT to the FILOT required by Section 5.01(b)(i) above, as permitted by Section 4.03(iii).

(f) To the extent permitted by law, because the FILOT Payments agreed to herein are intended to be paid by the Sponsor, Sponsor Affiliate, and any other Co-Investor to the County in lieu of taxes, it is agreed that said FILOT Payments shall not, as to any year, be in any amount greater than what would otherwise be payable by the Sponsor, Sponsor Affiliate, and any other Co-Investor to the County in property taxes if the Sponsor, Sponsor Affiliate, and any other Co-Investor had not entered into a fee-in-lieu of taxes arrangement with the County (except it is not intended that said FILOT Payments would necessarily be less than such property taxes to the extent that the exceptions allowed pursuant to Section 3(g) of Article X of the South Carolina Constitution and the exemptions allowed pursuant to Sections 12-37-220(B)(32) and (34) of the Code would otherwise apply).

(g) Upon the installation of any Replacement Property by Sponsor, Sponsor Affiliate or any other Co-Investors for any portion of the Project removed under Section 4.03 hereof and sold, scrapped, or disposed of by the respective company, such Replacement Property shall become subject to Negotiated FILOT Payments to the fullest extent allowed by law, subject to the following rules:

(i) Replacement Property does not have to serve the same function as the Economic Development Property it is replacing. Replacement Property is deemed to replace the oldest property subject to the FILOT, whether real or personal, which is disposed of in the same Property Tax Year as the Replacement Property is placed in service. Replacement Property qualifies for Negotiated FILOT Payments up to the original income tax basis of the Economic Development Property which it is replacing. More than one piece of property can replace a single piece of property. To the extent that the income tax basis of the Replacement Property exceeds the original income tax basis of the Economic Development Property which it is replacing, the excess amount is subject to payments equal to the *ad valorem* taxes which would have been paid on such property but for this Agreement. Replacement property is entitled to the FILOT Payment for the period of time remaining on the FILOT period for the property which it is replacing.

(ii) The new Replacement Property which qualifies for the Negotiated FILOT Payment shall be recorded using its income tax basis, and the Negotiated FILOT Payment shall be calculated using the millage rate and assessment ratio provided on the original property subject to the FILOT Payment.

(h) In the event that the Act or the FILOT or any portion thereof, are declared, by a court of competent jurisdiction following allowable appeals, invalid or unenforceable, in whole or in part, for any reason, the Companies and the County express their intentions that such payments be reformed so as to afford the Companies the maximum benefit then permitted by law, including, without limitation, the benefits afforded under Section 12-44-50 of the Code and, specifically, that the Companies may, at the Companies' expense, exercise the rights granted by Section 12-44-160 of the Code. If the Project is deemed not to be eligible for a Negotiated FILOT pursuant to the Act in whole or in part, the Companies and the County agree that the Companies shall pay an alternate fee-in-lieu of tax calculated in the manner set forth in Section 5.01(b)(i) hereof. In such event, the Companies shall be entitled, to the extent permitted by law: (1) to enjoy the five-year exemption from *ad valorem* taxes (or fees in lieu of taxes) provided by Section 3(g) of Article X of the South Carolina Constitution, and any other exemptions or credits allowed by law; and (2) to

enjoy all allowable depreciation. The Companies agree that if the FILOT Payments or this Agreement are reformed pursuant to this subsection (h), that under no circumstance shall the County be required to refund or pay any monies to the Companies.

(i) For the Project, this Agreement is automatically terminated in the event that the investment in the Project in land, buildings, and personal property, including machinery and equipment, does not meet or exceed the level set in Section 2.02(d) above by the end of the Investment Period. If terminated pursuant to this subsection (i), the Negotiated FILOT Payments shall revert retroactively to payments equivalent to what the *ad valorem* taxes would have been with respect to the Economic Development Property absent this Agreement. At the time of termination, the Companies and any other Co-Investors shall pay to the County an additional fee equal to the difference between the total amount of property taxes that would have been paid by the Companies and any other Co-Investors had the Economic Development Property been taxable, taking into account exemptions from property taxes and depreciation that would have been available to the Companies and any other Co-Investors, and the total amount of Negotiated Fee Payments actually made by the Companies and any other Co-Investors. This additional amount is subject to interest as provided in Section 12-54-25. The Companies agree if the Negotiated FILOT Payments revert to payments equivalent to what the *ad valorem* taxes would be pursuant to this subsection (i), that under no circumstance shall the County be required to refund or pay any monies to the Companies and any other Co-Investors.

(j) Notwithstanding any other provision of this Agreement, (i) with respect to calendar year 2020 through calendar year 2022, the Special Source Revenue Credits provided in **Section 5.01(d)** above are not applicable in any year immediately following a year in which the Company has failed to maintain an average of at least sixty-three (63) Full-Time Jobs, and (ii) with respect to calendar year 2023 through calendar year 2026, the Special Source Revenue Credits provided in **Section 5.01(d)** above are not applicable in any year immediately following a year in which the Company has failed to maintain an average of at least sixty-four (64) Full-Time Jobs. The Companies agree that the Special Source Revenue Credits for a year that is calendar year 2023 or later shall be reduced to the extent that Sponsor fails to meet the Jobs Commitment but has maintained an average of not less than sixty-four (64) Full-Time Jobs. Specifically, in any year that is calendar year 2023 or later in which Sponsor fails to meet the Jobs Commitment, the Special Source Revenue Credits shall be reduced in the same proportion as the ratio of (i) the number of Full-Time Jobs maintained above sixty-three (63) to (ii) five (5). For example, if for the calendar year 2024, the Jobs Commitment is to have not less than an average of sixty-eight (68), but the Company employed an average of sixty-six (66), which is only three (3) more than sixty-three (63), then the Special Source Revenue Credits would be set at 60% (3 divided by 5 equals 60%) of 58% which results in Special Source Revenue Credits of 34.8% (60% times 58% equals 34.8%). In any year in which the Companies must pay an additional fee as required in Section 5.01(k) below, the Companies and any other Co-Investor are ineligible for the Special Source Revenue Credits provided for in Section 5.01(d).

(k) In any year after December 31, 2020 in which the Company fails to have employed an average of at least ten (10) individuals in full-time jobs (*i.e.,* each at least thirty (30) hours per week and all with health care benefits), the Companies and any other Co-Investor shall pay to the County an additional fee equal to the difference between the Negotiated FILOT Payments made

by the Companies and any other Co-Investor and the FILOT Payment that would be due for the Economic Development Property if calculated, notwithstanding the provisions of Section 5.01(c) above, using the then current millage rate and the assessment ratios that would be applicable to the Economic Development Property if it were subject to *ad valorem* taxes (the "Hypothetical FILOT Payment").

As an example of the calculation set forth in this subsection (k), and by way of example only, assume Economic Development Property is first placed in service with respect to the Project in 2021, and that in the tax year ending December 31, 2024, that the maintained number of Full-Time Jobs was 8, that the millage rate applicable for tax bills to be sent in the following year is 375, and all of the Economic Development Property would have a 10.5% assessment ratio applied if such property were subject to *ad valorem* taxation, then, the Hypothetical FILOT Payment would be computed using the millage rate of 375 (instead of 338.15) and the 10.5% assessment ratio for the Economic Development Property instead of 6%.

(l) Unless otherwise provided by the Act, any amounts due to the County under this Section 5.01 by virtue of the application of subsections (h) through (k) above shall be paid within one hundred twenty (120) days, following written notice thereof from the County to the applicable company or any other Co-Investor.

(m) Notwithstanding any other provision of this Agreement, the Companies acknowledge and agree that County's obligation to provide the FILOT incentive and the Special Source Revenue Credits ends, and this Agreement is terminated, if the Sponsor ceases operations. For purposes of this Section 5.01(m), "**cease operations**" means permanent closure of the facility. The Companies agree that if this Agreement is terminated pursuant to this Section 5.01(m), that under no circumstance shall the County be required to refund or pay any monies to the Companies and any other Co-Investor.

ARTICLE VI

PAYMENTS BY COMPANIES

Section 6.01. Defaulted Payments. In the event Sponsor or Sponsor Affiliate should fail to make any of the payments required under this Agreement, the item or installment so in default shall continue as an obligation of Sponsor or Sponsor Affiliate, as applicable, until the amount in default shall have been fully paid. The Companies agree that the collection and enforcement of the defaulted payment shall be as provided in Section 12-44-90 of the Code.

ARTICLE VII

CASUALTY AND CONDEMNATION

Section 7.01. Adjustments in the Event of Damage and Destruction or Condemnation. In the event that the Project or any portion thereof is damaged or destroyed, lost or stolen, or the subject of condemnation proceedings, Sponsor and Sponsor Affiliate, as applicable and in its sole discretion, may determine whether or not to repair or replace the same. The parties hereto agree that if Sponsor or Sponsor Affiliate decides not to repair or replace all or any portion

of the Project pursuant to this Section 7.01, the FILOT required pursuant to Section 5.01 hereof shall be abated in the same manner and in the same proportion as if *ad valorem* taxes were payable with respect to the Project.

ARTICLE VIII

PARTICULAR COVENANTS AND AGREEMENTS

Section 8.01. Use of Project for Lawful Activities. During the Term of this Agreement, the Companies shall use the Project for the purposes identified in Section 2.02(f) of this Agreement and for any lawful purpose that is authorized pursuant to the Act.

Section 8.02. Assignment. The County agrees that, to the maximum extent allowable under the Act, Sponsor, Sponsor Affiliate and any other Co-Investor may assign (including, without limitation, absolute, collateral, and other assignments) all or a part of its rights or obligations under this Agreement, and any lease agreement, lease purchase agreement, or fee agreement, as the case may be, or any other agreement related hereto or thereto, or transfer any and all assets of the respective company, to one or more Related Entities (as defined in Section 9.01 below) without adversely affecting the benefits of the respective company or its assignees pursuant to any such agreement or the Act. Each company shall provide the County and the Department of Revenue with notice of any such assignment, transfer, or investment in accordance with the Act and this Agreement, and the County agrees, upon the request of the respective company, to take all further action necessary to implement such assignment, transfer, or investment in accordance with the provisions of the Act and this Agreement. To the extent that the Act may require the consent, approval or ratification of or by the County for the assignment of this Agreement, in whole or in part, the County agrees to provide its consent, approval or ratification by passage of a resolution of County Council and its consent, approval or ratification shall not be unreasonably withheld.

Section 8.03. Indemnification. Sponsor and Sponsor Affiliate each release the County, including the members of the governing body of the County, and the employees, officers, attorneys and agents of the County (herein collectively referred to as the "Indemnified Parties") from, agree that the Indemnified Parties shall not be liable for, and agree to hold the Indemnified Parties harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to this Agreement, the Project or the use thereof, except for that occasioned by grossly negligent or intentional acts of an Indemnified Party. Sponsor and Sponsor each further agree to indemnify and save harmless Indemnified Parties against and from any and all costs, liabilities, expenses, and claims arising from any breach or default on the part of the Sponsor or Sponsor Affiliate in the performance of any covenant or agreement on the part of the Sponsor or Sponsor Affiliate to be performed pursuant to the terms of this Agreement or arising from any act or negligence of, or negligent failure to act where there is a duty to do so by the Sponsor or Sponsor Affiliate, or any of its agents, attorneys, contractors, servants, employees, or licensees, and from and against all cost, liability, and expenses incurred in or in connection with any such claim or action or proceeding brought thereon.

All covenants, stipulations, promises, agreements, and obligations of the County contained herein shall be deemed to be covenants, stipulations, promises, agreements, and obligations of the County and not of any member of the County Council or any officer, agent, attorney, servant, or employee of the County in his or her individual capacity, and, no recourse shall be had for the payment of any moneys hereunder or the performance of any of the covenants and agreements of the County herein contained or for any claims based thereon against any member of the governing body of the County or any officer, attorney, agent, servant, or employee of the County.

Notwithstanding the fact that it is the intention of the Indemnified Parties hereto that none of them shall incur any pecuniary liability by reason of the terms of this Agreement, any related agreements or the undertakings required of the County hereunder by reason of the performance of any act requested of the County by Sponsor or Sponsor Affiliate, including all claims, liabilities, or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if any Indemnified Party shall incur any such pecuniary liability, then in such event Sponsor and Sponsor Affiliate shall indemnify and hold them harmless against all claims by or on behalf of any Person, firm, or corporation or other legal entity arising out of the same and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, *provided, however,* that nothing herein shall absolve the Indemnified Parties from, or entitle the Indemnified Parties to indemnification from, any obligation such Indemnified Party has specifically agreed to undertake (including, without limitation, the obligation to place and maintain the Land within a multi-county park). If any action, suit, or proceeding is brought against any Indemnified Party to which such Indemnified Party is entitled to indemnification, such Indemnified Party shall promptly notify the Companies, and Sponsor and Sponsor Affiliate shall have the right and duty to assume, and shall assume, the defense thereof, at its expense, with full power to litigate, compromise, or settle the same in its sole discretion; *provided,* that the Companies shall obtain the prior written consent of the County to settle any such claim unless such claim is for monetary damages for which the Companies have the ability to, and does, pay. Notwithstanding the foregoing, if the Indemnified Party is the County, in the event the County reasonably believes there are defenses available to it that are not being pursued or that the counsel engaged by the Companies reasonably determines that a conflict of interest exists between the County and the Companies, the County may, in its sole discretion, hire independent counsel to pursue its own defense, and the Companies shall be liable for the reasonable cost of such counsel.

The indemnity specified in this Section 8.03 shall be in addition to any heretofore extended by the Companies to any Indemnified Party and shall survive the termination of this Agreement with respect to liability arising out of any event or act occurring prior to such termination.

Section 8.04. Sponsor and Sponsor Affiliates. Sponsor may designate from time to time other Sponsors or Sponsor Affiliates pursuant to the provisions of Sections 12-44-30(19) or (20), respectively, and Section 12-44-130 of the Simplified FILOT Act, which Sponsors or Sponsor Affiliates shall be Persons who join with the Companies and any other Co-Investor and make investments with respect to the Project, or who participate in the financing of such investments, who agree to be bound by the terms and provisions of this Agreement and who shall be Affiliates of Sponsor, Sponsor Affiliate or other Sponsors or Sponsor Affiliates, or other Persons described in Section 8.02 hereof. All other Sponsors or Sponsor Affiliates who otherwise

meet the requirements of Section 12-44-30(19) or (20) and Section 12-44-130 of the Simplified FILOT Act must be approved by passage of a resolution of County Council. To the extent that the aggregate investment in the Project by the end of the Investment Period by all Sponsors, Sponsor Affiliates and any other Co-Investors exceeds $5,000,000, to the extent permitted by Section 12-44-30(19) of the Simplified FILOT Act, all investment by such Sponsors, Sponsor Affiliates, and any other Co-Investors during the Investment Period shall qualify for the FILOT pursuant to Section 5.01 of this Agreement (subject to the other conditions set forth therein) regardless of whether each such entity invested amounts equal to the minimum investment requirement set forth in the Simplified FILOT Act. Sponsors shall provide the County and the Department of Revenue with written notice of any other Sponsor or Sponsor Affiliate designated pursuant to this Section 8.04 within ninety (90) days after the end of the calendar year during which any such Sponsor or Sponsor Affiliate has placed in service property to be used in connection with the Project and subject to the Negotiated FILOT Payment, all in accordance with Section 12-44-130(B) of the Simplified FILOT Act. The parties agree that, if any Sponsor or Sponsor Affiliate does not become or ceases to remain party to this Agreement, the Agreement shall continue to remain in effect with respect to any remaining Sponsors or Sponsor Affiliates.

ARTICLE IX

FINANCING ARRANGEMENTS; CONVEYANCES; ASSIGNMENTS

Section 9.01. Conveyance of Liens and Interests; Assignment. Sponsor, Sponsor Affiliate and any other Co-Investor may at any time: (a) transfer all or any of its rights and interests hereunder or with respect to the Project to any Person; or (b) enter into any lending, financing, security, or similar arrangement or succession of such arrangements with any financing entity with respect to the Agreement or the Project, including without limitation any sale, leaseback, or other financing lease arrangement; *provided*, that, in connection with any of the foregoing transfers: (*i*) except in connection with any transfer to an Affiliate of Sponsor, Sponsor Affiliate, or any other Co-Investor (collectively, the "Related Entities"), or transfers pursuant to clause (b) above (as to which such transfers the County hereby consents), Sponsor, Sponsor Affiliate, or any other Co-Investor shall first obtain the prior written consent or subsequent ratification of the County, as evidenced by passage of a resolution by County Council which shall not be unreasonably withheld, conditioned or delayed; (*ii*) except where a financing entity, which is the income tax owner of all or part of the Project, is the transferee pursuant to clause (b) above and such transferee or financing entity assumes in writing the obligations of the respective company hereunder, or where the County consents in writing, no such transfer shall affect or reduce any of the obligations of the respective company hereunder, but all obligations of the company hereunder shall continue in full force and effect as the obligations of a principal and not of a guarantor or surety; (*iii*) Sponsor, Sponsor Affiliate, and any other Co-Investor, transferee, or financing entity shall, within 60 days thereof, furnish or cause to be furnished to the County and the Department of Revenue a true and complete copy of any such transfer agreement; and (*iv*) the Sponsor, Sponsor Affiliate, or any other Co-Investor and the transferee shall comply with all other requirements of the Transfer Provisions.

Sponsor and Sponsor Affiliate acknowledge that a transfer of an interest under this Agreement or in the Project may cause the Project to become ineligible for a Negotiated FILOT

Payment or result in penalties under the Act absent compliance by the applicable company with the Transfer Provisions.

Section 9.02. Relative Rights of County and Financing Entities as Secured Parties. The parties acknowledge the application of the provisions of Section 12-44-90 of the Act, and that the County's right to receive FILOT Payments hereunder shall be the same as its rights conferred under Title 12, Chapter 49 and 54, among others, of the Code relating to the collection and enforcement of *ad valorem* property taxes. The County's rights under this Agreement, except for its rights to receive FILOT Payments, shall be subordinate to the rights of any secured party or parties under any financing arrangements undertaken by the Company with respect to the Project pursuant to Section 9.01 hereof, such subordination to be effective without any additional action on the part of the County; *provided, however,* that the County hereby agrees, at the Company's expense, to execute such agreements, documents, and instruments as may be reasonably required by such secured party or parties to effectuate or document such subordination.

ARTICLE X

TERM; TERMINATION

Section 10.01. Term. Unless sooner terminated pursuant to the terms and provisions herein contained, this Agreement shall be and remain in full force and effect for a term commencing on the date set forth above, and ending at midnight on the last day of the Property Tax Year in which the last Negotiated FILOT Payment is due hereunder. This Agreement has a term of twenty (20) years, as calculated pursuant to the respective dates when the relevant portions of the Project are placed in service. The County's rights to receive indemnification and payment of Administration Expenses pursuant hereto shall survive the expiration or termination of this Agreement.

Section 10.02. Termination. The parties may agree to terminate this Agreement at any time, or the Sponsor may, at its option, terminate this Agreement at any time upon providing the County thirty (30) days' notice of such termination, in which event the Project shall be subject to *ad valorem* taxes from the date of termination. The County's rights to receive indemnification and payment of Administration Expenses pursuant hereto shall survive the expiration or termination of this Agreement pursuant to this Section 10.02.

ARTICLE XI

EVENTS OF DEFAULT AND REMEDIES

Section 11.01. Events of Default by Companies.

(a) Any one or more of the following events (herein called an "Event of Default", or collectively "Events of Default") shall constitute an Event of Default, but solely with respect to the defaulting company (the "Defaulting Company"):

(1) if default shall be made by the Defaulting Company in the due and punctual payment of any FILOT Payments, indemnification payments, or Administration Expenses, which

default shall not have been cured within (thirty) 30 days following receipt of written notice thereof from the County; or

(2) if default shall be made by the Defaulting Company in the due performance of or compliance with any of the terms hereof, including payment, other than those referred to in the foregoing paragraph (1), and such default shall continue for ninety (90) days after the County shall have given the Defaulting Company written notice of such default, *provided,* the Defaulting Company shall have such longer period of time as necessary to cure such default if the Defaulting Company proceeds promptly to cure such default and thereafter to prosecute the curing of such default with due diligence; and *provided, further,* that no Event of Default shall exist under this paragraph (2) during any period when there is pending, before any judicial or administrative tribunal having jurisdiction, any proceeding in which the Defaulting Company has contested the occurrence of such default.

(b) The failure of the Companies to meet the Jobs Commitment set forth herein shall not be deemed to be an Event of Default under this Agreement.

Section 11.02. Remedies on Event of Default by a Company. Upon the occurrence of any Event of Default, the County may exercise any of the following remedies, any of which may be exercised at any time during the periods permitted under the following clauses:

(a) terminate this Agreement with respect to the Defaulting Company by delivery of written notice to the Defaulting Company not less than thirty (30) days prior to the termination date specified therein;

(b) have access to and inspect, examine, and make copies of the books, records, and accounts of the Company pursuant to Section 4.02(c); or

(c) take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due or to enforce observance or performance of any covenant, condition, or agreement of the Defaulting Company under this Agreement.

Section 11.03. Default by County. Upon the default of the County in the performance of any of its obligations hereunder, each company may take whatever action at law or in equity as may appear necessary or desirable to enforce its rights under this Agreement, including without limitation, a suit for mandamus or specific performance.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Rights and Remedies Cumulative. Each right, power, and remedy of the County or of Sponsor, Sponsor Affiliate, or any other Co-Investor provided for in this Agreement shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement or now or hereafter existing at law or in equity, in any jurisdiction where such rights, powers and remedies are sought to be enforced; and the exercise by the County or by the Sponsor, Sponsor Affiliate, or any other Co-Investor of any one or more of

the rights, powers or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the County or by the Sponsor, Sponsor Affiliate, or any other Co-Investor of any or all such other rights, powers or remedies.

Section 12.02. Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns as permitted hereunder.

Section 12.03. Intentionally Omitted.

Section 12.04. Administration Expenses.

(a) Sponsor, for so long as it is a tenant of Sponsor Affiliate, and thereafter, Sponsor Affiliate, agrees to reimburse the County from time to time for its Administration Expenses promptly upon written request therefore, but in no event later than thirty (30) days after receiving the written request from the County. The written request shall include a description of the nature of the Administration Expenses. The Administration Expenses reimbursable to the County pursuant to this Section 12.04(a) for the initial drafting and negotiation of this Agreement and any related documents shall not exceed seven thousand five hundred dollars ($7500.00), which shall be paid by Sponsor.

(b) Sponsor, for so long as it is a tenant of Sponsor Affiliate, and thereafter, Sponsor Affiliate, agrees to reimburse the County for expenses incurred by the County for accountants and similar experts used by the County in the computation, preparation and verification of the annual FILOT Payments and any special source revenue credits, *provided, however*, the maximum annual reimbursement pursuant to this subsection is capped at five hundred and no/100 dollars ($500.00), which shall be paid by Sponsor for so long as it is a tenant of the Sponsor Affiliate, and thereafter, by Sponsor Affiliate.

Section 12.05. Rules of Construction. The County and the Companies acknowledge and agree that each has been represented by legal counsel of its choice throughout the negotiation and drafting of this Agreement, that each has participated in the drafting hereof and that this Agreement will not be construed in favor of or against either party solely on the basis of such party's drafting or participation in the drafting of any portion of this Agreement.

Section 12.06. Notices; Demands; Requests. All notices, demands and requests to be given or made hereunder to or by the County or the Companies shall be in writing and shall be deemed to be properly given or made if sent by United States first class mail, postage prepaid or via facsimile or other commonly-used electronic transmission or reputable courier service, addressed as follows or to such other persons and places as may be designated in writing by such party.

(a) As to the County:

County of Lancaster, South Carolina
ATTN: Steve Willis, County Administrator

101 N. Main St. (29720)
P.O. Box 1809 (29721-1809)
Lancaster, South Carolina
Phone: (803) 416-9300
Email: swillis@lancastercountysc.net

With a copy to (which shall not constitute notice):

Mr. Jamie Gilbert
Economic Development Director, Lancaster County
P.O. Box 1809
Lancaster, South Carolina 29721
Phone: (803) 286-3633
Fax: (803) 416-9497
Email: jgilbert@lancastercountysc.net

(b) As to the Sponsors / Sponsor Affiliates:

RISC, LLC
350 Esten Avenue
Pawtucket, RI 02860
Attn: Ron Markovsky
Email: markovsky@cooleygroup.com

Cooley, Incorporated
350 Esten Avenue
Pawtucket, RI 02860
Attn: Ron Markovsky
Email: markovsky@cooleygroup.com

With a copy, in each case, to (which shall not constitute notice):

Womble Bond Dickinson (US) LLP
Attention: Stephanie Few
5 Exchange Street
Charleston,SC 29401
Phone: 843-720-4621
Email: stephanie.few@wbd-us.com

Section 12.07. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 12.08. Entire Understanding. This Agreement expresses the entire understanding and all agreements of the parties hereto with each other, and neither party hereto has made or shall be bound by any agreement or any representation to the other party which is not

expressly set forth in this Agreement or in certificates delivered in connection with the execution and delivery hereof.

Section 12.09. Severability. In the event that any clause or provision of this Agreement shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions hereof.

Section 12.10. Headings; References. The headings of the Agreement are for convenience of reference only and shall not define or limit the provisions hereof or affect the meaning or interpretation hereof. All references in this Agreement to particular articles or sections or paragraphs of this Agreement are references to the designated articles or sections or paragraphs of this Agreement.

Section 12.11. Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

Section 12.12. Amendments. Subject to the limitations set forth in the Act, this Agreement may be amended, or the rights and interest of the parties hereunder surrendered, only by a writing signed by all parties.

Section 12.13. Waiver. Either party may waive compliance by the other party with any term or condition of this Agreement only in a writing signed by the waiving party.

Section 12.14. Force Majeure. The Companies and any other Co-Investor shall not be responsible for any delays or non-performance caused in whole or in part, directly or indirectly, by strikes, accidents, freight embargoes, labor shortages, fire, floods, inability to obtain materials, conditions arising from government orders or regulations, war or national emergency, acts of God, and any other cause, similar or dissimilar, beyond the company's reasonable control.

SIGNATURE PAGES FOLLOWS.

RISC, LLC,
a Delaware limited liability company

COOLEY, INCORPORATED,
a Rhode Island corporation

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

EXHIBIT B
Copy of SSRC Agreement

[attached]

SPECIAL SOURCE REVENUE CREDIT AGREEMENT

by and among

LANCASTER COUNTY, SOUTH CAROLINA,

RISC, LLC,

and

COOLEY, INCORPORATED

Dated as of December 14, 2020

EXECUTION VERSION

SPECIAL SOURCE REVENUE CREDIT AGREEMENT

This SPECIAL SOURCE REVENUE CREDIT AGREEMENT, dated as of December 14, 2020 (as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof, the "Agreement"), is by and among LANCASTER COUNTY, SOUTH CAROLINA (the "County"), a body politic and corporate, and a political subdivision of the State of South Carolina, RISC, LLC ("RISC"), a Delaware limited liability company, and COOLEY, INCORPORATED, a Rhode Island corporation ("Cooley")(collectively, RISC and Cooley are referred to as the "Companies") .

RECITALS

WHEREAS, the County, acting by and through its County Council (the "Council") is authorized and empowered to establish a multicounty park ("MCP" or "Park") pursuant to Article VIII, Section 13(D) of the Constitution of South Carolina, and also authorized to provide special source revenue credits pursuant to Sections 4-1-170, 4-1-172, 4-1-175 and 4-29-68 of the Code of Laws of South Carolina 1976, as amended (the "MCP Act") against fee-in-lieu of tax ("FILOT") payments ("FILOT Payments") made pursuant to the MCP Act to reimburse a project for the costs of designing, acquiring, constructing, improving, or expanding (*i*) infrastructure serving the project, or (*ii*) improved or unimproved real estate and personal property, including machinery and equipment used in the operation of a manufacturing or commercial enterprise ("Special Source Improvements");

WHEREAS, in 1997, by passage of Ordinance No. 293, Council approved a Lease Purchase Agreement by and between the County and Synteen Technologies, Inc. ("Synteen") dated May 1, 1997 (the "Lease Purchase Agreement") which provided Synteen the benefits of a title transfer fee-in-lieu of tax incentive;

WHEREAS, on October 30, 2000, Council approved by passage of a resolution the assignment by Synteen of the Lease Purchase Agreement to RISC, LLC;

WHEREAS, pursuant to the terms of the Lease Purchase Agreement and applicable state law, the Lease Purchase Agreement is no longer effective;

WHEREAS, the Companies have established operations in the County by the construction and installation of one or more facilities with a previous investment estimated to be at least $4,000,000 in real and personal property that was subject to a fee in lieu of taxes under the Lease Purchase Agreement (such property that was subject to a fee in lieu of taxes under the Lease Purchase Agreement, the "Project"), and the Companies expect to maintain at least sixty-three (63) full-time jobs;

WHEREAS, the County, as inducement for the Project (and in addition to any other inducement, if any, that the County may provide in other agreements and proceedings), and in accordance with the MCP Act, has determined that the County shall provide to the Companies special source revenue credits to be applied to certain fee-in-lieu of tax payments to be made by the Companies pursuant to the MCP Act, all as set forth in greater detail in this Agreement; and

WHEREAS, the Council has authorized the execution and delivery of this Agreement by Ordinance No. 2020-1697 enacted by the Council on December 14, 2020.

NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, the above recitals which are incorporated herein by reference, and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

The defined terms in this Agreement shall for all purposes of this Agreement have the meanings specified in the recitals above and in this **Article I**, unless the context clearly otherwise requires. Except where the context otherwise requires, (*i*) words importing the singular number shall include the plural number and *vice versa*, and (*ii*) the words "hereof", "herein", "hereunder", and other words of similar import refer to this Agreement as a whole.

"Affiliate" means any corporation, limited liability company, partnership or other Person or entity which now or hereafter owns all or part of the Companies, or which now or hereafter is owned in whole or in part by the Companies, or by any partner, shareholder or owner of the Companies, as well as any corporation, limited liability company, partnership or other Person, which now or hereafter bears a relationship to the Companies, as described in Section 267(b) of the Internal Revenue Code.

"Code" means the Code of Laws of South Carolina 1976, as amended.

"Companies" mean, collectively, RISC and Cooley.

"Cooley" means Cooley, Incorporated, and its successors and assigns.

"Costs of Special Source Improvements" means all of the costs of designing, acquiring, constructing, improving, equipping or expanding the Special Source Improvements, whether incurred prior to or after the date of this Agreement, and shall be deemed to include, but not be limited to: (a) existing buildings and building improvements together with all existing machinery and equipment; (b) obligations incurred for labor, materials, and other expenses to builders and materialmen in connection with the acquisition, construction, and installation of the Special Source Improvements; (c) the cost of construction bonds and of insurance of all kinds that may be required or necessary during the course of construction and installation of the Special Source Improvements, which is not paid by the contractor or contractors or otherwise provided for; (d) the expenses for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefore, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary in connection with the acquisition, construction, and installation of the Special Source Improvements; and (e) all other costs which shall be required under the terms of any contract for, or incurred in connection with, the designing, acquisition, construction, equipping and installation of the Special Source Improvements.

"County" means Lancaster County, South Carolina, a body politic and corporate and a political subdivision of the State.

"Full-Time Job" means a full-time job (*i.e.*, at least thirty (30) hours per week), with health care benefits. Jobs relocated from other states to the Project shall be counted as Full-Time Jobs if the relocated job meets the Wage Requirement. All persons filling the Full-Time Job positions must be authorized pursuant to state and federal law to be employed in the United States and not less than ninety percent (90%) of the persons filling the Full-Time Job positions must be U.S. citizens.

"Jobs Commitment" means the commitment of Companies to maintain the Full-Time Jobs, paying an hourly wage rate not less than the Wage Requirement, as set forth in Section 3.01(h) below.

"Lancaster-Chesterfield Park" means, initially, with respect to the Project Site, the multi-county park established pursuant to the Lancaster-Chesterfield Master Park Agreement, and thereafter any Park which hereafter includes the Project Site and which is designated by the County as such pursuant to any Park agreement which replaces or succeeds the Lancaster-Chesterfield Master Park Agreement.

"Lancaster-Chesterfield Master Park Agreement" means the Amended and Restated Master Multi-County Park Agreement between Chesterfield County, South Carolina and Lancaster County, South Carolina, Amended and Restated as of November 9, 2015.

"MCP Act" has the meaning ascribed thereto in the recitals of this Agreement.

"Park" has the meaning ascribed thereto in the recitals of this Agreement.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a joint venture, a trust, any unincorporated organization, or a government or an agency or a political subdivision thereof.

"Project" has the meaning ascribed thereto in the recitals of this Agreement.

"Project Site" means the land located in the Lancaster Business Park identified with Parcel Identification No. 0068-00-018.03, with a physical address of 861 Quality Drive, and consisting of approximately 25.77 acres.

"Property Tax Year" means the annual period which is equal to the fiscal year of RISC and Cooley, *i.e.*, as of the original execution and delivery of this Agreement, with respect to RISC and Cooley, the annual period ending on December 31 or September 30, respectively, of each year.

"RISC" means RISC, LLC, a Delaware limited liability company and its successors and assigns.

"Special Source Improvements" has the meaning ascribed thereto in the recitals of this Agreement.

"Special Source Revenue Credits" or "*SSRCs*" shall mean the special source revenue credits provided by the County and described in **Section 3.01** hereof.

"State" means South Carolina.

"Wage Requirement" means, for all periods ending on or before December 31, 2023, an hourly wage rate not less than $14.00, and for all periods ending after December 31, 2023, an hourly wage rate not less than $14.86.

ARTICLE II

REPRESENTATIONS AND COVENANTS

SECTION 2.01. Representations by the County. The County represents that (*i*) it is a body politic and corporate and a political subdivision of the State, (*ii*) it is authorized by the MCP Act to enter into this Agreement, (*iii*) it has approved this Agreement in accordance with the procedural requirements of the MCP Act and any other applicable state law, and (*iv*) it has authorized its officials to execute and deliver this Agreement.

SECTION 2.02. Representations by the Companies. (a) RISC makes the following representations:

(1) RISC is a limited liability company, duly organized, validly existing, and in good standing, under the laws of Delaware and is authorized to transact business in South Carolina, has power to enter into this Agreement, and by proper corporate action has authorized the respective RISC official or officials signing this Agreement to execute and deliver this Agreement. RISC's fiscal year end is December 31 and RISC will notify the County of any changes in the fiscal year of RISC.

(2) The Special Source Revenue Credits provided by the County in the manner set forth in this Agreement have been instrumental to RISC in inducing the location of the Project in the County.

(b) Cooley makes the following representations:

(1) Cooley is a corporation, duly organized, validly existing, and in good standing, under the laws of Rhode Island and is authorized to transact business in South Carolina, has power to enter into this Agreement, and by proper corporate action has authorized the respective Cooley official or officials signing this Agreement to execute and deliver this Agreement. Cooley's fiscal year end is September 30 and Cooley will notify the County of any changes in the fiscal year of Cooley.

(2) The Special Source Revenue Credits provided by the County in the manner set forth in this Agreement have been instrumental to Cooley in inducing the location of the Project in the County.

SECTION 2.03 Covenants by the County. The County will use its best efforts to include, and thereafter maintain, the Project Site within the boundaries of the Lancaster-Chesterfield Park for the term of this Agreement.

SECTION 2.04 Statutory Accommodation. Notwithstanding any other provision of this Agreement, the County is executing this Agreement as a statutory accommodation to assist the Companies in achieving the intended benefits and purposes of the MCP Act. The County has made no independent legal or factual investigation regarding the particulars of this transaction and it executes this Agreement in reliance upon representations by the Companies that the documents comply with all laws

and regulations, particularly those pertinent to industrial development projects in South Carolina. No representation of the County is hereby made with regard to compliance by the Project or any Person with laws regulating (*i*) the construction or acquisition of the Project, (*ii*) environmental matters pertaining to the Project, (*iii*) the offer or sale of any securities, or (*iv*) the marketability of title to any property.

ARTICLE III

FILOT PAYMENTS AND SPECIAL SOURCE REVENUE CREDITS

SECTION 3.01. FILOT Payments and Special Source Revenue Credits.

(a) Companies acknowledge and agree that under the MCP Act, all property, both real and personal having a situs at the Project Site is exempt from *ad valorem* property taxes and that the Companies are required to make annual FILOT Payments with respect to the real and personal property having a situs at the Project Site in an amount equal to what the *ad valorem* property taxes would be if the Project were not located in the Lancaster-Chesterfield Park. The FILOT Payments to be made by the Companies under this Agreement shall be calculated in the same manner as *ad valorem* taxes and the Companies shall receive all credits, exemptions, or reductions against *ad valorem* taxes or against payments in lieu of taxes due pursuant to the MCP Act allowed by law. County and Companies acknowledge and agree that any exemption that would otherwise be allowed pursuant to Section 3(g), Article X of the Constitution of South Carolina and the exemptions allowed pursuant to Section 12-37-220(B)(32) and (34) of the Code shall be applied in the calculation of the FILOT Payments, if applicable. The collection and enforcement of the FILOT Payments shall be as provided in Section 12-2-90 of the Code.

(b)(1) The Companies agree to pay, or cause to be paid, the Costs of Special Source Improvements as and when due. The Companies agree that, as of any date during the term of this Agreement, the cumulative dollar amount expended by the Companies on Costs of Special Source Improvements shall equal or exceed the cumulative dollar amount of the Special Source Revenue Credits received by the Companies.

(2) To defray or reimburse the Costs of Special Source Improvements with respect to the Project, the County agrees to provide, and the Companies shall, subject to the provisions of Section 3.02 hereof, receive, Special Source Revenue Credits equal to twenty-five percent (25%) of the FILOT Payments due with respect to the Companies' investments at the Project Site in real and personal property (but excluding the Companies' investment in Economic Development Property under the Fee Agreement by and among the County, RISC, LLC and Cooley, Incorporated, dated as of December 14, 2020) for a period of ten (10) consecutive tax years, beginning with the FILOT Payment due from the Companies for tax year 2019 (*i.e.*, the FILOT Payment due to be paid without penalty on or before January 15, 2020) and ending with the FILOT Payment due from the Companies in tax year 2028 (*i.e.*, the FILOT Payment due to be paid without penalty on or before January 15, 2029).

(3) In accordance with Section 4-29-68(A)(2)(ii) of the Code, to the extent that the Companies receive Special Source Revenue Credits as reimbursement for investment in personal property, including machinery and equipment, if such property is removed from the Project during the Term of this Agreement, the amount of the Fee Payments due on such personal property for the year in which the personal property was removed from the Project also shall be due for the two years following such removal.

(c) The Special Source Revenue Credits which the Companies shall receive with respect to each tax year set forth above in Section 3.01(b) above shall be reflected by the County Auditor or other authorized County official or representative on each applicable FILOT Payment bill sent to the Companies by the County for each tax year, by reducing the fee-in-lieu of tax payment otherwise due from the Companies for the tax year by the amount of Special Source Revenue Credits to be provided to the Companies for the tax year.

(d) If **Section 3.01(b)** above, or the provision of the Special Source Revenue Credits is found to be invalid, illegal or unenforceable by a court of competent jurisdiction, the County agrees to provide the Companies with an incentive that is valid pursuant to such court ruling and commensurate to the nature and value of the benefits intended to be provided under this Agreement, to the maximum extent legally permitted.

(e) THIS AGREEMENT AND THE SPECIAL SOURCE REVENUE CREDITS PROVIDED HEREUNDER ARE LIMITED OBLIGATIONS OF THE COUNTY AND ARE PROVIDED BY THE COUNTY SOLELY FROM THE FEE-IN-LIEU OF TAX PAYMENT MADE BY THE COMPANIES WITH RESPECT TO THE PROPERTY IDENTIFIED IN SECTION 3.01(b) ABOVE AND DO NOT AND SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION AND DO NOT AND SHALL NOT CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE COUNTY OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COUNTY. THE FULL FAITH, CREDIT, AND TAXING POWER OF THE COUNTY ARE NOT PLEDGED IN CONNECTION WITH THE PROVISION OF THE SPECIAL SOURCE REVENUE CREDITS HEREUNDER.

(f) In accordance with the MCP Act, the Special Source Revenue Credits authorized herein shall not, in the aggregate, exceed the aggregate cost of Special Source Improvements funded from time to time in connection with the Project by the Companies.

(g) Notwithstanding any other provision of this Agreement, the Companies acknowledge and agree that County's obligation to provide the special source revenue credits ends, and this Agreement is terminated, if the Companies cease operation of the Project. For purposes of this **Section 3.01(g)**, "**cease operations**" means permanent closure of the Project. The Companies agree that if this Agreement is terminated pursuant to this **Section 3.01(g)**, that under no circumstance shall the County be required to refund or pay any monies to the Companies.

(h) The Companies agree and commit to the following aggregate Jobs Commitment: the maintenance of the number of thirty (30) Full-Time Jobs, paying an hourly wage rate not less than the Wage Requirement, during term of this Agreement. The number of Full-Time Jobs shall be based on the average number of Full-Time Jobs, paying an hourly wage rate not less than the Wage Requirement, for each month during the year.

(i) Notwithstanding any other provision of this Agreement, the SSRCs provided in **Section 3.01(b)** above are not applicable in any year immediately following a year in which the Companies have failed to employ an average of at least thirty (30) individuals in full-time jobs (*i.e.*, each at least thirty (30) hours per week and all with health care benefits).

(j) The Companies shall maintain an investment of not less than two million five hundred thousand dollars ($2,500,000) in the real and personal property to which the Special Source Revenue Credits provided in **Section 3.01(b)** apply during the tax years for which such Special Source Revenue Credits apply.

SECTION 3.02. Maintenance of Books and Records; Annual Reports; Examinations and Inspections; Confidential Information. (a) Companies shall maintain, or cause to be maintained, such books and records with respect to the Project as will permit the identification of the portions of the real and personal property subject to the Special Source Revenue Credits provided in **Section 3.01(b)** above, including the real and personal property placed in service, the amount of investment with respect thereto, and any computations of the fee-in-lieu of tax payment and the Special Source Revenue Credits made by Companies hereunder. Companies agree to comply with all reporting requirements of the State and the County applicable to fee-in-lieu of tax property under the MCP Act, including without limitation the reports and returns required by Section 12-2-90 of the Code.

(b) Upon direction of the governing body of the County, a County Official may request and obtain such financial books and records from Companies that support the returns of Companies as may be reasonably necessary to verify the calculations of the fee-in-lieu of tax payments by Companies. For purposes of this Agreement, the term "County Official" includes the County Administrator, County Auditor, County Assessor, County Treasurer, and the County Director of Economic Development.

(c) Each year during the term hereof, the Companies shall deliver to the County Auditor, the County Assessor, the County Treasurer, and County Director of Economic Development a copy of any form or return it files with the South Carolina Department of Revenue with respect to the Project at the same time as delivery thereof to the South Carolina Department of Revenue.

(d) During the term hereof, and in addition to the other information required to be provided by this **Section 3.02**, Companies shall deliver to the County Auditor and the County Director of Economic Development on or before each May 31 following the end of a Property Tax Year, beginning with May 31, 2021, the information required by the County Auditor for a fee-in-lieu of tax payment bill to be prepared in accordance with this Agreement and **Section 3.01(a)** above, *provided, however,* for the Property Tax Year ending December 31, 2019, the Companies shall deliver the information not later than December 31, 2020. The information delivered must include, at a minimum, the amount of investment by the Companies in Project property. If the County incurs expenses in the computation, preparation and verification of the annual fee-in-lieu of tax payment bill and any applicable Special Source Revenue Credits, the Companies agree to reimburse the County for those expenses, including, but not limited to, expenses incurred by the County for accountants and similar experts (the "Administrative Expense Reimbursement"). The annual Administrative Expense Reimbursement is capped at one thousand dollars ($1000.00). If the information and certification required by this subsection is not delivered to the County Auditor and County Director of Economic Development on or before May 31 of the applicable year, Companies agree that the Special Source Revenue Credits are forfeited for the FILOT Payment due for the applicable real and personal property for the then current Property Tax Year.

(e) The Companies agree that the County and its authorized agents shall have the right at all reasonable times and upon prior reasonable notice to enter upon and examine and inspect the Project and to have access to and examine and inspect all its books and records pertaining to the Project. The right of examination and inspection shall be exercised only upon reasonable and necessary terms and conditions

prescribed by the Companies to protect the confidentiality and proprietary rights of Companies. Any such entrance upon and examination and inspection of the Project shall be at the County's expense.

(f) The County acknowledges and understands that the information provided by the Companies may contain, and the Companies may have and maintain at the Project, certain confidential and proprietary information, including, but not limited to, trade secrets, financial, sales or other information concerning the operations and processes of the Companies ("Confidential Information") and that any disclosure of the Confidential Information could result in substantial harm to the Companies and could have a significant detrimental impact on the employees and also upon the County. Except as required by law, including, without limitation, court orders, the County agrees to use its best reasonable efforts to keep confidential, and to cause employees, agents and representatives of the County to keep confidential, the Confidential Information which may be obtained from the Companies, its agents or representatives, when the Confidential Information is clearly marked and identified as Confidential Information. The County shall not knowingly and willfully disclose and shall cause all employees, agents and representatives of the County to not knowingly and willfully disclose the marked and identified Confidential Information to any Person or entity other than in accordance with the terms of this Agreement. If a demand is made for the release, under color of law, to a third party of any Confidential Information, the County shall notify the Companies and give the Companies the opportunity to contest the release.

ARTICLE IV

TRANSFERS OF PROJECT PROPERTY; ASSIGNMENT

SECTION 4.01. Transfers of Project Property; Assignment of Interest in this Agreement. The County hereby acknowledges that the Companies may from time to time and, to the extent permitted by applicable law, sell, transfer, lease, convey, or grant the right to occupy and use the Project, in whole or in part, or assign its interests in this Agreement, in whole or in part, to one or more Persons without the consent of the County; *provided, however,* that any transfer or assignment by the Companies of all or any of their interest in this Agreement to any Person other than an Affiliate shall require the prior written consent or subsequent ratification of the County, which consent or ratification shall not be unreasonably withheld, conditioned, or delayed and which shall be evidenced by resolution of Council; and *provided, further,* that the Companies shall provide written notice to the County of any such transfer or assignment. Subject to the foregoing provisions of this **Section 4.01**, no such sale, lease, conveyance, grant, transfer or assignment shall relieve the County from the County's obligation to provide the Special Source Revenue Credits to the Companies, or any transferee or assignee of the same, under this Agreement.

ARTICLE V

DEFAULTS AND REMEDIES

SECTION 5.01. Events of Default. If any party shall fail duly and punctually to perform any material covenant, condition, agreement or provision contained in this Agreement on the part of such party to be performed, which, except as otherwise provided in this Agreement, failure shall continue for a period of thirty (30) days after written notice by another party, specifying the failure and requesting that it be remedied, is given to the defaulting party by first-class mail, then such party shall be in default under this Agreement (an "Event of Default"); *provided, however,* that if any such failure is not, with due

diligence, susceptible of cure within such 30-day period, then such defaulting party shall have a period of time not to exceed sixty (60) days from the date of such written notice by the other party to remedy such failure, unless such parties agree in a writing signed by all parties to an extension of such time prior to its expiration.

SECTION 5.02. Legal Proceedings. Upon the happening of any Event of Default by a party, then and in every such case each other party in its respective discretion may:

(1) by mandamus, or other suit, action, or proceeding at law or in equity, enforce all of its rights and require the defaulting party to carry out any agreements with or for its benefit and to perform its duties under the MCP Act and this Agreement;

(2) bring suit upon this Agreement;

(3) exercise any or all rights and remedies provided by the applicable laws of South Carolina; or

(4) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of its rights.

SECTION 5.03. Remedies Not Exclusive. No remedy in this Agreement conferred upon or reserved to the Companies or the County is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute.

SECTION 5.04. Nonwaiver. No delay or omission of the Companies or the County to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or an acquiescence therein; and every power and remedy given by this **Article V** to the Companies or the County may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VI

MISCELLANEOUS

SECTION 6.01. Termination This Agreement shall automatically terminate on the date upon which all Special Source Revenue Credits provided for in **Section 3.01(b)** above have been provided to, and received by, the Companies. Additionally the County and the Companies may jointly agree to terminate this Agreement at any time and the Companies may, at their option, unilaterally terminate this Agreement at any time with respect to all, or any portion of the Project.

SECTION 6.02. Binding Effect; Successors and Assigns. This Agreement shall be binding, in accordance with its terms, and to the extent permitted by law, upon and inure to the benefit of the Companies, the County and their respective successors and assigns. All covenants, stipulations, promises, and agreements contained in this Agreement, by or on behalf of, or for the benefit of, the County, shall bind or inure to the benefit of the successors of the County from time to time and any

officer, board, commission, agency, or instrumentality to whom or to which any power or duty of the County shall be transferred.

SECTION 6.03. Provisions of Agreement for Sole Benefit of the Companies and the County. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any Person other than the Companies and the County any right, remedy, or claim under or by reason of this Agreement, this Agreement being intended to be for the sole and exclusive benefit of the Companies and the County.

SECTION 6.04. Indemnification. The Companies release the County, including the members of the governing body of the County, and the employees, officers, and agents of the County (herein collectively referred to as the "Indemnified Parties") from, agree that Indemnified Parties shall not be liable for, and agree to hold Indemnified Parties harmless against, any loss or damage to property or any injury to or death of any person or any other liability whatsoever, including without limitation, liability under any regulatory or environmental laws, that may be occasioned by any cause whatsoever pertaining to this Agreement, the Project, or the use thereof except to the extent such losses or damages are attributable to such Indemnified Party's gross negligence, willful misconduct or breach of this Agreement. The Companies further agree to indemnify and save harmless Indemnified Parties against and from any and all costs, liabilities and expenses, including, but not limited to, attorneys' fees and claims arising from such events or occurrences and arising from the performance of an Indemnified Party of any obligations of the County under this Agreement or any breach or default on the part of the Companies in the performance of any covenant or agreement on the part of the Companies to be performed pursuant to the terms of this Agreement or arising from any grossly negligent or intentional act or negligence of, or failure to act by, the Companies, or any of its agents, contractors, servants, employees, lessees or licensees, and from and against all cost, liability, and expenses, including, but not limited to, attorneys' fees incurred in or in connection with any such claim, liability, or action or proceeding brought thereon.

All covenants, stipulations, promises, agreements, and obligations of the County contained herein shall be deemed to be covenants, stipulations, promises, agreements, and obligations of the County and not of any member of the Council or any officer, agent, servant, or employee of the County in his individual capacity, and, absent bad faith, no recourse shall be had for the payment of any moneys hereunder or the performance of any of the covenants and agreements of the County herein contained or for any claims based thereon against any member of the Council or any officer, agent, servant, or employee of the County.

Notwithstanding the fact that it is the intention of the Indemnified Parties hereto that none of them shall incur any pecuniary liability by reason of the Project or terms of this Agreement, any related agreements or the undertakings required of the County hereunder by reason of the performance of any act requested of the County by the Companies, including all claims, liabilities, or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if any Indemnified Party shall incur any such pecuniary liability, then in such event the Companies shall indemnify and hold them harmless against all claims by or on behalf of any Person, firm, or corporation or other legal entity arising out of the same and all costs and expenses, including, but not limited to, attorneys' fees incurred in connection with any such claim or in connection with any action or proceeding brought thereon. If any action, suit, or proceeding is brought against any Indemnified Party, such Indemnified Party shall promptly notify the Companies and the Companies shall have the sole right and duty to assume, and shall assume, the defense thereof, at its expense, with full power to litigate, compromise, or settle the same in

its sole discretion; *provided*, that the Companies shall obtain the prior written consent of the County to settle any such claim unless such claim is for monetary damages for which the Companies has the ability to, and does, pay. Notwithstanding the foregoing, if the Indemnified Party is the County, in the event the County reasonably believes there are defenses available to it that are not being pursued or that the counsel engaged by the Companies reasonably determines that a conflict of interest exists between the County and the Companies, the County may, in its sole discretion, hire independent counsel to pursue its own defense, and the Companies shall be liable for the reasonable cost of such counsel.

The indemnity specified in this Section 6.04 shall survive the termination of this Agreement with respect to liability arising out of any event or act occurring prior to such termination.

SECTION 6.05. Severability. In case any one or more of the provisions of this Agreement shall, for any reason, be held to be illegal, invalid or unenforceable, the illegality, invalidity or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed and enforced as if the illegal, invalid or unenforceable provisions had not been contained herein so as to most closely effectuate the legal, valid and enforceable intent hereof and so as to afford the Companies with the maximum benefits to be derived herefrom.

SECTION 6.06. No Liability for Personnel of the County, the Companies or the Affiliated Companies. No covenant or agreement contained in this Agreement is deemed to be a covenant or agreement of any elected official, member, agent, or employee of the County or its governing body or the Companies or any of their respective officers, elected officials, employees, or agents in an individual capacity, and neither the members of the governing body of the County nor any official of the County or the Companies executing this Agreement is liable personally on the Special Source Revenue Credits or this Agreement or subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 6.07. Notices. All notices, certificates, requests, or other communications under this Agreement are sufficiently given and are deemed given, unless otherwise required by this Agreement, when (*i*) delivered or (*ii*) sent by facsimile and confirmed by United States first-class registered mail, postage prepaid, addressed as follows:

(a) As to the County:

Lancaster County
Attn.: County Administrator
P.O. Box 1809 (29721)
101 N. Main Street, 2nd Floor (29720)
Lancaster, South Carolina
Phone: (803) 416-9300
Fax: (803) 285-3361

with a copy to (which shall not constitute notice for purposes of this Agreement):

Mr. Jamie Gilbert
Economic Development Director, Lancaster County
P.O. Box 1809
Lancaster, South Carolina 29721
Phone: (803) 286-3633

Fax: (803) 416-9497
Email: jgilbert@lancastercountysc.net

(b) As to Companies:

RISC, LLC
350 Esten Avenue
Pawtucket, RI 02860
Attn: Ron Markovsky
Email: markovskyr@cooleygroup.com

Cooley, Incorporated
350 Esten Avenue
Pawtucket, RI 02860
Attn: Ron Markovsky
Email: markovskyr@cooleygroup.com

with a copy to (which shall not constitute notice for purposes of this Agreement):

Womble Bond Dickinson (US) LLP
Attention: Stephanie Few
5 Exchange Street
Charleston, SC 29401
Phone: (843) 720-4621
Email: stephanie.few@wbd-us.com

The County and the Companies shall, by notice given under this **Section 6.06**, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

SECTION 6.08. Administrative Fees. The Companies shall reimburse, or cause reimbursement of, the County for reasonable expenses, including, reasonable attorneys' fees, related to the review and approval of this Agreement, and any other documents related to this Agreement. The obligation of the Companies under this Section 6.08 shall survive the termination of this Agreement with respect to expenses occurring prior to the termination of this Agreement.

SECTION 6.09. Merger. This Agreement constitutes the entire agreement among the parties to it with respect to the matters contemplated in it, and it is understood and agreed that all undertakings, negotiations, representations, promises, inducements and agreements heretofore had among these parties are merged herein.

SECTION 6.10. Agreement to Sign Other Documents and to Take Further Action. The County agrees that it will from time to time execute and deliver such further instruments, in form and substance reasonably acceptable to it, and take such further action as may be reasonable and as may be requested by the Companies as may be required to carry out the purpose of this Agreement. The requesting party shall reimburse, or cause reimbursement of, the County for reasonable attorneys' fees, related to review and negotiation of such further instruments. Such instruments or actions shall never create or constitute an

indebtedness of the County within the meaning of any South Carolina constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the County, other than against the fee-in-lieu of tax payments made by the Companies with respect to the Project, or a charge against its general credit or taxing power or pledge the credit or taxing power of the County, the State, or any other political subdivision of the State.

SECTION 6.11. Construction of Agreement. The parties agree that each party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party does not apply in the interpretation of this Agreement or any amendments or exhibits to this Agreement.

SECTION 6.12. Applicable Law. The laws of South Carolina govern this Agreement.

SECTION 6.13. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 6.14. Amendments. This Agreement may be amended only by written agreement of the parties hereto.

SECTION 6.15. Waiver. Either party may waive compliance by the other party with any term or condition of this Agreement but the waiver is valid only if it is in a writing signed by the waiving party.

SECTION 6.16. Further Proceedings. It is intended by the parties that any action to be taken hereinafter by the County pursuant to the express provisions of this Agreement may be undertaken by the County without necessity of further proceedings. To the extent that additional proceedings are required by law, however, the County agrees, to the extent permitted by law, to undertake all such steps as may be reasonably required or appropriate to effectuate the intent of this Agreement.

SECTION 6.17. Chamber Membership. Companies agree to maintain a membership in the Lancaster County Chamber of Commerce for those years in which the SSRC, as provided in **Section 3.01(b)** above, is applied.

SIGNATURES FOLLOW ON NEXT PAGE.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

RISC, LLC,
a Delaware limited liability company

By: _____

Its: Managing Partner

COOLEY, INCORPORATED,
a Rhode Island corporation

By: _____

Its: EVP, CFO

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EXHIBIT C
Real Property Description

The real estate located in Lancaster Business Park identified with Parcel Identification No. 0068-00-018.03, with a physical address of 861 Quality Drive, and consisting of approximatley 25.77 acres.

SPECIAL SOURCE REVENUE CREDIT AGREEMENT

by and among

LANCASTER COUNTY, SOUTH CAROLINA,

RISC, LLC,

and

COOLEY, INCORPORATED

Dated as of December 14, 2020

EXECUTION VERSION

SPECIAL SOURCE REVENUE CREDIT AGREEMENT

This SPECIAL SOURCE REVENUE CREDIT AGREEMENT, dated as of December 14, 2020 (as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof, the "Agreement"), is by and among LANCASTER COUNTY, SOUTH CAROLINA (the "County"), a body politic and corporate, and a political subdivision of the State of South Carolina, RISC, LLC ("RISC"), a Delaware limited liability company, and COOLEY, INCORPORATED, a Rhode Island corporation ("Cooley")(collectively, RISC and Cooley are referred to as the "Companies") .

RECITALS

WHEREAS, the County, acting by and through its County Council (the "Council") is authorized and empowered to establish a multicounty park ("MCP" or "Park") pursuant to Article VIII, Section 13(D) of the Constitution of South Carolina, and also authorized to provide special source revenue credits pursuant to Sections 4-1-170, 4-1-172, 4-1-175 and 4-29-68 of the Code of Laws of South Carolina 1976, as amended (the "MCP Act") against fee-in-lieu of tax ("FILOT") payments ("FILOT Payments") made pursuant to the MCP Act to reimburse a project for the costs of designing, acquiring, constructing, improving, or expanding (*i*) infrastructure serving the project, or (*ii*) improved or unimproved real estate and personal property, including machinery and equipment used in the operation of a manufacturing or commercial enterprise ("Special Source Improvements");

WHEREAS, in 1997, by passage of Ordinance No. 293, Council approved a Lease Purchase Agreement by and between the County and Synteen Technologies, Inc. ("Synteen") dated May 1, 1997 (the "Lease Purchase Agreement") which provided Synteen the benefits of a title transfer fee-in-lieu of tax incentive;

WHEREAS, on October 30, 2000, Council approved by passage of a resolution the assignment by Synteen of the Lease Purchase Agreement to RISC, LLC;

WHEREAS, pursuant to the terms of the Lease Purchase Agreement and applicable state law, the Lease Purchase Agreement is no longer effective;

WHEREAS, the Companies have established operations in the County by the construction and installation of one or more facilities with a previous investment estimated to be at least $4,000,000 in real and personal property that was subject to a fee in lieu of taxes under the Lease Purchase Agreement (such property that was subject to a fee in lieu of taxes under the Lease Purchase Agreement, the "Project"), and the Companies expect to maintain at least sixty-three (63) full-time jobs;

WHEREAS, the County, as inducement for the Project (and in addition to any other inducement, if any, that the County may provide in other agreements and proceedings), and in accordance with the MCP Act, has determined that the County shall provide to the Companies special source revenue credits to be applied to certain fee-in-lieu of tax payments to be made by the Companies pursuant to the MCP Act, all as set forth in greater detail in this Agreement; and

WHEREAS, the Council has authorized the execution and delivery of this Agreement by Ordinance No. 2020-1697 enacted by the Council on December 14, 2020.

NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, the above recitals which are incorporated herein by reference, and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

The defined terms in this Agreement shall for all purposes of this Agreement have the meanings specified in the recitals above and in this **Article I**, unless the context clearly otherwise requires. Except where the context otherwise requires, (*i*) words importing the singular number shall include the plural number and *vice versa*, and (*ii*) the words "hereof", "herein", "hereunder", and other words of similar import refer to this Agreement as a whole.

"Affiliate" means any corporation, limited liability company, partnership or other Person or entity which now or hereafter owns all or part of the Companies, or which now or hereafter is owned in whole or in part by the Companies, or by any partner, shareholder or owner of the Companies, as well as any corporation, limited liability company, partnership or other Person, which now or hereafter bears a relationship to the Companies, as described in Section 267(b) of the Internal Revenue Code.

"Code" means the Code of Laws of South Carolina 1976, as amended.

"Companies" mean, collectively, RISC and Cooley.

"Cooley" means Cooley, Incorporated, and its successors and assigns.

"Costs of Special Source Improvements" means all of the costs of designing, acquiring, constructing, improving, equipping or expanding the Special Source Improvements, whether incurred prior to or after the date of this Agreement, and shall be deemed to include, but not be limited to: (a) existing buildings and building improvements together with all existing machinery and equipment; (b) obligations incurred for labor, materials, and other expenses to builders and materialmen in connection with the acquisition, construction, and installation of the Special Source Improvements; (c) the cost of construction bonds and of insurance of all kinds that may be required or necessary during the course of construction and installation of the Special Source Improvements, which is not paid by the contractor or contractors or otherwise provided for; (d) the expenses for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefore, and for supervising construction, as well as for the performance of all other duties required by or reasonably necessary in connection with the acquisition, construction, and installation of the Special Source Improvements; and (e) all other costs which shall be required under the terms of any contract for, or incurred in connection with, the designing, acquisition, construction, equipping and installation of the Special Source Improvements.

"*County*" means Lancaster County, South Carolina, a body politic and corporate and a political subdivision of the State.

"Full-Time Job" means a full-time job (*i.e.*, at least thirty (30) hours per week), with health care benefits. Jobs relocated from other states to the Project shall be counted as Full-Time Jobs if the relocated job meets the Wage Requirement. All persons filling the Full-Time Job positions must be authorized pursuant to state and federal law to be employed in the United States and not less than ninety percent (90%) of the persons filling the Full-Time Job positions must be U.S. citizens.

"Jobs Commitment" means the commitment of Companies to maintain the Full-Time Jobs, paying an hourly wage rate not less than the Wage Requirement, as set forth in Section 3.01(h) below.

"Lancaster-Chesterfield Park" means, initially, with respect to the Project Site, the multi-county park established pursuant to the Lancaster-Chesterfield Master Park Agreement, and thereafter any Park which hereafter includes the Project Site and which is designated by the County as such pursuant to any Park agreement which replaces or succeeds the Lancaster-Chesterfield Master Park Agreement.

"Lancaster-Chesterfield Master Park Agreement" means the Amended and Restated Master Multi-County Park Agreement between Chesterfield County, South Carolina and Lancaster County, South Carolina, Amended and Restated as of November 9, 2015.

"MCP Act" has the meaning ascribed thereto in the recitals of this Agreement.

"Park" has the meaning ascribed thereto in the recitals of this Agreement.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a joint venture, a trust, any unincorporated organization, or a government or an agency or a political subdivision thereof.

"Project" has the meaning ascribed thereto in the recitals of this Agreement.

"Project Site" means the land located in the Lancaster Business Park identified with Parcel Identification No. 0068-00-018.03, with a physical address of 861 Quality Drive, and consisting of approximately 25.77 acres.

"Property Tax Year" means the annual period which is equal to the fiscal year of RISC and Cooley, *i.e.*, as of the original execution and delivery of this Agreement, with respect to RISC and Cooley, the annual period ending on December 31 or September 30, respectively, of each year.

"RISC" means RISC, LLC, a Delaware limited liability company and its successors and assigns.

"Special Source Improvements" has the meaning ascribed thereto in the recitals of this Agreement.

"Special Source Revenue Credits" or "*SSRCs*" shall mean the special source revenue credits provided by the County and described in **Section 3.01** hereof.

"State" means South Carolina.

"Wage Requirement" means, for all periods ending on or before December 31, 2023, an hourly wage rate not less than $14.00, and for all periods ending after December 31, 2023, an hourly wage rate not less than $14.86.

ARTICLE II

REPRESENTATIONS AND COVENANTS

SECTION 2.01. Representations by the County. The County represents that (*i*) it is a body politic and corporate and a political subdivision of the State, (*ii*) it is authorized by the MCP Act to enter into this Agreement, (*iii*) it has approved this Agreement in accordance with the procedural requirements of the MCP Act and any other applicable state law, and (*iv*) it has authorized its officials to execute and deliver this Agreement.

SECTION 2.02. Representations by the Companies. (a) RISC makes the following representations:

(1) RISC is a limited liability company, duly organized, validly existing, and in good standing, under the laws of Delaware and is authorized to transact business in South Carolina, has power to enter into this Agreement, and by proper corporate action has authorized the respective RISC official or officials signing this Agreement to execute and deliver this Agreement. RISC's fiscal year end is December 31 and RISC will notify the County of any changes in the fiscal year of RISC.

(2) The Special Source Revenue Credits provided by the County in the manner set forth in this Agreement have been instrumental to RISC in inducing the location of the Project in the County.

(b) Cooley makes the following representations:

(1) Cooley is a corporation, duly organized, validly existing, and in good standing, under the laws of Rhode Island and is authorized to transact business in South Carolina, has power to enter into this Agreement, and by proper corporate action has authorized the respective Cooley official or officials signing this Agreement to execute and deliver this Agreement. Cooley's fiscal year end is September 30 and Cooley will notify the County of any changes in the fiscal year of Cooley.

(2) The Special Source Revenue Credits provided by the County in the manner set forth in this Agreement have been instrumental to Cooley in inducing the location of the Project in the County.

SECTION 2.03 Covenants by the County. The County will use its best efforts to include, and thereafter maintain, the Project Site within the boundaries of the Lancaster-Chesterfield Park for the term of this Agreement.

SECTION 2.04 Statutory Accommodation. Notwithstanding any other provision of this Agreement, the County is executing this Agreement as a statutory accommodation to assist the Companies in achieving the intended benefits and purposes of the MCP Act. The County has made no independent legal or factual investigation regarding the particulars of this transaction and it executes this Agreement in reliance upon representations by the Companies that the documents comply with all laws

and regulations, particularly those pertinent to industrial development projects in South Carolina. No representation of the County is hereby made with regard to compliance by the Project or any Person with laws regulating (*i*) the construction or acquisition of the Project, (*ii*) environmental matters pertaining to the Project, (*iii*) the offer or sale of any securities, or (*iv*) the marketability of title to any property.

ARTICLE III

FILOT PAYMENTS AND SPECIAL SOURCE REVENUE CREDITS

SECTION 3.01. FILOT Payments and Special Source Revenue Credits.

(a) Companies acknowledge and agree that under the MCP Act, all property, both real and personal having a situs at the Project Site is exempt from *ad valorem* property taxes and that the Companies are required to make annual FILOT Payments with respect to the real and personal property having a situs at the Project Site in an amount equal to what the *ad valorem* property taxes would be if the Project were not located in the Lancaster-Chesterfield Park. The FILOT Payments to be made by the Companies under this Agreement shall be calculated in the same manner as *ad valorem* taxes and the Companies shall receive all credits, exemptions, or reductions against *ad valorem* taxes or against payments in lieu of taxes due pursuant to the MCP Act allowed by law. County and Companies acknowledge and agree that any exemption that would otherwise be allowed pursuant to Section 3(g), Article X of the Constitution of South Carolina and the exemptions allowed pursuant to Section 12-37-220(B)(32) and (34) of the Code shall be applied in the calculation of the FILOT Payments, if applicable. The collection and enforcement of the FILOT Payments shall be as provided in Section 12-2-90 of the Code.

(b)(1) The Companies agree to pay, or cause to be paid, the Costs of Special Source Improvements as and when due. The Companies agree that, as of any date during the term of this Agreement, the cumulative dollar amount expended by the Companies on Costs of Special Source Improvements shall equal or exceed the cumulative dollar amount of the Special Source Revenue Credits received by the Companies.

(2) To defray or reimburse the Costs of Special Source Improvements with respect to the Project, the County agrees to provide, and the Companies shall, subject to the provisions of Section 3.02 hereof, receive, Special Source Revenue Credits equal to twenty-five percent (25%) of the FILOT Payments due with respect to the Companies' investments at the Project Site in real and personal property (but excluding the Companies' investment in Economic Development Property under the Fee Agreement by and among the County, RISC, LLC and Cooley, Incorporated, dated as of December 14, 2020) for a period of ten (10) consecutive tax years, beginning with the FILOT Payment due from the Companies for tax year 2019 (*i.e.*, the FILOT Payment due to be paid without penalty on or before January 15, 2020) and ending with the FILOT Payment due from the Companies in tax year 2028 (*i.e.*, the FILOT Payment due to be paid without penalty on or before January 15, 2029).

(3) In accordance with Section 4-29-68(A)(2)(ii) of the Code, to the extent that the Companies receive Special Source Revenue Credits as reimbursement for investment in personal property, including machinery and equipment, if such property is removed from the Project during the Term of this Agreement, the amount of the Fee Payments due on such personal property for the year in which the personal property was removed from the Project also shall be due for the two years following such removal.

(c) The Special Source Revenue Credits which the Companies shall receive with respect to each tax year set forth above in Section 3.01(b) above shall be reflected by the County Auditor or other authorized County official or representative on each applicable FILOT Payment bill sent to the Companies by the County for each tax year, by reducing the fee-in-lieu of tax payment otherwise due from the Companies for the tax year by the amount of Special Source Revenue Credits to be provided to the Companies for the tax year.

(d) If **Section 3.01(b)** above, or the provision of the Special Source Revenue Credits is found to be invalid, illegal or unenforceable by a court of competent jurisdiction, the County agrees to provide the Companies with an incentive that is valid pursuant to such court ruling and commensurate to the nature and value of the benefits intended to be provided under this Agreement, to the maximum extent legally permitted.

(e) THIS AGREEMENT AND THE SPECIAL SOURCE REVENUE CREDITS PROVIDED HEREUNDER ARE LIMITED OBLIGATIONS OF THE COUNTY AND ARE PROVIDED BY THE COUNTY SOLELY FROM THE FEE-IN-LIEU OF TAX PAYMENT MADE BY THE COMPANIES WITH RESPECT TO THE PROPERTY IDENTIFIED IN SECTION 3.01(b) ABOVE AND DO NOT AND SHALL NOT CONSTITUTE A GENERAL OBLIGATION OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION AND DO NOT AND SHALL NOT CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE COUNTY OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COUNTY. THE FULL FAITH, CREDIT, AND TAXING POWER OF THE COUNTY ARE NOT PLEDGED IN CONNECTION WITH THE PROVISION OF THE SPECIAL SOURCE REVENUE CREDITS HEREUNDER.

(f) In accordance with the MCP Act, the Special Source Revenue Credits authorized herein shall not, in the aggregate, exceed the aggregate cost of Special Source Improvements funded from time to time in connection with the Project by the Companies.

(g) Notwithstanding any other provision of this Agreement, the Companies acknowledge and agree that County's obligation to provide the special source revenue credits ends, and this Agreement is terminated, if the Companies cease operation of the Project. For purposes of this **Section 3.01(g)**, "**cease operations**" means permanent closure of the Project. The Companies agree that if this Agreement is terminated pursuant to this **Section 3.01(g)**, that under no circumstance shall the County be required to refund or pay any monies to the Companies.

(h) The Companies agree and commit to the following aggregate Jobs Commitment: the maintenance of the number of thirty (30) Full-Time Jobs, paying an hourly wage rate not less than the Wage Requirement, during term of this Agreement. The number of Full-Time Jobs shall be based on the average number of Full-Time Jobs, paying an hourly wage rate not less than the Wage Requirement, for each month during the year.

(i) Notwithstanding any other provision of this Agreement, the SSRCs provided in **Section 3.01(b)** above are not applicable in any year immediately following a year in which the Companies have failed to employ an average of at least thirty (30) individuals in full-time jobs (*i.e.,* each at least thirty (30) hours per week and all with health care benefits).

(j) The Companies shall maintain an investment of not less than two million five hundred thousand dollars ($2,500,000) in the real and personal property to which the Special Source Revenue Credits provided in **Section 3.01(b)** apply during the tax years for which such Special Source Revenue Credits apply.

SECTION 3.02. Maintenance of Books and Records; Annual Reports; Examinations and Inspections; Confidential Information. (a) Companies shall maintain, or cause to be maintained, such books and records with respect to the Project as will permit the identification of the portions of the real and personal property subject to the Special Source Revenue Credits provided in **Section 3.01(b)** above, including the real and personal property placed in service, the amount of investment with respect thereto, and any computations of the fee-in-lieu of tax payment and the Special Source Revenue Credits made by Companies hereunder. Companies agree to comply with all reporting requirements of the State and the County applicable to fee-in-lieu of tax property under the MCP Act, including without limitation the reports and returns required by Section 12-2-90 of the Code.

(b) Upon direction of the governing body of the County, a County Official may request and obtain such financial books and records from Companies that support the returns of Companies as may be reasonably necessary to verify the calculations of the fee-in-lieu of tax payments by Companies. For purposes of this Agreement, the term "County Official" includes the County Administrator, County Auditor, County Assessor, County Treasurer, and the County Director of Economic Development.

(c) Each year during the term hereof, the Companies shall deliver to the County Auditor, the County Assessor, the County Treasurer, and County Director of Economic Development a copy of any form or return it files with the South Carolina Department of Revenue with respect to the Project at the same time as delivery thereof to the South Carolina Department of Revenue.

(d) During the term hereof, and in addition to the other information required to be provided by this **Section 3.02**, Companies shall deliver to the County Auditor and the County Director of Economic Development on or before each May 31 following the end of a Property Tax Year, beginning with May 31, 2021, the information required by the County Auditor for a fee-in-lieu of tax payment bill to be prepared in accordance with this Agreement and **Section 3.01(a)** above, *provided, however,* for the Property Tax Year ending December 31, 2019, the Companies shall deliver the information not later than December 31, 2020. The information delivered must include, at a minimum, the amount of investment by the Companies in Project property. If the County incurs expenses in the computation, preparation and verification of the annual fee-in-lieu of tax payment bill and any applicable Special Source Revenue Credits, the Companies agree to reimburse the County for those expenses, including, but not limited to, expenses incurred by the County for accountants and similar experts (the "Administrative Expense Reimbursement"). The annual Administrative Expense Reimbursement is capped at one thousand dollars ($1000.00). If the information and certification required by this subsection is not delivered to the County Auditor and County Director of Economic Development on or before May 31 of the applicable year, Companies agree that the Special Source Revenue Credits are forfeited for the FILOT Payment due for the applicable real and personal property for the then current Property Tax Year.

(e) The Companies agree that the County and its authorized agents shall have the right at all reasonable times and upon prior reasonable notice to enter upon and examine and inspect the Project and to have access to and examine and inspect all its books and records pertaining to the Project. The right of examination and inspection shall be exercised only upon reasonable and necessary terms and conditions

prescribed by the Companies to protect the confidentiality and proprietary rights of Companies. Any such entrance upon and examination and inspection of the Project shall be at the County's expense.

(f) The County acknowledges and understands that the information provided by the Companies may contain, and the Companies may have and maintain at the Project, certain confidential and proprietary information, including, but not limited to, trade secrets, financial, sales or other information concerning the operations and processes of the Companies ("Confidential Information") and that any disclosure of the Confidential Information could result in substantial harm to the Companies and could have a significant detrimental impact on the employees and also upon the County. Except as required by law, including, without limitation, court orders, the County agrees to use its best reasonable efforts to keep confidential, and to cause employees, agents and representatives of the County to keep confidential, the Confidential Information which may be obtained from the Companies, its agents or representatives, when the Confidential Information is clearly marked and identified as Confidential Information. The County shall not knowingly and willfully disclose and shall cause all employees, agents and representatives of the County to not knowingly and willfully disclose the marked and identified Confidential Information to any Person or entity other than in accordance with the terms of this Agreement. If a demand is made for the release, under color of law, to a third party of any Confidential Information, the County shall notify the Companies and give the Companies the opportunity to contest the release.

ARTICLE IV

TRANSFERS OF PROJECT PROPERTY; ASSIGNMENT

SECTION 4.01. Transfers of Project Property; Assignment of Interest in this Agreement. The County hereby acknowledges that the Companies may from time to time and, to the extent permitted by applicable law, sell, transfer, lease, convey, or grant the right to occupy and use the Project, in whole or in part, or assign its interests in this Agreement, in whole or in part, to one or more Persons without the consent of the County; *provided, however,* that any transfer or assignment by the Companies of all or any of their interest in this Agreement to any Person other than an Affiliate shall require the prior written consent or subsequent ratification of the County, which consent or ratification shall not be unreasonably withheld, conditioned, or delayed and which shall be evidenced by resolution of Council; and *provided, further,* that the Companies shall provide written notice to the County of any such transfer or assignment. Subject to the foregoing provisions of this **Section 4.01**, no such sale, lease, conveyance, grant, transfer or assignment shall relieve the County from the County's obligation to provide the Special Source Revenue Credits to the Companies, or any transferee or assignee of the same, under this Agreement.

ARTICLE V

DEFAULTS AND REMEDIES

SECTION 5.01. Events of Default. If any party shall fail duly and punctually to perform any material covenant, condition, agreement or provision contained in this Agreement on the part of such party to be performed, which, except as otherwise provided in this Agreement, failure shall continue for a period of thirty (30) days after written notice by another party, specifying the failure and requesting that it be remedied, is given to the defaulting party by first-class mail, then such party shall be in default under this Agreement (an "Event of Default"); *provided, however,* that if any such failure is not, with due

diligence, susceptible of cure within such 30-day period, then such defaulting party shall have a period of time not to exceed sixty (60) days from the date of such written notice by the other party to remedy such failure, unless such parties agree in a writing signed by all parties to an extension of such time prior to its expiration.

SECTION 5.02. Legal Proceedings. Upon the happening of any Event of Default by a party, then and in every such case each other party in its respective discretion may:

(1) by mandamus, or other suit, action, or proceeding at law or in equity, enforce all of its rights and require the defaulting party to carry out any agreements with or for its benefit and to perform its duties under the MCP Act and this Agreement;

(2) bring suit upon this Agreement;

(3) exercise any or all rights and remedies provided by the applicable laws of South Carolina; or

(4) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of its rights.

SECTION 5.03. Remedies Not Exclusive. No remedy in this Agreement conferred upon or reserved to the Companies or the County is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute.

SECTION 5.04. Nonwaiver. No delay or omission of the Companies or the County to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default, or an acquiescence therein; and every power and remedy given by this **Article V** to the Companies or the County may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VI

MISCELLANEOUS

SECTION 6.01. Termination This Agreement shall automatically terminate on the date upon which all Special Source Revenue Credits provided for in **Section 3.01(b)** above have been provided to, and received by, the Companies. Additionally the County and the Companies may jointly agree to terminate this Agreement at any time and the Companies may, at their option, unilaterally terminate this Agreement at any time with respect to all, or any portion of the Project.

SECTION 6.02. Binding Effect; Successors and Assigns. This Agreement shall be binding, in accordance with its terms, and to the extent permitted by law, upon and inure to the benefit of the Companies, the County and their respective successors and assigns. All covenants, stipulations, promises, and agreements contained in this Agreement, by or on behalf of, or for the benefit of, the County, shall bind or inure to the benefit of the successors of the County from time to time and any

officer, board, commission, agency, or instrumentality to whom or to which any power or duty of the County shall be transferred.

SECTION 6.03. Provisions of Agreement for Sole Benefit of the Companies and the County. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any Person other than the Companies and the County any right, remedy, or claim under or by reason of this Agreement, this Agreement being intended to be for the sole and exclusive benefit of the Companies and the County.

SECTION 6.04. Indemnification. The Companies release the County, including the members of the governing body of the County, and the employees, officers, and agents of the County (herein collectively referred to as the "Indemnified Parties") from, agree that Indemnified Parties shall not be liable for, and agree to hold Indemnified Parties harmless against, any loss or damage to property or any injury to or death of any person or any other liability whatsoever, including without limitation, liability under any regulatory or environmental laws, that may be occasioned by any cause whatsoever pertaining to this Agreement, the Project, or the use thereof except to the extent such losses or damages are attributable to such Indemnified Party's gross negligence, willful misconduct or breach of this Agreement. The Companies further agree to indemnify and save harmless Indemnified Parties against and from any and all costs, liabilities and expenses, including, but not limited to, attorneys' fees and claims arising from such events or occurrences and arising from the performance of an Indemnified Party of any obligations of the County under this Agreement or any breach or default on the part of the Companies in the performance of any covenant or agreement on the part of the Companies to be performed pursuant to the terms of this Agreement or arising from any grossly negligent or intentional act or negligence of, or failure to act by, the Companies, or any of its agents, contractors, servants, employees, lessees or licensees, and from and against all cost, liability, and expenses, including, but not limited to, attorneys' fees incurred in or in connection with any such claim, liability, or action or proceeding brought thereon.

All covenants, stipulations, promises, agreements, and obligations of the County contained herein shall be deemed to be covenants, stipulations, promises, agreements, and obligations of the County and not of any member of the Council or any officer, agent, servant, or employee of the County in his individual capacity, and, absent bad faith, no recourse shall be had for the payment of any moneys hereunder or the performance of any of the covenants and agreements of the County herein contained or for any claims based thereon against any member of the Council or any officer, agent, servant, or employee of the County.

Notwithstanding the fact that it is the intention of the Indemnified Parties hereto that none of them shall incur any pecuniary liability by reason of the Project or terms of this Agreement, any related agreements or the undertakings required of the County hereunder by reason of the performance of any act requested of the County by the Companies, including all claims, liabilities, or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if any Indemnified Party shall incur any such pecuniary liability, then in such event the Companies shall indemnify and hold them harmless against all claims by or on behalf of any Person, firm, or corporation or other legal entity arising out of the same and all costs and expenses, including, but not limited to, attorneys' fees incurred in connection with any such claim or in connection with any action or proceeding brought thereon. If any action, suit, or proceeding is brought against any Indemnified Party, such Indemnified Party shall promptly notify the Companies and the Companies shall have the sole right and duty to assume, and shall assume, the defense thereof, at its expense, with full power to litigate, compromise, or settle the same in

its sole discretion; *provided*, that the Companies shall obtain the prior written consent of the County to settle any such claim unless such claim is for monetary damages for which the Companies has the ability to, and does, pay. Notwithstanding the foregoing, if the Indemnified Party is the County, in the event the County reasonably believes there are defenses available to it that are not being pursued or that the counsel engaged by the Companies reasonably determines that a conflict of interest exists between the County and the Companies, the County may, in its sole discretion, hire independent counsel to pursue its own defense, and the Companies shall be liable for the reasonable cost of such counsel.

The indemnity specified in this Section 6.04 shall survive the termination of this Agreement with respect to liability arising out of any event or act occurring prior to such termination.

SECTION 6.05. Severability. In case any one or more of the provisions of this Agreement shall, for any reason, be held to be illegal, invalid or unenforceable, the illegality, invalidity or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed and enforced as if the illegal, invalid or unenforceable provisions had not been contained herein so as to most closely effectuate the legal, valid and enforceable intent hereof and so as to afford the Companies with the maximum benefits to be derived herefrom.

SECTION 6.06. No Liability for Personnel of the County, the Companies or the Affiliated Companies. No covenant or agreement contained in this Agreement is deemed to be a covenant or agreement of any elected official, member, agent, or employee of the County or its governing body or the Companies or any of their respective officers, elected officials, employees, or agents in an individual capacity, and neither the members of the governing body of the County nor any official of the County or the Companies executing this Agreement is liable personally on the Special Source Revenue Credits or this Agreement or subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 6.07. Notices. All notices, certificates, requests, or other communications under this Agreement are sufficiently given and are deemed given, unless otherwise required by this Agreement, when (*i*) delivered or (*ii*) sent by facsimile and confirmed by United States first-class registered mail, postage prepaid, addressed as follows:

(a) As to the County:

Lancaster County
Attn.: County Administrator
P.O. Box 1809 (29721)
101 N. Main Street, 2nd Floor (29720)
Lancaster, South Carolina
Phone: (803) 416-9300
Fax: (803) 285-3361

with a copy to (which shall not constitute notice for purposes of this Agreement):

Mr. Jamie Gilbert
Economic Development Director, Lancaster County
P.O. Box 1809
Lancaster, South Carolina 29721
Phone: (803) 286-3633

Fax: (803) 416-9497
Email: jgilbert@lancastercountysc.net

(b) As to Companies:

RISC, LLC
350 Esten Avenue
Pawtucket, RI 02860
Attn: Ron Markovsky
Email: markovskyr@cooleygroup.com

Cooley, Incorporated
350 Esten Avenue
Pawtucket, RI 02860
Attn: Ron Markovsky
Email: markovskyr@cooleygroup.com

with a copy to (which shall not constitute notice for purposes of this Agreement):

Womble Bond Dickinson (US) LLP
Attention: Stephanie Few
5 Exchange Street
Charleston, SC 29401
Phone: (843) 720-4621
Email: stephanie.few@wbd-us.com

The County and the Companies shall, by notice given under this **Section 6.06**, designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

SECTION 6.08. Administrative Fees. The Companies shall reimburse, or cause reimbursement of, the County for reasonable expenses, including, reasonable attorneys' fees, related to the review and approval of this Agreement, and any other documents related to this Agreement. The obligation of the Companies under this Section 6.08 shall survive the termination of this Agreement with respect to expenses occurring prior to the termination of this Agreement.

SECTION 6.09. Merger. This Agreement constitutes the entire agreement among the parties to it with respect to the matters contemplated in it, and it is understood and agreed that all undertakings, negotiations, representations, promises, inducements and agreements heretofore had among these parties are merged herein.

SECTION 6.10. Agreement to Sign Other Documents and to Take Further Action. The County agrees that it will from time to time execute and deliver such further instruments, in form and substance reasonably acceptable to it, and take such further action as may be reasonable and as may be requested by the Companies as may be required to carry out the purpose of this Agreement. The requesting party shall reimburse, or cause reimbursement of, the County for reasonable attorneys' fees, related to review and negotiation of such further instruments. Such instruments or actions shall never create or constitute an

indebtedness of the County within the meaning of any South Carolina constitutional provision or statutory limitation and shall never constitute or give rise to a pecuniary liability of the County, other than against the fee-in-lieu of tax payments made by the Companies with respect to the Project, or a charge against its general credit or taxing power or pledge the credit or taxing power of the County, the State, or any other political subdivision of the State.

SECTION 6.11. Construction of Agreement. The parties agree that each party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party does not apply in the interpretation of this Agreement or any amendments or exhibits to this Agreement.

SECTION 6.12. Applicable Law. The laws of South Carolina govern this Agreement.

SECTION 6.13. Counterparts. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same instrument.

SECTION 6.14. Amendments. This Agreement may be amended only by written agreement of the parties hereto.

SECTION 6.15. Waiver. Either party may waive compliance by the other party with any term or condition of this Agreement but the waiver is valid only if it is in a writing signed by the waiving party.

SECTION 6.16. Further Proceedings. It is intended by the parties that any action to be taken hereinafter by the County pursuant to the express provisions of this Agreement may be undertaken by the County without necessity of further proceedings. To the extent that additional proceedings are required by law, however, the County agrees, to the extent permitted by law, to undertake all such steps as may be reasonably required or appropriate to effectuate the intent of this Agreement.

SECTION 6.17. Chamber Membership. Companies agree to maintain a membership in the Lancaster County Chamber of Commerce for those years in which the SSRC, as provided in **Section 3.01(b)** above, is applied.

SIGNATURES FOLLOW ON NEXT PAGE.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

IN WITNESS WHEREOF, Lancaster County, South Carolina has caused this Agreement to be executed by its respective officials and its respective corporate seal to be hereunto affixed and attested and RISC, LLC, and Cooley, Incorporated have caused this Agreement to be executed by its authorized officers, effective the day and year first above written.

LANCASTER COUNTY, SOUTH CAROLINA

Steve Harper, Chair, County Council

Larry Honeycutt, Secretary, County Council

[SEAL]

Attest:

Sherrie Simpson, Clerk to Council,
Lancaster County, South Carolina

COMPANIES SIGNATURES FOLLOW ON NEXT PAGE.

RISC, LLC,
a Delaware limited liability company

By: _____

Its: Managing Partner

COOLEY, INCORPORATED,
a Rhode Island corporation

By: _____

Its: EVP, CFO

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.

FEE AGREEMENT

by and among

LANCASTER COUNTY, SOUTH CAROLINA,

RISC, LLC

and

COOLEY, INCORPORATED

Dated as of December 14, 2020

FEE AGREEMENT

This FEE AGREEMENT (this "Agreement") is dated as of December 14, 2020, by and among LANCASTER COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), RISC, LLC ("Sponsor"), a Delaware limited liability company, and COOLEY, INCORPORATED ("Sponsor Affiliate"), a Rhode Island corporation (collectively, Sponsor and Sponsor Affiliate are referred to as the "Companies").

RECITALS

WHEREAS, the County, acting by and through its County Council, is authorized and empowered under and pursuant to the provisions of Title 12, Chapter 44 (the "Act") of the Code of Laws of South Carolina 1976, as amended (the "Code") and Sections 4-1-170, 4-1-172, and 4-1-175 of the Code and Article VIII, Section 13(D) of the South Carolina Constitution (the "Multi-County Park Act"): (*i*) to enter into agreements with certain entities to construct, operate, maintain, and improve industrial and commercial properties through which the economic development of South Carolina will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in South Carolina and thus utilize and employ South Carolina's workforce, agricultural products, and natural resources; (*ii*) to covenant with such entities to accept certain payments in lieu of *ad valorem* taxes with respect to the project (a "Fee-in-Lieu of Tax" or "FILOT"); and (*iii*) to maintain, create or expand, in conjunction with one or more other counties, multi-county business or industrial park;

WHEREAS, Sponsor proposes to expand certain of its business operations in the County in a facility constructed by Sponsor Affiliate and leased to Sponsor (the "Project");

WHEREAS, Sponsor anticipates that the Project will result in the creation of at least five (5) new, full-time jobs and an investment of at least $4,000,000 in the County;

WHEREAS, the County Council approved on November 9, 2020, Resolution No. 1123-R2020 (the "Inducement Resolution") to identify, reflect and induce the Project under the Act and to state the commitment of the County to, among other things, enter into this Agreement;

WHEREAS, as a result of the Companies locating the Project in the County, the Companies requested that the County complete the FILOT arrangement referred to in the Inducement Resolution by entering into this Agreement with the Companies pursuant to the Act, and the Companies elect to enter into the FILOT arrangement with the County in an effort to implement the terms of the Project and allow the Companies to make FILOT payments pursuant to the Act;

WHEREAS, for the Project, the parties have determined, based on information provided by Sponsor, that Sponsor is a "Sponsor," Sponsor Affiliate is a "Sponsor Affiliate," and that some or all of the Project constitutes "Economic Development Property," all within the meaning of the Act; and

WHEREAS, for the purposes set forth above, the County has determined that it is in the best interests of the County to enter into this Agreement with the Companies, subject to the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, and the sum of $1.00 in hand, duly paid by the Companies to the County, the receipt and sufficiency of which are hereby acknowledged, the County and the Companies agree as follows:

ARTICLE I

DEFINITIONS AND RECAPITULATION

Section 1.01. Statutorily Required Recapitulation.

(a) Pursuant to Section 12-44-55(B) of the Act, the County and the Company agree to waive the recapitulation requirements of Section 12-44-55 of the Act. Subsection (b) of this section is inserted for convenience only and does not constitute a part of this Agreement or a summary compliant with Section 12-44-55 of the Act.

(b) Summary of Agreement.

1. Legal name of each initial party to this Agreement:

   LANCASTER COUNTY, SOUTH CAROLINA, a body politic and corporate, and a political subdivision of the State of South Carolina
   RISC, LLC, a Delaware limited liability company
   COOLEY, INCORPORATED, a Rhode Island corporation

2. County, street address, parcel number or other location identifier of the Project and property to be subject to this Agreement:

   Lancaster County, South Carolina
   861 Quality Drive
   Parcel Identification No. 0068-00-018.03

3. Minimum investment agreed upon: $2,500,000.

4. Length and term of this Agreement: Twenty (20) years for each annual increment of investment in the Project during the Investment Period.

5. Assessment ratio applicable for each year of this Agreement: 6%, except as otherwise provided in the Agreement.

6. Millage rate applicable for each year of this Agreement: 338.15 mills, except as otherwise provided in the Agreement.

7. Statements

   (a) The Project is to be located in a multi-county park;
   (b) Disposal of property subject to payments-in-lieu-of-taxes is allowed;

(c) Special Source Revenue Credits shall be provided for the Economic Development Property in amounts equal to fifty-eight percent (58%) of Negotiated FILOT Payments for seven (7) consecutive years beginning not later than with the Negotiated FILOT Payment due without penalty by January 15, 2022 and ending not later than with the Negotiated FILOT Payment due without penalty by January 15, 2028;

(d) Payment will not be modified using a net present value calculation; and

(e) Replacement property provisions will apply.

Section 1.02. Definitions. In addition to the words and terms elsewhere defined in this Agreement, the following words and terms as used herein and in the recitals hereto shall have the following meanings, unless the context or use indicates another or different meaning or intent.

"*Act*" or "*Simplified FILOT Act*" shall mean Title 12, Chapter 44 of the Code, as amended through the date hereof.

"*Administration Expense*" shall mean the reasonable and necessary out-of-pocket expenses, including attorneys' fees, incurred by the County with respect to: (*i*) the preparation, review, approval and execution of this Agreement, (*ii*) the preparation, review, approval and execution of other documents related to this Agreement and any multi-county park documents; and (*iii*) the fulfillment of its obligations under this Agreement and any multi-county park documents, and in the implementation and administration of the terms and provisions of the documents after the date of execution thereof.

"*Affiliate*" shall mean any Person directly or indirectly controlling, controlled by, or under common control with such other Person. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Person, whether through the ownership of voting securities, by contract, or otherwise.

"*Agreement*" shall mean this Fee Agreement by and among the County, Sponsor, and Sponsor Affiliate, as originally executed and from time to time supplemented or amended as permitted herein, and dated as of December 14, 2020.

"*Co-Investor*" shall mean the Companies, any other Sponsor or Sponsor Affiliate within the meaning of Sections 12-44-30(19) and (20) of the Act, any Affiliate of the Sponsor or Sponsor Affiliate or of any other Sponsor or Sponsor Affiliate, any developer in a build-to-suit arrangement or other leasing arrangement with respect to the Project, any lessor of equipment or other property comprising a part of the Project, and any financing entity or other third party investing in, or providing funds for, the Project. Sponsor, so long as it is a tenant of Sponsor Affiliate, and thereafter, Sponsor Affiliate shall notify the County in writing of the identity of any other Sponsor, Sponsor Affiliate or other Co-Investor and shall, to the extent Sponsor or Sponsor Affiliate, as applicable, and any such other Sponsor, Sponsor Affiliate, or other Co-Investor intend to extend the benefits of the FILOT to property owned by any such Sponsor, Sponsor Affiliate, or other Co-Investor pursuant to Section 5.01 hereof, comply with any additional notice requirements, or other

applicable provisions, of this Agreement and the Act. As of the original execution and delivery of this Agreement, the Companies are the only Co-Investors.

"*Code*" shall mean the Code of Laws of South Carolina 1976, as amended through the date hereof, unless the context clearly requires otherwise.

"*Companies*" shall mean, collectively, Sponsor and Sponsor Affiliate, and their successors and assigns.

"*Confidential Information*" shall have the meaning set forth in Section 4.02(d) hereof.

"*County*" shall mean Lancaster County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, and its successors and assigns.

"*County Council*" shall mean the governing body of the County and its successors.

"*Department of Revenue*" shall mean the South Carolina Department of Revenue.

"*Economic Development Property*" shall mean each item of real and tangible personal property comprising the Project, except Non-Qualifying Property, within the meaning of that term as defined and used in Sections 12-44-30(6) and 12-44-40(C) of the Code.

"*Equipment*" shall mean all machinery, equipment, furnishings, and other personal property acquired by Sponsor and Sponsor Affiliate and installed as part of the Project during the Investment Period in accordance with this Agreement.

"*Event of Default*" shall mean an Event of Default as defined in Section 11.01 hereof.

"*Existing Property*" shall mean property proscribed from becoming Economic Development Property pursuant to Section 12-44-110 of the Code, including, without limitation, property which has been subject to *ad valorem* taxes in the State prior to the execution and delivery of this Agreement and property included in the Project as part of the repair, alteration, or modification of such previously taxed property; *provided, however,* that Existing Property shall not include: (a) the Land (excluding existing improvements on the Land); (b) property acquired or constructed by Sponsor and Sponsor Affiliate during the Investment Period which has not been placed in service in this State prior to the Investment Period notwithstanding that *ad valorem* taxes have heretofore been paid with respect to such property; or (c) modifications which constitute an expansion of Existing Property.

"*FILOT*" shall mean the fee-in-lieu of taxes which the Companies are obligated to pay to the County pursuant to Section 5.01 hereof.

"*FILOT Payments*" shall mean the payments to be made by Sponsor and Sponsor Affiliate or any other Co-Investor with respect to its respective portion of the Project, whether made as Negotiated FILOT Payments pursuant to Section 5.01(b)(ii) hereof or as payments in lieu of *ad valorem* taxes made pursuant to Section 5.01(b)(i) hereof.

"*Full-Time Job*" means a full-time job (*i.e.*, at least thirty (30) hours per week), with health care benefits. Jobs relocated from other states to the Project shall be counted as Full-Time Jobs if the relocated job meets the Wage Requirement. All persons filling the Full-Time Job positions must be authorized pursuant to state and federal law to be employed in the United States and not less than ninety percent (90%) of the persons filling the Full-Time Job positions must be U.S. citizens.

"*Infrastructure Improvements*" shall mean, pursuant to Section 4-29-68(A)(2) of the Code, Sponsor's, Sponsor Affiliate's or any other Co-Investor's, costs of designing, acquiring, constructing, improving or expanding (a) the infrastructure serving the Project, or (b) improved or unimproved real estate and personal property including machinery and equipment used in the operation of the Project, or (c) other qualifying investments under Section 12-44-70 of the Code and Section 4-1-175 of the Code serving the Project.

"*Investment Period*" shall mean the period beginning with the first day that Economic Development Property is purchased or acquired and ending on the date that is five (5) years from the end of the Property Tax Year in which the initial Economic Development Property comprising all or a portion of the Project is placed in service, unless extended by agreement of the Companies and the County pursuant to Section 12-44-30(13) of the Code.

"*Jobs Commitment*" shall mean the commitment of Sponsor to create jobs with respect to the Project as set forth in Section 4.01(b) of this Agreement.

"*Land*" shall mean the real estate upon which the Project is to be located. More specifically, the real estate located in the Lancaster Business Park identified with Parcel Identification No. 0068-00-018.03, with a physical address of 861 Quality Drive, and consisting of approximately 25.77 acres. Additional real estate may be included by amendment as provided in the Section 12.12 of this Agreement.

"*Multi-County Park*" means, initially, with respect to the Land, the multi-county park established pursuant to the Amended and Restated Master Multi-County Park Agreement between Chesterfield County, South Carolina and Lancaster County, South Carolina, Amended and Restated as of November 9, 2015, and thereafter any Park which hereafter includes the Land and which is designated by the County as such pursuant to any Park agreement which replaces or succeeds the Amended and Restated Master Multi-County Park Agreement between Chesterfield County, South Carolina and Lancaster County, South Carolina, Amended and Restated as of November 9, 2015.

"*Multi-County Park Act*" shall mean Sections 4-1-170, 4-1-172, and 4-1-175 of the Code and Article VIII, Section 13(D) of the South Carolina Constitution, as amended through the date hereof.

"*Negotiated FILOT*" shall have the meaning set forth in Section 5.01(b)(ii) hereof.

"*Negotiated FILOT Payment*" shall mean the FILOT due pursuant to Section 5.01(b) hereof with respect to that portion of the Project consisting of Economic Development Property.

"*Non-Qualifying Property*" shall mean that portion of the Project consisting of: (*i*) property as to which the Companies incurred expenditures prior to the Investment Period or, except as to Replacement Property, after the end of the Investment Period; (*ii*) Existing Property; and (*iii*) any Released Property or other property which fails or ceases to qualify for Negotiated FILOT Payments, including without limitation property as to which the Companies have terminated the Negotiated FILOT pursuant to Section 4.03(iii) hereof.

"*Person*" shall mean and include any individual, association, unincorporated organization, corporation, partnership, limited liability company, joint venture, or government or agency or political subdivision thereof.

"*Project*" shall mean the Project, as defined in the recitals above, and shall include the Land, the buildings and other improvements on the Land to the extent placed thereon by or on behalf of the Sponsor, Sponsor Affiliate or any other Co-Investor, including water, sewer treatment and disposal facilities, and other machinery, apparatus, equipment, office facilities, and furnishings which are necessary, suitable, or useful, including Equipment, and any Replacement Property.

"*Property Tax Year*" shall mean the annual period which is equal to the fiscal year of the Sponsor, Sponsor Affiliate, or any applicable other Co-Investor, as the case may be.

"*Released Property*" shall mean any portion of the Project removed, scrapped, traded in, sold, or otherwise disposed of pursuant to Section 4.03 hereof, any portion of the Project stolen, damaged, destroyed, or taken by condemnation or eminent domain proceedings as described in Article VII hereof, and any infrastructure which Sponsor, Sponsor Affiliate, or any other Co-Investor dedicates to the public use (within the meaning of that phrase as used in Section 12-6-3420(C) of the Code).

"*Replacement Property*" shall mean all property installed in or on the Land in substitution of, or as replacement for, any portion of the Project, but only to the extent that such property may be included in the calculation of the Negotiated FILOT pursuant to Section 5.01(g) hereof and Section 12-44-60 of the Code.

"*Special Source Revenue Credits*" shall mean the Special Source Revenue Credits described in Section 5.01(d) hereof.

"*Sponsor Affiliate*" shall mean Cooley, Incorporated, a Rhode Island corporation, its successors and assigns, and any other Person who agrees to be bound by the terms and provisions of this Agreement and is approved by the County in writing pursuant to the provisions of Section 8.04 of this Agreement.

"*State*" shall mean the State of South Carolina.

"*Term*" shall mean the term of this Agreement, as set forth in Section 10.01 hereof.

"*Transfer Provisions*" shall mean the provisions of Section 12-44-120 of the Code, as amended through the date hereof.

"*Wage Requirement*" means, for all periods ending on or before December 31, 2023, an hourly wage rate not less than $14.00, and for all periods ending after December 31, 2023, an hourly wage rate not less than $14.86.

Section 1.03. Singular and Plural Words; References to Agreement. Except where the context otherwise requires, (*i*) words importing the singular number shall include the plural number and *vice versa*, and (*ii*) the words "hereof", "herein", "hereunder", and other words of similar import refer to this Agreement as a whole.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties by County. The County represents and warrants that: (*i*) it is a body politic and corporate and a political subdivision of the State; (*ii*) it is authorized by the Act to enter into this Agreement; (*iii*) it has approved this Agreement in accordance with the procedural requirements of the Act and any other applicable state law; and (*iv*) it has authorized its officials to execute and deliver this Agreement.

Section 2.02. Representations and Warranties by Sponsor. Sponsor makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Sponsor is a limited liability company, validly existing and in good standing under the laws of Delaware and authorized to do business in the State; has all requisite power to enter into this Agreement; and by proper action has been duly authorized to execute and deliver this Agreement.

(b) The agreement with the County with respect to the FILOT has been instrumental in inducing Sponsor to locate its portion of the Project within the County and the State.

(c) Except as otherwise disclosed to the County, no actions, suits, proceedings, inquiries, or investigations known to the undersigned representatives of Sponsor is pending or threatened against or affecting Sponsor in any court or before any governmental authority or arbitration board or tribunal, which could materially adversely affect the transactions contemplated by this Agreement or which could, in any way, adversely affect the validity or enforceability of this Agreement.

(d) For the Project, Sponsor shall use commercially reasonable efforts to invest, collectively with Sponsor Affiliate and any other Co-Investors, at least two million five hundred thousand dollars ($2,500,000) in Economic Development Property by the end of the Investment Period. Investments made by Sponsor Affiliate and any other Co-Investors in Economic Development Property shall be included in the determination whether Sponsor has fulfilled its commitment made in this item to invest in the Project.

(e) The income tax year of Sponsor, and accordingly the Property Tax Year with respect to Sponsor, for federal income tax purposes is a 52/53 week fiscal year ending December 31.

(f) Sponsor intends to operate the Project for the purpose of manufacturing. Sponsor had determined that the "Project" is a "project" under the Act and that some or all of the Project constitutes "economic development property" within the meaning of the Act.

Section 2.03. Representations and Warranties by Sponsor Affiliate. Sponsor Affiliate makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) Sponsor Affiliate is a corporation, validly existing and in good standing under the laws of Rhode Island and authorized to do business in the State; has all requisite power to enter into this Agreement; and by proper action has been duly authorized to execute and deliver this Agreement.

(b) The agreement with the County with respect to the FILOT has been instrumental in inducing Sponsor Affiliate to locate its portion of the Project within the County and the State.

(c) Except as otherwise disclosed to the County, no actions, suits, proceedings, inquiries, or investigations known to the undersigned representatives of Sponsor Affiliate are pending or threatened against or affecting Sponsor Affiliate in any court or before any governmental authority or arbitration board or tribunal, which could materially adversely affect the transactions contemplated by this Agreement or which could, in any way, adversely affect the validity or enforceability of this Agreement.

(d) For the Project, Sponsor Affiliate shall use commercially reasonable efforts to invest, collectively with any other Co-Investors, such amounts as required under the lease agreement it has entered into with the Sponsor, but in no event less than two million five hundred thousand dollars ($2,500,000). Investments made by Sponsor and any other Co-Investors in Economic Development Property shall be included in the determination whether Sponsor Affiliate has fulfilled its commitment made in this item to invest in the Project.

(e) The income tax year of Sponsor Affiliate, and accordingly the Property Tax Year with respect to Sponsor Affiliate, for federal income tax purposes is a 52/53 week fiscal year ending September 30.

ARTICLE III

UNDERTAKINGS OF THE COUNTY

Section 3.01. Agreement to Accept FILOT Payments. The County hereby agrees to accept FILOT Payments made by the Companies and any other Co-Investor in accordance with Section 5.01 hereof in lieu of *ad valorem* taxes with respect to the Project until this Agreement expires or is sooner terminated.

Section 3.02. No Warranties by County. The Companies acknowledge that the County has made no warranties or representations, either express or implied, as to the condition or state of the Project or as to the design or capabilities of the Project or that it will be suitable for the Companies' purposes or needs. No representation of the County is hereby made with regard to

compliance by the Project or any Person with laws regulating: (*i*) the construction or acquisition of the Project; (*ii*) environmental matters pertaining to the Project; (*iii*) the offer or sale of any securities; or (*iv*) the marketability of title to any property.

Section 3.03. Invalidity. The parties acknowledge that the intent of this Agreement is to afford the Companies and any other Co-Investors the benefits of the Negotiated FILOT Payments in consideration of the Companies' decision to locate the Project within the County and that this Agreement has been entered into in reliance upon the enactment of the Simplified FILOT Act. In the event that, for any reason, the Act and/or the Negotiated FILOT or any portion thereof is, by a court of competent jurisdiction following allowable appeals, declared invalid or unenforceable in whole or in part, or the portion of the Project consisting of Economic Development Property is deemed not to be eligible for a Negotiated FILOT pursuant to the Act in whole or in part, the Companies and the County express their intentions that such payments be reformed so as to afford the Companies and any other Co-Investors benefits commensurate with those intended under this Agreement as then permitted by law, including without limitation any benefits afforded under the Code, to the extent allowed by law. Absent the legal authorization to effect such reformation, the Companies and the County agree that there shall be due hereunder, with respect to the portion of the Economic Development Property affected by such circumstances, *ad valorem* taxes and that, to the extent permitted by law, the Companies and any other Co-Investors shall be entitled: (1) to enjoy the five-year exemption from *ad valorem* taxes (or fees in lieu of taxes) provided by Article X, Section 3 of the Constitution of the State, and any other exemption allowed by law; (2) to enjoy all allowable depreciation; and (3) to receive other tax credits which would be due if the Companies and any other Co-Investors were obligated to pay *ad valorem* taxes hereunder. To the extent that under such circumstances the Negotiated FILOT Payments hereunder are required by law to be subject to retroactive adjustment, then there shall be due and payable by each of the Companies or any other Co-Investor to the County with respect to the portion of the Economic Development Property in question an amount equal to the difference between the Negotiated FILOT Payments theretofore actually paid and the amount which the Company would have paid as *ad valorem* taxes, including all exemptions, credits, and depreciation for which the Company would have otherwise been eligible if it were obligated to pay *ad valorem* taxes, together with, but only if required by law, interest on such deficiency as provided in Section 12-54-25(D) of the Code. The Companies agree that if this Agreement is reformed as provided in this Section or if retroactive adjustments are made, then under no circumstances shall the County be required to refund or pay any monies to the Companies or any other Co-Investor.

In addition to and notwithstanding the foregoing paragraph, the County shall not be obligated to perform any of its obligations or promises under this Section 3.03 unless the Sponsor, Sponsor Affiliate, or any other Co-Investor, as applicable, has otherwise complied with or provided satisfactory evidence to the County that it intends to comply with its obligations and responsibilities under this Agreement.

Section 3.04. Multi-County Park Status. The County agrees to use its best efforts to maintain the Land in the Multi-County Park until the date this Agreement is terminated. If it becomes necessary to remove the Land from the Multi-County Park prior to the termination of this Agreement, the County agrees to use its best efforts to place the Land in another multi-county park established pursuant to the Multi-County Park Act and to maintain the multi-county park

designation until the date this Agreement is terminated. The parties acknowledge and agree that the County's agreement to place and maintain the Land in a multi-county park may be subject to the exercise of discretion by a governmental entity other than the County and the exercise of that discretion is not controlled by the County.

ARTICLE IV

INVESTMENT BY COMPANY IN PROJECT; MAINTENANCE AND MODIFICATION OF PROJECT

Section 4.01. Investment by Company in Project.

(a) For the Project, Sponsor agrees and commits to invest at least two million five hundred thousand dollars ($2,500,000) in Economic Development Property by the end of the Investment Period. The investment amount shall not include any amount paid by Sponsor, Sponsor Affiliate or any other Co-Investor for real estate improvements on the Land existing as of the date of this Agreement. Investments made by Sponsor, Sponsor Affiliate, and any other Co-Investor in Economic Development Property shall be included in any determination of whether Sponsor has fulfilled its commitment made in this Section 4.01(a) to invest in the Project.

(b) For the Project, together with any Sponsor Affiliates, Sponsor agrees and commits to the following aggregate Jobs Commitment: the creation and maintenance of the number of Full-Time Jobs, paying an hourly wage rate not less than the Wage Requirement, at the following employment levels and in the designated timeframes:

(1) to have employed in Full-Time Jobs, paying an hourly wage rate not less than the Wage Requirement, an average of not less than sixty-three (63) in calendar year 2020 through calendar year 2022, and

(2) to have employed in Full-Time Jobs, paying an hourly wage rate not less than the Wage Requirement, an average of not less than sixty-eight (68) in calendar year 2023 through calendar year 2026.

The number of Full-Time Jobs shall be based on the average number of Full-Time Jobs, paying an hourly wage rate not less than the Wage Requirement, for each month during the year.

Section 4.02. Reporting and Filing.

(a) The Companies agree to provide a copy of Form PT-443 filed with the Department of Revenue no later than thirty (30) days after execution and delivery of this Agreement to the Auditor, Treasurer and Assessor of the County and any multi-county park partner county and the Economic Development Director of the County. Each year during the term of this Agreement, the Company shall deliver to the Auditor, Treasurer and Assessor of the County and any multi-county park partner county and the Economic Development Director of the County a copy of its most recent annual filings made with the Department of Revenue with respect to the Project, no later than thirty (30) days following delivery thereof to the Department of Revenue.

(b) (1) Sponsor agrees, as soon as reasonably practicable following the end of each tax year of the Sponsor, to submit to the County Economic Development Director a certification on Sponsor letterhead listing the amount of capital investment and aggregate Full-Time Jobs maintained by the Company at the end of such tax year.

(2) For purposes of determining compliance with the Jobs Commitment, Sponsor agrees to provide to the County Economic Development Director, by January 30 of each year, a copy of all of Sponsors' filings with the State (if required to file by the State) for the preceding calendar year including: (*i*) reports submitted to the South Carolina Coordinating Council for Economic Development with respect to any Job Development Credits awarded in connection with the Project; (*ii*) Department of Revenue Form SC SCH. TC 4 (New Jobs Credit); and (*iii*) South Carolina Department of Employment and Workforce quarterly contribution and wage reports (such as Form UCE 120). Sponsor agrees to redact any personally identifying information and proprietary and confidential information prior to submitting any form to the County Economic Development Director. In lieu of providing any of the forms specifically identified in this subsection, Sponsor and the County Economic Development Director may agree on an alternative method for Sponsor to demonstrate compliance with the Jobs Commitment.

(c) (1) Sponsor and Sponsor Affiliate agree to maintain such books and records with respect to the Project as will permit the identification of those portions of the Project placed in service in each Property Tax Year during the Investment Period, the amount of investment with respect thereto and its computations of all FILOT Payments made hereunder and will comply with all reporting requirements of the State and the County applicable to property subject to FILOT Payments under the Act and this Agreement, including the reports described in subsection (a) and (b) of this section.

(2) Sponsor and Sponsor Affiliate agree that the County and its authorized agents have the right at all reasonable times and upon prior reasonable notice to enter upon and examine and inspect the Project and to have access to and examine and inspect all of the Sponsor's and Sponsor Affiliate's books and records pertaining to the Project. The right of examination and inspection shall be exercised only upon reasonable and necessary terms and conditions prescribed by Sponsor or Sponsor Affiliate, as applicable, to protect such company's confidentiality and proprietary rights. Any such entrance upon and examination and inspection of the Project shall be at the County's expense.

(d) The County acknowledges and understands that Sponsor and Sponsor Affiliate may have and maintain at the Project certain confidential and proprietary information, including, but not limited to, trade secrets, financial, sales or other information concerning either Sponsor's or Sponsor Affiliate's operations and processes ("Confidential Information") and that any disclosure of the Confidential Information could result in substantial harm to Sponsor or Sponsor Affiliate and could have a significant detrimental impact on either company's employees and also upon the County. Except as required by law, including, without limitation, court orders, the County agrees to use its best reasonable efforts to keep confidential, and to cause employees, agents and representatives of the County to keep confidential, the Confidential Information which may be obtained from Sponsor and Sponsor Affiliate, its agents or representatives, when the Confidential Information is clearly marked and identified as Confidential Information and known to the County

to be Confidential Information. The County shall not knowingly and willfully disclose and shall cause all employees, agents and representatives of the County not to knowingly and willfully disclose the marked and identified Confidential Information to any person or entity other than in accordance with the terms of this Agreement. If a demand is made for the release, under color of law, to a third party of any Confidential Information, the County shall notify Sponsor and Sponsor Affiliate and give the Companies the opportunity to contest the release.

Section 4.03 Modification of Project.

As long as no Event of Default exists hereunder, Sponsor, Sponsor Affiliate, and any other Co-Investor shall have the right at any time and from time to time during the Term hereof to undertake any of the following:

(i) Sponsor, Sponsor Affiliate, and any other Co-Investor may, at its own expense, add to the Project any real and personal property as such Person in its discretion deems useful or desirable.

(ii) In any instance where Sponsor, Sponsor Affiliate, or any other Co-Investor, in its discretion, determines that any items included in the Project have become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary for operations at the Project, then such company or such other Co-Investor may remove such items or portions from the Project and sell, trade in, exchange, or otherwise dispose of them (as a whole or in part) without the consent of the County, as such may be permitted under the Simplified FILOT Act.

(iii) Sponsor, Sponsor Affiliate and any other Co-Investor may, at any time in its discretion by written notice to the County, remove any real or personal property from the Negotiated FILOT set forth in this Agreement, and thereafter such property will be considered Non-Qualifying Property and will be subject to FILOT Payments as set forth in Section 5.01(b)(i) hereof.

ARTICLE V

PAYMENTS IN LIEU OF TAXES

Section 5.01. Payments in Lieu of *Ad Valorem* Taxes.

(a) In accordance with the Act, the parties hereby agree that, during the Term of the Agreement, the Sponsor, Sponsor Affiliate, and any other Co-investor shall pay annually, with respect to its portion of the Project, a FILOT in the amount calculated as set forth in this Section, to be collected and enforced in accordance with Section 12-44-90 of the Act.

(b) The FILOT Payment due with respect to each Property Tax Year shall equal:

(i) With respect to any portion of the Project consisting of undeveloped land, land under development, other property not yet placed in service or Non-Qualifying Property, if any, as long as such property is located in the Multi-County Park, a payment equal to the *ad valorem* taxes that would otherwise be due on such Non-Qualifying Property if it were taxable

giving effect to all credits, exemptions, depreciation, rebates and abatement that would be available if such Non-Qualifying Property were taxable; and

(ii) With respect to those portions of the Project consisting of Economic Development Property, for each of the twenty (20) consecutive years following the year in which such portion of the Project is placed in service, a payment calculated each year as set forth in paragraphs (c) and (d) of this Section 5.01 (a "Negotiated FILOT").

(c) The Negotiated FILOT Payments shall be calculated with respect to each Property Tax Year based on: (1) the fair market value (determined in accordance with Section 12-44-50(A)(1)(c) of the Code) of the improvements to real property and Equipment included within the Project theretofore placed in service (less, for Equipment, depreciation allowable for property tax purposes as provided in Section 12-44-50(A)(1)(c) of the Code), (2) a fixed millage rate equal to 338.15 mills, for the Term, and (3) an assessment ratio of six percent (6%). All such calculations shall take into account all deductions for depreciation or diminution in value allowed by the Code or by the tax laws generally, as well as tax exemptions which would have been applicable if such property were subject to *ad valorem* taxes, except the exemption allowed pursuant to Section 3(g) of Article X of the South Carolina Constitution and the exemptions allowed pursuant to Sections 12-37-220(B)(32) and (34) of the Code.

(d) Special Source Revenue Credits shall be provided for the Economic Development Property in amounts equal to fifty-eight percent (58%) of Negotiated FILOT Payments for seven (7) consecutive years beginning not later than with the Negotiated FILOT Payment due without penalty by January 15, 2022 and ending not later than with the Negotiated FILOT Payment due without penalty by January 15, 2028. Company agrees to maintain a membership in the Lancaster County Chamber of Commerce in any year in which it receives a Special Source Revenue Credit pursuant to this Section 5.01(d). At no time shall the aggregate Special Source Revenue Credits provided pursuant to this **Section 5.01(d)** exceed the aggregate cost of Infrastructure Improvements incurred by Sponsor, Sponsor Affiliate and any other Co-Investors. The Special Source Revenue Credit provided in this **Section 5.01(d)** applies only to the Economic Development Property and does not apply to the Non-Qualifying Property or to any other property.

(e) The FILOT Payments are to be recalculated:

(i) to reduce such payments in the event Sponsor, Sponsor Affiliate, or any other Co-Investor disposes of any part of the Project within the meaning of Section 12-44-50(B) of the Code and as provided in Section 4.03 hereof, by the amount applicable to the Released Property;

(ii) to increase such payments, based on the methodology set forth in Section 5.01(c) hereof, in the event Sponsor, Sponsor Affiliate, or any other Co-Investor adds property (other than Replacement Property) to the Project; or

(iii) to adjust such payments if Sponsor, Sponsor Affiliate, or any other Co-Investor elects to convert any portion of the Project from the Negotiated FILOT to the FILOT required by Section 5.01(b)(i) above, as permitted by Section 4.03(iii).

(f) To the extent permitted by law, because the FILOT Payments agreed to herein are intended to be paid by the Sponsor, Sponsor Affiliate, and any other Co-Investor to the County in lieu of taxes, it is agreed that said FILOT Payments shall not, as to any year, be in any amount greater than what would otherwise be payable by the Sponsor, Sponsor Affiliate, and any other Co-Investor to the County in property taxes if the Sponsor, Sponsor Affiliate, and any other Co-Investor had not entered into a fee-in-lieu of taxes arrangement with the County (except it is not intended that said FILOT Payments would necessarily be less than such property taxes to the extent that the exceptions allowed pursuant to Section 3(g) of Article X of the South Carolina Constitution and the exemptions allowed pursuant to Sections 12-37-220(B)(32) and (34) of the Code would otherwise apply).

(g) Upon the installation of any Replacement Property by Sponsor, Sponsor Affiliate or any other Co-Investors for any portion of the Project removed under Section 4.03 hereof and sold, scrapped, or disposed of by the respective company, such Replacement Property shall become subject to Negotiated FILOT Payments to the fullest extent allowed by law, subject to the following rules:

(i) Replacement Property does not have to serve the same function as the Economic Development Property it is replacing. Replacement Property is deemed to replace the oldest property subject to the FILOT, whether real or personal, which is disposed of in the same Property Tax Year as the Replacement Property is placed in service. Replacement Property qualifies for Negotiated FILOT Payments up to the original income tax basis of the Economic Development Property which it is replacing. More than one piece of property can replace a single piece of property. To the extent that the income tax basis of the Replacement Property exceeds the original income tax basis of the Economic Development Property which it is replacing, the excess amount is subject to payments equal to the *ad valorem* taxes which would have been paid on such property but for this Agreement. Replacement property is entitled to the FILOT Payment for the period of time remaining on the FILOT period for the property which it is replacing.

(ii) The new Replacement Property which qualifies for the Negotiated FILOT Payment shall be recorded using its income tax basis, and the Negotiated FILOT Payment shall be calculated using the millage rate and assessment ratio provided on the original property subject to the FILOT Payment.

(h) In the event that the Act or the FILOT or any portion thereof, are declared, by a court of competent jurisdiction following allowable appeals, invalid or unenforceable, in whole or in part, for any reason, the Companies and the County express their intentions that such payments be reformed so as to afford the Companies the maximum benefit then permitted by law, including, without limitation, the benefits afforded under Section 12-44-50 of the Code and, specifically, that the Companies may, at the Companies' expense, exercise the rights granted by Section 12-44-160 of the Code. If the Project is deemed not to be eligible for a Negotiated FILOT pursuant to the Act in whole or in part, the Companies and the County agree that the Companies shall pay an alternate fee-in-lieu of tax calculated in the manner set forth in Section 5.01(b)(i) hereof. In such event, the Companies shall be entitled, to the extent permitted by law: (1) to enjoy the five-year exemption from *ad valorem* taxes (or fees in lieu of taxes) provided by Section 3(g) of Article X of the South Carolina Constitution, and any other exemptions or credits allowed by law; and (2) to

enjoy all allowable depreciation. The Companies agree that if the FILOT Payments or this Agreement are reformed pursuant to this subsection (h), that under no circumstance shall the County be required to refund or pay any monies to the Companies.

(i) For the Project, this Agreement is automatically terminated in the event that the investment in the Project in land, buildings, and personal property, including machinery and equipment, does not meet or exceed the level set in Section 2.02(d) above by the end of the Investment Period. If terminated pursuant to this subsection (i), the Negotiated FILOT Payments shall revert retroactively to payments equivalent to what the *ad valorem* taxes would have been with respect to the Economic Development Property absent this Agreement. At the time of termination, the Companies and any other Co-Investors shall pay to the County an additional fee equal to the difference between the total amount of property taxes that would have been paid by the Companies and any other Co-Investors had the Economic Development Property been taxable, taking into account exemptions from property taxes and depreciation that would have been available to the Companies and any other Co-Investors, and the total amount of Negotiated Fee Payments actually made by the Companies and any other Co-Investors. This additional amount is subject to interest as provided in Section 12-54-25. The Companies agree if the Negotiated FILOT Payments revert to payments equivalent to what the *ad valorem* taxes would be pursuant to this subsection (i), that under no circumstance shall the County be required to refund or pay any monies to the Companies and any other Co-Investors.

(j) Notwithstanding any other provision of this Agreement, (i) with respect to calendar year 2020 through calendar year 2022, the Special Source Revenue Credits provided in **Section 5.01(d)** above are not applicable in any year immediately following a year in which the Company has failed to maintain an average of at least sixty-three (63) Full-Time Jobs, and (ii) with respect to calendar year 2023 through calendar year 2026, the Special Source Revenue Credits provided in **Section 5.01(d)** above are not applicable in any year immediately following a year in which the Company has failed to maintain an average of at least sixty-four (64) Full-Time Jobs. The Companies agree that the Special Source Revenue Credits for a year that is calendar year 2023 or later shall be reduced to the extent that Sponsor fails to meet the Jobs Commitment but has maintained an average of not less than sixty-four (64) Full-Time Jobs. Specifically, in any year that is calendar year 2023 or later in which Sponsor fails to meet the Jobs Commitment, the Special Source Revenue Credits shall be reduced in the same proportion as the ratio of (i) the number of Full-Time Jobs maintained above sixty-three (63) to (ii) five (5). For example, if for the calendar year 2024, the Jobs Commitment is to have not less than an average of sixty-eight (68), but the Company employed an average of sixty-six (66), which is only three (3) more than sixty-three (63), then the Special Source Revenue Credits would be set at 60% (3 divided by 5 equals 60%) of 58% which results in Special Source Revenue Credits of 34.8% (60% times 58% equals 34.8%). In any year in which the Companies must pay an additional fee as required in Section 5.01(k) below, the Companies and any other Co-Investor are ineligible for the Special Source Revenue Credits provided for in Section 5.01(d).

(k) In any year after December 31, 2020 in which the Company fails to have employed an average of at least ten (10) individuals in full-time jobs (*i.e.*, each at least thirty (30) hours per week and all with health care benefits), the Companies and any other Co-Investor shall pay to the County an additional fee equal to the difference between the Negotiated FILOT Payments made

by the Companies and any other Co-Investor and the FILOT Payment that would be due for the Economic Development Property if calculated, notwithstanding the provisions of Section 5.01(c) above, using the then current millage rate and the assessment ratios that would be applicable to the Economic Development Property if it were subject to *ad valorem* taxes (the "Hypothetical FILOT Payment").

As an example of the calculation set forth in this subsection (k), and by way of example only, assume Economic Development Property is first placed in service with respect to the Project in 2021, and that in the tax year ending December 31, 2024, that the maintained number of Full-Time Jobs was 8, that the millage rate applicable for tax bills to be sent in the following year is 375, and all of the Economic Development Property would have a 10.5% assessment ratio applied if such property were subject to *ad valorem* taxation, then, the Hypothetical FILOT Payment would be computed using the millage rate of 375 (instead of 338.15) and the 10.5% assessment ratio for the Economic Development Property instead of 6%.

(l) Unless otherwise provided by the Act, any amounts due to the County under this Section 5.01 by virtue of the application of subsections (h) through (k) above shall be paid within one hundred twenty (120) days, following written notice thereof from the County to the applicable company or any other Co-Investor.

(m) Notwithstanding any other provision of this Agreement, the Companies acknowledge and agree that County's obligation to provide the FILOT incentive and the Special Source Revenue Credits ends, and this Agreement is terminated, if the Sponsor ceases operations. For purposes of this Section 5.01(m), "**cease operations**" means permanent closure of the facility. The Companies agree that if this Agreement is terminated pursuant to this Section 5.01(m), that under no circumstance shall the County be required to refund or pay any monies to the Companies and any other Co-Investor.

ARTICLE VI

PAYMENTS BY COMPANIES

Section 6.01. Defaulted Payments. In the event Sponsor or Sponsor Affiliate should fail to make any of the payments required under this Agreement, the item or installment so in default shall continue as an obligation of Sponsor or Sponsor Affiliate, as applicable, until the amount in default shall have been fully paid. The Companies agree that the collection and enforcement of the defaulted payment shall be as provided in Section 12-44-90 of the Code.

ARTICLE VII

CASUALTY AND CONDEMNATION

Section 7.01. Adjustments in the Event of Damage and Destruction or Condemnation. In the event that the Project or any portion thereof is damaged or destroyed, lost or stolen, or the subject of condemnation proceedings, Sponsor and Sponsor Affiliate, as applicable and in its sole discretion, may determine whether or not to repair or replace the same. The parties hereto agree that if Sponsor or Sponsor Affiliate decides not to repair or replace all or any portion

of the Project pursuant to this Section 7.01, the FILOT required pursuant to Section 5.01 hereof shall be abated in the same manner and in the same proportion as if *ad valorem* taxes were payable with respect to the Project.

ARTICLE VIII

PARTICULAR COVENANTS AND AGREEMENTS

Section 8.01. Use of Project for Lawful Activities. During the Term of this Agreement, the Companies shall use the Project for the purposes identified in Section 2.02(f) of this Agreement and for any lawful purpose that is authorized pursuant to the Act.

Section 8.02. Assignment. The County agrees that, to the maximum extent allowable under the Act, Sponsor, Sponsor Affiliate and any other Co-Investor may assign (including, without limitation, absolute, collateral, and other assignments) all or a part of its rights or obligations under this Agreement, and any lease agreement, lease purchase agreement, or fee agreement, as the case may be, or any other agreement related hereto or thereto, or transfer any and all assets of the respective company, to one or more Related Entities (as defined in Section 9.01 below) without adversely affecting the benefits of the respective company or its assignees pursuant to any such agreement or the Act. Each company shall provide the County and the Department of Revenue with notice of any such assignment, transfer, or investment in accordance with the Act and this Agreement, and the County agrees, upon the request of the respective company, to take all further action necessary to implement such assignment, transfer, or investment in accordance with the provisions of the Act and this Agreement. To the extent that the Act may require the consent, approval or ratification of or by the County for the assignment of this Agreement, in whole or in part, the County agrees to provide its consent, approval or ratification by passage of a resolution of County Council and its consent, approval or ratification shall not be unreasonably withheld.

Section 8.03. Indemnification. Sponsor and Sponsor Affiliate each release the County, including the members of the governing body of the County, and the employees, officers, attorneys and agents of the County (herein collectively referred to as the "Indemnified Parties") from, agree that the Indemnified Parties shall not be liable for, and agree to hold the Indemnified Parties harmless against, any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to this Agreement, the Project or the use thereof, except for that occasioned by grossly negligent or intentional acts of an Indemnified Party. Sponsor and Sponsor each further agree to indemnify and save harmless Indemnified Parties against and from any and all costs, liabilities, expenses, and claims arising from any breach or default on the part of the Sponsor or Sponsor Affiliate in the performance of any covenant or agreement on the part of the Sponsor or Sponsor Affiliate to be performed pursuant to the terms of this Agreement or arising from any act or negligence of, or negligent failure to act where there is a duty to do so by the Sponsor or Sponsor Affiliate, or any of its agents, attorneys, contractors, servants, employees, or licensees, and from and against all cost, liability, and expenses incurred in or in connection with any such claim or action or proceeding brought thereon.

All covenants, stipulations, promises, agreements, and obligations of the County contained herein shall be deemed to be covenants, stipulations, promises, agreements, and obligations of the County and not of any member of the County Council or any officer, agent, attorney, servant, or employee of the County in his or her individual capacity, and, no recourse shall be had for the payment of any moneys hereunder or the performance of any of the covenants and agreements of the County herein contained or for any claims based thereon against any member of the governing body of the County or any officer, attorney, agent, servant, or employee of the County.

Notwithstanding the fact that it is the intention of the Indemnified Parties hereto that none of them shall incur any pecuniary liability by reason of the terms of this Agreement, any related agreements or the undertakings required of the County hereunder by reason of the performance of any act requested of the County by Sponsor or Sponsor Affiliate, including all claims, liabilities, or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if any Indemnified Party shall incur any such pecuniary liability, then in such event Sponsor and Sponsor Affiliate shall indemnify and hold them harmless against all claims by or on behalf of any Person, firm, or corporation or other legal entity arising out of the same and all costs and expenses incurred in connection with any such claim or in connection with any action or proceeding brought thereon, *provided, however,* that nothing herein shall absolve the Indemnified Parties from, or entitle the Indemnified Parties to indemnification from, any obligation such Indemnified Party has specifically agreed to undertake (including, without limitation, the obligation to place and maintain the Land within a multi-county park). If any action, suit, or proceeding is brought against any Indemnified Party to which such Indemnified Party is entitled to indemnification, such Indemnified Party shall promptly notify the Companies, and Sponsor and Sponsor Affiliate shall have the right and duty to assume, and shall assume, the defense thereof, at its expense, with full power to litigate, compromise, or settle the same in its sole discretion; *provided,* that the Companies shall obtain the prior written consent of the County to settle any such claim unless such claim is for monetary damages for which the Companies have the ability to, and does, pay. Notwithstanding the foregoing, if the Indemnified Party is the County, in the event the County reasonably believes there are defenses available to it that are not being pursued or that the counsel engaged by the Companies reasonably determines that a conflict of interest exists between the County and the Companies, the County may, in its sole discretion, hire independent counsel to pursue its own defense, and the Companies shall be liable for the reasonable cost of such counsel.

The indemnity specified in this Section 8.03 shall be in addition to any heretofore extended by the Companies to any Indemnified Party and shall survive the termination of this Agreement with respect to liability arising out of any event or act occurring prior to such termination.

Section 8.04. Sponsor and Sponsor Affiliates. Sponsor may designate from time to time other Sponsors or Sponsor Affiliates pursuant to the provisions of Sections 12-44-30(19) or (20), respectively, and Section 12-44-130 of the Simplified FILOT Act, which Sponsors or Sponsor Affiliates shall be Persons who join with the Companies and any other Co-Investor and make investments with respect to the Project, or who participate in the financing of such investments, who agree to be bound by the terms and provisions of this Agreement and who shall be Affiliates of Sponsor, Sponsor Affiliate or other Sponsors or Sponsor Affiliates, or other Persons described in Section 8.02 hereof. All other Sponsors or Sponsor Affiliates who otherwise

meet the requirements of Section 12-44-30(19) or (20) and Section 12-44-130 of the Simplified FILOT Act must be approved by passage of a resolution of County Council. To the extent that the aggregate investment in the Project by the end of the Investment Period by all Sponsors, Sponsor Affiliates and any other Co-Investors exceeds $5,000,000, to the extent permitted by Section 12-44-30(19) of the Simplified FILOT Act, all investment by such Sponsors, Sponsor Affiliates, and any other Co-Investors during the Investment Period shall qualify for the FILOT pursuant to Section 5.01 of this Agreement (subject to the other conditions set forth therein) regardless of whether each such entity invested amounts equal to the minimum investment requirement set forth in the Simplified FILOT Act. Sponsors shall provide the County and the Department of Revenue with written notice of any other Sponsor or Sponsor Affiliate designated pursuant to this Section 8.04 within ninety (90) days after the end of the calendar year during which any such Sponsor or Sponsor Affiliate has placed in service property to be used in connection with the Project and subject to the Negotiated FILOT Payment, all in accordance with Section 12-44-130(B) of the Simplified FILOT Act. The parties agree that, if any Sponsor or Sponsor Affiliate does not become or ceases to remain party to this Agreement, the Agreement shall continue to remain in effect with respect to any remaining Sponsors or Sponsor Affiliates.

ARTICLE IX

FINANCING ARRANGEMENTS; CONVEYANCES; ASSIGNMENTS

Section 9.01. Conveyance of Liens and Interests; Assignment. Sponsor, Sponsor Affiliate and any other Co-Investor may at any time: (a) transfer all or any of its rights and interests hereunder or with respect to the Project to any Person; or (b) enter into any lending, financing, security, or similar arrangement or succession of such arrangements with any financing entity with respect to the Agreement or the Project, including without limitation any sale, leaseback, or other financing lease arrangement; *provided*, that, in connection with any of the foregoing transfers: (*i*) except in connection with any transfer to an Affiliate of Sponsor, Sponsor Affiliate, or any other Co-Investor (collectively, the "Related Entities"), or transfers pursuant to clause (b) above (as to which such transfers the County hereby consents), Sponsor, Sponsor Affiliate, or any other Co-Investor shall first obtain the prior written consent or subsequent ratification of the County, as evidenced by passage of a resolution by County Council which shall not be unreasonably withheld, conditioned or delayed; (*ii*) except where a financing entity, which is the income tax owner of all or part of the Project, is the transferee pursuant to clause (b) above and such transferee or financing entity assumes in writing the obligations of the respective company hereunder, or where the County consents in writing, no such transfer shall affect or reduce any of the obligations of the respective company hereunder, but all obligations of the company hereunder shall continue in full force and effect as the obligations of a principal and not of a guarantor or surety; (*iii*) Sponsor, Sponsor Affiliate, and any other Co-Investor, transferee, or financing entity shall, within 60 days thereof, furnish or cause to be furnished to the County and the Department of Revenue a true and complete copy of any such transfer agreement; and (*iv*) the Sponsor, Sponsor Affiliate, or any other Co-Investor and the transferee shall comply with all other requirements of the Transfer Provisions.

Sponsor and Sponsor Affiliate acknowledge that a transfer of an interest under this Agreement or in the Project may cause the Project to become ineligible for a Negotiated FILOT

Payment or result in penalties under the Act absent compliance by the applicable company with the Transfer Provisions.

Section 9.02. Relative Rights of County and Financing Entities as Secured Parties. The parties acknowledge the application of the provisions of Section 12-44-90 of the Act, and that the County's right to receive FILOT Payments hereunder shall be the same as its rights conferred under Title 12, Chapter 49 and 54, among others, of the Code relating to the collection and enforcement of *ad valorem* property taxes. The County's rights under this Agreement, except for its rights to receive FILOT Payments, shall be subordinate to the rights of any secured party or parties under any financing arrangements undertaken by the Company with respect to the Project pursuant to Section 9.01 hereof, such subordination to be effective without any additional action on the part of the County; *provided, however,* that the County hereby agrees, at the Company's expense, to execute such agreements, documents, and instruments as may be reasonably required by such secured party or parties to effectuate or document such subordination.

ARTICLE X

TERM; TERMINATION

Section 10.01. Term. Unless sooner terminated pursuant to the terms and provisions herein contained, this Agreement shall be and remain in full force and effect for a term commencing on the date set forth above, and ending at midnight on the last day of the Property Tax Year in which the last Negotiated FILOT Payment is due hereunder. This Agreement has a term of twenty (20) years, as calculated pursuant to the respective dates when the relevant portions of the Project are placed in service. The County's rights to receive indemnification and payment of Administration Expenses pursuant hereto shall survive the expiration or termination of this Agreement.

Section 10.02. Termination. The parties may agree to terminate this Agreement at any time, or the Sponsor may, at its option, terminate this Agreement at any time upon providing the County thirty (30) days' notice of such termination, in which event the Project shall be subject to *ad valorem* taxes from the date of termination. The County's rights to receive indemnification and payment of Administration Expenses pursuant hereto shall survive the expiration or termination of this Agreement pursuant to this Section 10.02.

ARTICLE XI

EVENTS OF DEFAULT AND REMEDIES

Section 11.01. Events of Default by Companies.

(a) Any one or more of the following events (herein called an "Event of Default", or collectively "Events of Default") shall constitute an Event of Default, but solely with respect to the defaulting company (the "Defaulting Company"):

(1) if default shall be made by the Defaulting Company in the due and punctual payment of any FILOT Payments, indemnification payments, or Administration Expenses, which

default shall not have been cured within (thirty) 30 days following receipt of written notice thereof from the County; or

(2) if default shall be made by the Defaulting Company in the due performance of or compliance with any of the terms hereof, including payment, other than those referred to in the foregoing paragraph (1), and such default shall continue for ninety (90) days after the County shall have given the Defaulting Company written notice of such default, *provided,* the Defaulting Company shall have such longer period of time as necessary to cure such default if the Defaulting Company proceeds promptly to cure such default and thereafter to prosecute the curing of such default with due diligence; and *provided, further,* that no Event of Default shall exist under this paragraph (2) during any period when there is pending, before any judicial or administrative tribunal having jurisdiction, any proceeding in which the Defaulting Company has contested the occurrence of such default.

(b) The failure of the Companies to meet the Jobs Commitment set forth herein shall not be deemed to be an Event of Default under this Agreement.

Section 11.02. Remedies on Event of Default by a Company. Upon the occurrence of any Event of Default, the County may exercise any of the following remedies, any of which may be exercised at any time during the periods permitted under the following clauses:

(a) terminate this Agreement with respect to the Defaulting Company by delivery of written notice to the Defaulting Company not less than thirty (30) days prior to the termination date specified therein;

(b) have access to and inspect, examine, and make copies of the books, records, and accounts of the Company pursuant to Section 4.02(c); or

(c) take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due or to enforce observance or performance of any covenant, condition, or agreement of the Defaulting Company under this Agreement.

Section 11.03. Default by County. Upon the default of the County in the performance of any of its obligations hereunder, each company may take whatever action at law or in equity as may appear necessary or desirable to enforce its rights under this Agreement, including without limitation, a suit for mandamus or specific performance.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Rights and Remedies Cumulative. Each right, power, and remedy of the County or of Sponsor, Sponsor Affiliate, or any other Co-Investor provided for in this Agreement shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Agreement or now or hereafter existing at law or in equity, in any jurisdiction where such rights, powers and remedies are sought to be enforced; and the exercise by the County or by the Sponsor, Sponsor Affiliate, or any other Co-Investor of any one or more of

the rights, powers or remedies provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the County or by the Sponsor, Sponsor Affiliate, or any other Co-Investor of any or all such other rights, powers or remedies.

Section 12.02. Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns as permitted hereunder.

Section 12.03. Intentionally Omitted.

Section 12.04. Administration Expenses.

(a) Sponsor, for so long as it is a tenant of Sponsor Affiliate, and thereafter, Sponsor Affiliate, agrees to reimburse the County from time to time for its Administration Expenses promptly upon written request therefore, but in no event later than thirty (30) days after receiving the written request from the County. The written request shall include a description of the nature of the Administration Expenses. The Administration Expenses reimbursable to the County pursuant to this Section 12.04(a) for the initial drafting and negotiation of this Agreement and any related documents shall not exceed seven thousand five hundred dollars ($7500.00), which shall be paid by Sponsor.

(b) Sponsor, for so long as it is a tenant of Sponsor Affiliate, and thereafter, Sponsor Affiliate, agrees to reimburse the County for expenses incurred by the County for accountants and similar experts used by the County in the computation, preparation and verification of the annual FILOT Payments and any special source revenue credits, *provided, however*, the maximum annual reimbursement pursuant to this subsection is capped at five hundred and no/100 dollars ($500.00), which shall be paid by Sponsor for so long as it is a tenant of the Sponsor Affiliate, and thereafter, by Sponsor Affiliate.

Section 12.05. Rules of Construction. The County and the Companies acknowledge and agree that each has been represented by legal counsel of its choice throughout the negotiation and drafting of this Agreement, that each has participated in the drafting hereof and that this Agreement will not be construed in favor of or against either party solely on the basis of such party's drafting or participation in the drafting of any portion of this Agreement.

Section 12.06. Notices; Demands; Requests. All notices, demands and requests to be given or made hereunder to or by the County or the Companies shall be in writing and shall be deemed to be properly given or made if sent by United States first class mail, postage prepaid or via facsimile or other commonly-used electronic transmission or reputable courier service, addressed as follows or to such other persons and places as may be designated in writing by such party.

(a) As to the County:

County of Lancaster, South Carolina
ATTN: Steve Willis, County Administrator

101 N. Main St. (29720)
P.O. Box 1809 (29721-1809)
Lancaster, South Carolina
Phone: (803) 416-9300
Email: swillis@lancastercountysc.net

With a copy to (which shall not constitute notice):

Mr. Jamie Gilbert
Economic Development Director, Lancaster County
P.O. Box 1809
Lancaster, South Carolina 29721
Phone: (803) 286-3633
Fax: (803) 416-9497
Email: jgilbert@lancastercountysc.net

(b) As to the Sponsors / Sponsor Affiliates:

RISC, LLC
350 Esten Avenue
Pawtucket, RI 02860
Attn: Ron Markovsky
Email: markovsky@cooleygroup.com

Cooley, Incorporated
350 Esten Avenue
Pawtucket, RI 02860
Attn: Ron Markovsky
Email: markovsky@cooleygroup.com

With a copy, in each case, to (which shall not constitute notice):

Womble Bond Dickinson (US) LLP
Attention: Stephanie Few
5 Exchange Street
Charleston,SC 29401
Phone: 843-720-4621
Email: stephanie.few@wbd-us.com

Section 12.07. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 12.08. Entire Understanding. This Agreement expresses the entire understanding and all agreements of the parties hereto with each other, and neither party hereto has made or shall be bound by any agreement or any representation to the other party which is not

expressly set forth in this Agreement or in certificates delivered in connection with the execution and delivery hereof.

Section 12.09. Severability. In the event that any clause or provision of this Agreement shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions hereof.

Section 12.10. Headings; References. The headings of the Agreement are for convenience of reference only and shall not define or limit the provisions hereof or affect the meaning or interpretation hereof. All references in this Agreement to particular articles or sections or paragraphs of this Agreement are references to the designated articles or sections or paragraphs of this Agreement.

Section 12.11. Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original but all of which shall constitute one and the same instrument.

Section 12.12. Amendments. Subject to the limitations set forth in the Act, this Agreement may be amended, or the rights and interest of the parties hereunder surrendered, only by a writing signed by all parties.

Section 12.13. Waiver. Either party may waive compliance by the other party with any term or condition of this Agreement only in a writing signed by the waiving party.

Section 12.14. Force Majeure. The Companies and any other Co-Investor shall not be responsible for any delays or non-performance caused in whole or in part, directly or indirectly, by strikes, accidents, freight embargoes, labor shortages, fire, floods, inability to obtain materials, conditions arising from government orders or regulations, war or national emergency, acts of God, and any other cause, similar or dissimilar, beyond the company's reasonable control.

SIGNATURE PAGES FOLLOWS.

IN WITNESS THEREOF, the County, acting by and through the County Council, has caused this Fee Agreement to be executed in its name and behalf by the Council Chair and Council Secretary and to be attested by the Clerk to Council; and the Companies have caused this Fee Agreement to be executed by its duly authorized officers, all as of the day and year first above written.

LANCASTER COUNTY, SOUTH CAROLINA

Steve Harper, Chair, County Council

Larry Honeycutt, Secretary, County Council

ATTEST:

Sherrie Simpson, Clerk to Council

COMPANIES SIGNATURES FOLLOW ON NEXT PAGE.

RISC, LLC,
a Delaware limited liability company

COOLEY, INCORPORATED,
a Rhode Island corporation

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Agenda Item Summary

Ordinance # / Resolution #: Ordinance 2022-1832 / Planning Case Number: DA-2022-0733
Contact Person / Sponsor: A. Davis / Planning
Department: Attorney
Date Requested to be on Agenda: 12/12/2022

Issue for Consideration:
Application by Century Communities for a development agreement that includes four parcels totaling approximately 169.86 acres located at Williamson Farm Road, and at 500 and 516 W. Shiloh Unity Road (TM#s 0049-00-004.13, 0049-00-004.16, 0049-00-005.01 and 0049-00-005.02) to allow development of a 398-lot Cluster Subdivision (2.34 du/acre).

This application is associated with the preciously approved companion Zoning Map Amendment: RZ-2022-0733 and Preliminary Plat: SD-2022-0733 proposals.

Points to Consider:
The applicant submitted the proposed development agreement enclosed with this memo. This development agreement has been revised to reflect changes which have occurred to the proposed concept plan. The development agreement reflects the requirements of UDO Section 9.2.18 including, but not limited to: legal description, duration of agreement, description of uses, and traffic impact analysis (TIA).

The final TIA requirements were pending and under review on prior readings, but those TIA requirements have now been approved and finalized. The updated TIA requirements are set forth in Exhibit B to the proposed Development Agreement.

Funding and Liability Factors:
N/A

Council Options:
To approve or deny the proposed agreement.

Recommendation:
Planning Commission reviewed this item at their October meeting and recommended **conditional approval** subject to resolution of the outstanding TIA comments. No public comments have been received.
Staff also recommended conditional approval.

ATTACHMENTS:

Description	Upload Date	Type
Ordinance 2022-1832	12/5/2022	Ordinance
Exhibit to Ordinance 2022-1832- Development Agreement	12/8/2022	Exhibit
Planning Staff Report	9/13/2022	Planning Staff Report

STATE OF SOUTH CAROLINA (
(**ORDINANCE NO. 2022-1832**
COUNTY OF LANCASTER (

AN ORDINANCE

TO APPROVE A DEVELOPMENT AGREEMENT WITH CENTURY COMMUNITIES SOUTHEAST, LLC, IN ACCORDANCE WITH UNIFIED DEVELOPMENT ORDINANCE SECTION 9.2.18 FOR A PROPOSED 398-UNIT SINGLE-FAMILY CLUSTER SUBDIVISION DEVELOPMENT LOCATED ON APPROXIMATELY 169.86 ACRES OF LAND AT 500 AND 516 W. SHILOH UNITY ROAD (TMS#s 0049-00-004.13, 0049-00-004.16, 0049-00-005.01 AND 0049-00-005.02).

Be it ordained by the Council of Lancaster County, South Carolina:

Section 1. Findings and Determinations.

The Council finds and determines that:

(a) Century Communities Southeast, LLC, ("Developer") seeks to develop a 398-unit single-family cluster subdivision community upon a total of 169.86 acres of real property located at 500 and 516 W. Shiloh Unity Road (TMS#s 0049-00-004.13, 0049-00-004.16, 0049-00-005.01 and 0049-00-005.02). This application is associated with the preciously approved companion Zoning Map Amendment: RZ-2022-0733 (Ordinance 2022-1822) and Preliminary Plat: SD-2022-0733 proposals.

(b) The Development Agreement has been submitted and requested by Developer, pursuant to the UDO requirement that all land development projects that seek to utilize the Cluster Subdivision Overlay (CSO) for a Medium Density Residential (MDR) District be governed by a Development Agreement and so that Developer will have ongoing certainty of the development standards applicable to the property and to make provisions to offset the expected impacts of the development on public services.

(c) The Development Agreement attached hereto and incorporated herein by reference as **Exhibit "1"** is authorized by the South Carolina Local Government Development Agreement Act, codified as Sections 6-31-10 to -160, Code of Laws of South Carolina 1976, as amended (the "Act"), and satisfies the terms and conditions of the Act and is also in compliance with UDO Section 9.2.18.

(d) It is in the best interests of the County and Developer to enter the Development Agreement to set forth the terms and conditions of the development to achieve a well-coordinated, master planned development, to reasonably mitigate any project impacts to the community, and to achieve predictability to the County and the Developer on the scope and terms of the development.

(e) The scope and terms of the planned development, as set forth in the Development Agreement, accomplish the statutory aims of the Act by providing for comprehensive, orderly planning and development within the County, thus providing benefits to the citizens of the County and providing public benefits through, among other things, the donation of funds and real property for the provision of public facilities and services described and identified in the Development Agreement.

(g) On October 18, 2022, the Lancaster County Planning Commission held a public hearing on the proposed Development Agreement and, by a vote of 4-1, recommended conditional approval of the Development Agreement for this project subject to resolution of outstanding transportation impact assessment (TIA) comments and technical review committee (TRC) comments.

Section 2. Approval of Development Agreement.

The Development Agreement attached as **Exhibit "1**" is approved by the Council of Lancaster County.

Section 3. Severability.

If any section, subsection, or clause of this ordinance is held to be unconstitutional or otherwise invalid, the validity of the remaining sections, subsections and clauses shall not be affected.

Section 4. Conflicting Provisions.

To the extent this ordinance contains provisions that conflict with provisions contained elsewhere in the Lancaster County Code or other County ordinances, the provisions contained in this ordinance, to the extent of the conflict, supersede all other provisions and this ordinance is controlling.

Section 5. Effective Date.

This ordinance is effective upon Third Reading.

<remainder intentionally blank, signature page follows>

AND IT IS SO ORDAINED

Dated this _____ day of _____, 2022.

LANCASTER, SOUTH CAROLINA

_____
Brian Carnes, Vice Chair, County Council

_____
Billy Mosteller, Secretary, County Council

ATTEST:

_____
Sherrie Simpson, Clerk to Council

First Reading:	November 14, 2022
Second Reading:	November 28, 2022
Public Hearing:	November 14, 2022
Third Reading:	December 12, 2022

Approved as to form:

_____
John DuBose, County Attorney

----------(Space above this line for recording use)----------

STATE OF SOUTH CAROLINA) DEVELOPMENT AGREEMENT
)
COUNTY OF LANCASTER) CENTURY COMMUNITIES SOUTHEAST LLC

This **DEVELOPMENT AGREEMENT** (the "Agreement") is made and entered into as of the _____ day of _____ 2022 ("Agreement Date"), by and between **Century Communities Southeast, LLC**, a North Carolina limited liability company ("Developer"), and the **COUNTY OF LANCASTER** (the "County"), a body politic and corporate, a political subdivision of the State of South Carolina.

R E C I T A L S

WHEREAS, Developer has obtained the contractual right to acquire certain real property consisting of approximately 169.93 acres, more or less, located in the County and known as the **SHILOH WOODS** development and more fully described in Section 1.04 of this Agreement ("Property") and thus has an equitable interest therein;

WHEREAS, Developer has submitted an application to the County requesting that Tax Parcel Nos. 0049-00-004.13, 0049-00-004.16, 0049-00-005.01 and 0049-00-005.02, comprising the Property, be rezoned to Cluster Subdivision Overlay Medium Density Residential (CSO MDR) District.

WHEREAS, Developer and County have determined that it is in the best interests of the County and Developer to enter into this Agreement to set forth the terms and conditions of the development in order to achieve a well-coordinated, planned development, reasonably mitigate any project impacts to the community and achieve predictability to the County and the Developer on the scope and terms of the development;

WHEREAS, the Developer desires to obtain from the County in connection with the development, and the County is willing to provide, assurances: (1) that the Property will be zoned Medium Density Residential (MDR) District for the duration of this Agreement; (2) that upon receipt of its development and construction permits it may proceed with the planned development and construction; and (3) that the development rights will be vested for the duration of this Agreement;

WHEREAS, in connection with the proposed development, Developer and County recognize that the scope and term of the planned development under this Agreement accomplish

the statutory aims of comprehensive, orderly planning and development within the County, thus providing benefits to the citizens of the County and providing public benefits through, among other things, the donation of funds or financing of those public facilities and services described and identified in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the terms and conditions set forth in this Agreement, the receipt and sufficiency of such consideration being acknowledged by the parties, and pursuant to the South Carolina Local Government Development Agreement Act, codified as Sections 6-31-10 to -160, Code of Laws of South Carolina 1976, as amended (the "Act") and the Development Agreement Ordinance for Lancaster County, South Carolina ("Ordinance No. 663"), the parties to this Agreement, intending to be legally bound to a development agreement in accordance with the Act and Ordinance No. 663, agree as follows:

ARTICLE I

GENERAL

Section 1.01. Incorporation. The above recitals are incorporated in this Agreement as if the recitals were set out in this Agreement in its entirety. The findings contained in the Act are incorporated into this Agreement as if it were set out in this Agreement in its entirety.

Section 1.02. Definitions. (A) As used in this Agreement:

(1) "Act" means the South Carolina Local Government Development Agreement Act, codified as Sections 6-31-10 to -160, Code of Laws of South Carolina 1976, as amended.

(2) "Agreement" means this Development Agreement.

(2A) "Agreement Date" means December _____2022.

(3) "Comprehensive Plan" means the master plan for the County and the official map adopted pursuant to S.C: Code §§ 6-29-510 through 6-29-530, inclusive, as amended from time to time, including the Lancaster County Comprehensive Plan adopted December 14, 2014 and updated and amended on July 20, 2020, and further updated by adoption of the Southern Panhandle Small Area plan by Ordinance No. 2021-1704 on February 8, 2021 and by adoption of the Small Area Plan Extension by Ordinance No. 2021-1758 on September 13, 2021.

(4) "County" means the County of Lancaster, a body politic and corporate, a political subdivision of the State of South Carolina.

(5) "County Council" means the governing body of the County.

(6) "Developer" means Century Communities Southeast, LLC, a Colorado limited liability company, and its successors in title to the Property who undertake Development of the Property or who are transferred Development Rights.

(7) "Development Rights" means the right of the Developer to develop all or part of the Property in accordance with this Agreement.

(8) "Laws and Land Development Regulations" means the County's current applicable rules and regulations governing development of real property in force as of the Agreement Date, including the UDO as amended through the Agreement Date, as evidenced by Exhibits E and E-1 through E-5 attached hereto and incorporated herein by reference.

(9) "Ordinance No. 663" means Ordinance No. 663 of the County which is cited as the Development Agreement Ordinance for Lancaster County, South Carolina.

(10) "Ordinance No. 2022-1822" means Ordinance No. 2022-1822 of the County, zoning Tax Parcel Nos. 0049-00-004.13, 0049-00-004.16, 0049-00-005.01 and 0049-00-005.02, comprising the Property, to CSO Medium Density Residential (CSO MDR) District, a copy of which is attached hereto as Exhibit E-1.

(11) "Ordinance No. 2022- 1832" means Ordinance No. 2022- 1832of the County approving this Agreement, a copy of which is attached hereto as Exhibit E-2.

(12) "Parties" means County and Developer.

(13) "Property" means the land, and any improvements thereon, described in Section 1.04.

(14) "UDO" means the Lancaster County Unified Development Ordinance adopted by the County Council of Lancaster County, as amended through the Agreement Date, a copy of which is attached hereto as Exhibit E-4.

(B) Unless the context clearly indicates otherwise, terms not otherwise defined in this Agreement have the meanings set forth in the Act and Ordinance No. 663 or the UDO.

Section 1.03. Parties. The parties to this Agreement are County and Developer.

Section 1.04. Property. This Agreement applies to four (4) parcels of land identified as Tax Map Nos. 0049-00-004.13, 0049-00-004.16, 0049-00-005.01 and 0049-00-005.02, and these parcels are reflected in Exhibit A-1 (legal descriptions) and A-2 (plats), attached hereto and incorporated herein by reference as if these exhibits were set out in this Agreement in their entirety.

Section 1.05. Zoning. Three (3) parcels, including Tax Map Nos. 0049-00-004.16, 0049-00-005.01 and 0049-00-005.02, comprising the Property are currently zoned Low Density Residential (LDR) District and all are anticipated to be rezoned Medium Density Residential

(MDR) District pursuant to Ordinance No. 2022-1822. Parcel 0049-00-004.13 is currently zoned Medium Density Residential (MDR) District. All properties are anticipated to be rezoned Cluster Subdivision Overlay Medium Density Residential (CSO MDR) District pursuant to Ordinance No. 2022-1822.

Section 1.06. Development Program.

(A) The UDO provides for the development uses on the Property, including population densities, building intensities and height.

(B) The development of the Property must meet all applicable standards contained in the UDO as of the Agreement Date. In the event of conflict between the standards contained in the UDO as of the Agreement Date and this Agreement, the terms of the UDO control. The Development Program for the Property is up to 398 single family detached dwelling units and 169.93 acres and is set forth in Exhibit B.

Section 1.07. Development Schedule.

(A) The estimated development schedule for the Property is set forth on Exhibit C, attached hereto and incorporated herein by reference as if the exhibit were set out in this Agreement in its entirety.

(B) County and Developer acknowledge that the development schedule is an estimate. The failure of the Developer to meet a commencement or completion date does not, in and of itself, constitute a material breach of this Agreement, but must be judged based on the totality of the circumstances. The development schedule is a planning and forecasting tool only. County and Developer acknowledge that actual development is likely to take place at a different pace than set forth in the development schedule because of future market forces.

(C) County agrees that if Developer requests an adjustment to the development schedule, including commencement dates and interim completion dates, then the dates must be modified if the Developer is able to demonstrate and establish that there is good cause to modify those dates. "Good cause" includes, but is not limited to, changes in market conditions.

(D) Periodic adjustments to the development schedule do not require a formal amendment to this Agreement and are not considered a major modification. To adjust the development schedule, the Developer shall submit a proposed adjustment to the Clerk to Council who shall forward copies of the proposed adjustment to each member of County Council. The proposed adjustment must be accompanied by an explanation and justification. The proposed adjustment is effective sixty (60) days from receipt by the Clerk to Council unless the County Council has disapproved the proposed adjustment by passage of a resolution to that effect within the sixty (60) day period.

Section 1.08. Relationship of Parties. This Agreement creates a contractual relationship among the Parties. This Agreement is not intended to create, and does not create, the relationship

of partnership, joint venture, or any other relationship wherein any one of the parties may be held responsible for the acts of any other party. This Agreement is not intended to create, and does not create, a relationship whereby any one of the parties may be rendered liable in any manner for the debts or obligations of any other party, to any person or entity whatsoever, whether the debt or obligation arises under this Agreement or outside of this Agreement.

Section 1.09. Benefits and Burdens.

(A) The Parties agree that the burdens of this Agreement are binding upon, and the benefits of this Agreement shall inure to, all successors in interests to the Parties to this Agreement.

(B) Except for the owners and lessees of completed residences on individual lots who are the end users and not developers thereof and the owners and lessees of individual lots, who are not developers and who intend to build a residence on the lot for the owner or lessee to occupy, any purchaser or other successor in title is responsible for performance of Developer's obligations pursuant to this Agreement as to the portion of the Property so transferred. Developer must give notice to the County of the transfer of property to a developer in the manner prescribed in Section 3.05.

(C) Developer acknowledges and agrees that it and its successors and assigns (*i*) are responsible for the development of the Property if and when Developer acquires title to and Development Rights for the Property, and (*ii*) if Developer develops the Property, Developer will develop the Property in accordance with the terms and conditions of this Agreement.

Section 1.10. Term. The term of this Agreement commences on the Agreement Date and terminates five (5) years thereafter.

Section 1.11. Required Information. Ordinance No. 663 requires a development agreement to include certain information. Exhibit D contains the required information or identifies where the information may be found in this Agreement. Exhibit D is incorporated herein by reference as if the exhibit were set out in this Agreement in its entirety.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties of County.

(A) The County has found that the development permitted by this Agreement is consistent with the County's Comprehensive Plan and UDO.

(B) The County has approved this Agreement by adoption of Ordinance No. 2022- 1832 in accordance with the procedural requirements of the Act, Ordinance No. 663 and any other applicable state law.

(C) The County represents that prior to the final reading of Ordinance No. 2022- 1832 that at least two public hearings were held after publication of the required notice and the publication of a notice of intent to consider a proposed development agreement.

Section 2.02. Representations and Warranties of Developer.

(A) Developer represents that the number of acres of highland contained in the Property is greater than twenty-five acres and that the highlands equal approximately 159 acres.

(B) Developer represents that, as of the Agreement Date, it has contractual rights to acquire the Property and thus has an equitable interest therein.

(C) Developer represents and warrants that the execution, delivery and performance by the respective individual or entity signing this Agreement on behalf of the party has been duly authorized and approved by all requisite action on the part of Developer.

ARTICLE III

DEVELOPMENT RIGHTS

Section 3.01. Vested Right to Develop.

(A) County agrees that the Developer, upon receipt of its development permits as identified in Section 3.04, may proceed to develop the Property according to the terms and conditions of this Agreement, including the Master Development Plan described in Section 1.06(B), the UDO, and the other Laws and Land Development Regulations. The right of Developer to develop the Property as set forth in this Agreement is deemed vested with Developer for the term of this Agreement when the Developer has complied with all of the requirements of Section 5.19 of this Agreement.

(B) County agrees that the specific Laws and Land Development Regulations in force as of the Agreement Date, including the UDO, as set forth in Exhibits E and E-1 through E-5 to this Agreement, attached hereto and incorporated herein by reference as if the exhibit were set out in this Agreement in its entirety, shall govern all aspects of the development of the Property, according to the terms and standards as stated in this Agreement, for the term of this Agreement.

(C) The Developer has a vested right to proceed with the development of the Property in accordance with the zoning classification set forth in Ordinance No. 2022- 1822, the UDO, the other Laws and Land Development Regulations, and the terms of this Agreement, including without limitation the Development Program, when the Developer has complied with all of the requirements of Section 5.19 of this Agreement.

(D) To the extent that this Agreement may contain zoning and development standards which conflict with existing zoning and development standards, including zoning and development

standards contained in the UDO, the standards contained in this Agreement supersede all other standards and this Agreement is deemed controlling.

(E) The Developer acknowledges that financial guarantees will not be accepted for water, sewer and storm water infrastructure and the water, sewer and storm water infrastructure must be installed, tested and in acceptable condition before final plat approval.

Section 3.02. Effect on Vested Rights Act and County Ordinance No. 673. The Parties agree that vested rights conferred upon Developer in this Agreement are not affected by the provisions of the Vested Rights Act, codified as S.C. Code §§ 6-29-1510 to -1560, Code of Laws of South Carolina 1976, as amended, or the provisions of Ordinance No. 673, the County's ordinance relating to the Vested Rights Act. In addition, subject to the provisions of Section 3.03(A) of this Agreement, all rights and prerogatives accorded Developer by this Agreement shall immediately also constitute vested rights for the development of the Property including vested rights pursuant to the Vested Rights Act and the provisions of Ordinance No. 673, for the term of this Agreement and the maximum period for vesting rights under the Vesting Rights Act. Section 3.03(A) of this Agreement does not abrogate any rights either preserved by S.C. Code § 6-31-140, Ordinance No. 663, Ordinance No. 673, the UDO, or that may have vested pursuant to common law and otherwise in the absence of a development agreement.

Section 3.03. Applicability of Subsequently Adopted Laws and Land Development Regulations.

(A) It is recognized that laws and regulations will periodically change. However, the laws applicable to the development of the Property during the Term of this Agreement shall be the Laws and Land Development Regulations in effect on the Agreement Date as set forth on Exhibits E and E1 – E5, except as expressly provided otherwise in this Agreement.

Subject to the provisions of S.C. Code § 6-31-140, the County shall not apply subsequently adopted laws or regulations to the Property or the Project unless the County has held a public hearing and has determined: (1) the proposed subsequent laws or regulations are not in conflict with the Current Laws and Land Development Regulations governing the Agreement and do not prevent the development of the Property set forth in this Agreement; (2) the proposed subsequent laws or land development regulations are essential to the public health, safety, or welfare and the proposed subsequent laws or land development regulations expressly state that they apply to a development that is subject to a development agreement; (3) the proposed subsequent laws or land development regulations are specifically anticipated and provided for in this Agreement; (4) substantial changes have occurred in pertinent conditions existing at the time of approval of this Agreement which changes, if not addressed by the County, would pose a serious threat to the public health, safety, or welfare; or (5) this Agreement is based on substantially and materially inaccurate information supplied by Developer.

(B) Notwithstanding the provisions of subsection (A) of this section, the County agrees that if County Council imposes a moratorium or other similar restriction that would curtail or

hinder the rate at which development can occur, then the moratorium or other similar restriction shall not apply to the Development of the Property.

(C) Developer agrees to comply with any county-wide storm water regulations, building, housing, electrical, plumbing, and gas codes adopted by County Council after the Agreement Date and in force at the time plans for buildings are submitted to the County for review. Nothing in this Agreement is intended to supersede or contravene the requirements of any storm water, building, housing, electrical, plumbing, or gas code adopted by County Council.

Section 3.04. Development Permits.

(A) Developer agrees to obtain all local development permits for the development of the Property. Local development permits, approvals and processes, some of which may have been obtained or complied with as of the Agreement Date, include, but are not limited to:

(1) Site plan or preliminary plan approval;
(2) Civil plan approval;
(3) Final plat approval;
(4) Zoning permits;
(5) Building permits; and
(6) Sign permits.

(B) The failure of this Agreement to address a particular permit, condition, term, or restriction does not relieve the Developer of the necessity of complying with the law governing the permitting requirements, conditions, terms or restrictions.

Section 3.05. Transfer of Development Rights.

(A) Developer may, at its sole discretion, transfer its Development Rights to other developers. The transferring Developer must give notice to the County of the transfer of any Development Rights. The notice to the County must include the identity and address of the transferring Developer, the identity and address of the acquiring Developer, the acquiring Developer's contact person, the location and number of acres of the Property associated with the transfer and the number of residential units or commercial acreage subject to the transfer. Any Developer acquiring Development Rights is required to file with the County an acknowledgment of this Agreement and the transfer of Development Rights is effective only when the County receives a commitment from the acquiring Developer to be bound by it. In the event of the sale, transfer, or other conveyance of all or a portion of the Property and compliance with the conditions set forth herein, Developer shall be released from any further obligations with respect to this Agreement as to the portion of the Property so transferred, and the transferee shall be considered as substituted as Developer under the Agreement as to the portion of the Property so transferred.

(B) This provision does not apply: (i) to the purchaser or other successor in title to Developer who is the owner or lessee of a completed residence and is the end user and not the developer thereof or who is the owner or lessee of an individual lot, who is not a developer and

who intends to build a residence on the lot for the owner or lessee to occupy; (ii) to any mortgage lender either as the result of foreclosure of any mortgage secured by any portion of the Property or any other transfer in lieu of foreclosure; (iii) to any third party purchaser at such a foreclosure; or (iv) to any third party purchaser of such mortgage lender's interest subsequent to the mortgage lender's acquiring ownership of any portion of the Property as set forth above. Furthermore, nothing contained herein shall prevent, hinder or delay any transfer of any portion of the Property to any such mortgage lender or subsequent purchaser. Except as set forth herein, any such mortgage lender or subsequent purchaser shall be bound by and shall receive the benefits from this Agreement as the successor in title to Developer.

ARTICLE IV

DEDICATIONS AND FEES AND RELATED AGREEMENTS

Section 4.01. Purpose of Article. The Parties understand and agree that Development of the Property imposes certain burdens and costs on the County, including those for certain services and infrastructure improvements. Eventually, *ad valorem* taxes collected from the property may meet or exceed the burdens and costs placed upon the County, but certain initial costs and capital expenditures are now required that are not to be funded by any increase in taxes paid by existing residents of the County. The purpose of this article is to identify the matters agreed upon to be provided by the Developer to mitigate such burdens and costs.

Section 4.01A. Facilities for Development. Subject to compliance with applicable laws, all provisions of this Agreement and prior approval of construction plans by the County or other applicable governmental entity, Developer, at its cost and expense, shall install the requisite infrastructure, including transportation, water, and sanitary sewer infrastructure, for its Development of the Property, pursuant to Section 4.04 below and the Development Program set forth on Exhibit B as such Development proceeds pursuant to Exhibit C. Notwithstanding any provision herein to the contrary, Developer hereby assures the County that adequate infrastructure shall be available concurrent with the impacts of Development of the Property.

Section 4.01B. Payment for School District. Developer will pay County Five Hundred and No/100 Dollars ($500.00) per housing unit to offset the impact of the development upon the Lancaster County School District. The school district payment shall be made when a building permit is issued.

Section 4.01C. Funds for Parks and Recreation. On July 21, 2021, the County adopted an ordinance establishing development impact fees for facility improvements Parks and Recreation (Ordinance No. 2021-1725) which impact fees was implemented as of October 1, 2021 and shall apply to the Property. County and Developer agree that no additional Parks and Recreation funds are required pursuant to this Agreement because the County Parks and Recreation Impact Fees already address the impact that the development of the property will have on Parks and Recreation facilities.

Section 4.01D. Future Impact Fees. Developer's right set forth herein are vested and thus Developer shall not be subject to any future impact fees or costs imposed by the County.

Section 4.01E. Solid Waste Fees. Developer agrees to pay County Five Hundred Dollars ($500.00) per housing unit which shall be paid when a building permit is issued (the "Solid Waste Fund Payment"). Upon receipt of the Solid Waste Fund Payment, those monies must be accounted for separate and distinct from other monies of the County. The Solid Waste Fund Payment must be used for solid waste services in Lancaster County and restricted to the Greater Lancaster area. The determination of the specific use of the Solid Waste Fund Payment is at the discretion of County Council.

Section 4.01F. Library Fees. Developer agrees to pay County Two Hundred Fifty Dollars ($250.00) per housing unit which shall be paid when a building permit is issued (the "Library Fund Payment"). Upon receipt of the Library Fund Payment, those monies must be accounted for separate and distinct from other monies of the County. The Library Fund Payment must be used for library services in Lancaster County and restricted to the Greater Lancaster area. The determination of the specific use of the Library Fund Payment is at the discretion of County Council.

Section 4.01G. Agreement for Use of Community Facilities as Voting Locations. Developer agrees to allow the County use of community facilities (e.g., clubhouse/pool house/meeting hall, etc.) as locations for voting polls during elections. Developer agrees the County will have access to such community facilities as is necessary and convenient for County to set up the polling stations and to breakdown/clean up the area once voting is complete and the use of such facilities will be complementary and without cost to the County. Liability arising from or incidental to the County's use of the facilities, only if arising from acts or omission of Lancaster County, shall be limited by the South Carolina Tort Claims Act.

Section 4.02. Payment of Costs. Upon submission of appropriate documentation of the expenditure, Developer agrees to reimburse the County, not later than Developer's purchase of the Property, as evidenced per Section 5.19(ii), herein, for the County's reasonable unreimbursed actual costs related to this Agreement. The foregoing cost reimbursement is capped at ten thousand dollars ($10,000.00) and is limited to County payments to third-party vendors and service providers that have not been otherwise reimbursed from the fee paid by Developer pursuant to Section 10 of Ordinance No. 663.

Section 4.03. Other Charges or Fees.

(A) Nothing in this Agreement shall be construed as relieving Developer from the payment of any fees or charges in effect at the time of collection as may be assessed by entities other than the County.

(B) Developer is subject to the payment of any and all present or future fees enacted by the County that are of County-wide application and that relate to the County's costs of processing

applications, issuing development permits, reviewing plans, conducting inspections or similar type processing costs.

Section 4.04. Infrastructure and Services.

The Parties recognize that the majority of the direct costs associated with the Development of the Property will be borne by Developer, and many necessary infrastructure improvements and services will be provided by Developer or other governmental or quasi-governmental entities, and not by the County. For clarification, the Parties make specific note of and acknowledge the following:

(A) Roads. (1)(a) Developer is responsible for the construction and costs of all roads, whether for public or private use, within the Property including but not limited to any necessary entrance and intersection improvements as required by the South Carolina Department of Transportation related to the development of the Property. All roads must be constructed in accordance with the County's road standards. The road improvements are expected to be implemented on a schedule consistent with the development of the Property as contained in the development schedule and as necessary to serve the development. Developer is also responsible for maintenance of all roads that are not public roads. Pursuant to Ordinance 2014-1299, Developer acknowledges that County will only accept as public roads those roads constructed in full compliance with the UDO and providing connectivity to the county road system or serving as a necessary component for the proper development of the county road system. County will not accept the roads within the Property into the County road system for any other purpose, including, but not limited to, maintenance. Developer may transfer the ownership of the roads and its obligations for the roads to a homeowners' or property owners' association or similar organization.

(b) Developer shall cause to be prepared a traffic impact analysis conducted and sealed by a licensed South Carolina professional engineer (if not already prepared at time of Agreement). Any road improvements, which are determined to be necessary, based on the results of the traffic impact analysis, shall be incorporated into the final site plan prior to County approval and the Developer is responsible for all costs of the road improvements. The traffic impact analysis shall be reviewed by the County and in conjunction with the South Carolina Department of Transportation. If a County-level traffic planner is not available to review the traffic impact analysis at the time of submittal, the County may choose to hire a third-party consultant to assist in this review. The cost of the traffic impact analysis, including any additional reviews requested by the County, shall be paid by the Developer. Improvements set forth in the traffic impact analysis may be installed based on a phasing study prepared by a licensed South Carolina professional engineer at the expense of Developer. The installation of new traffic signals or improvements to existing traffic signals shall be based on warrant studies conducted by a licensed South Carolina professional engineer at established specific times and at the expense of Developer.

(B) Potable Water, Sewage Treatment and Disposal. Potable water, sewage treatment and disposal will all be supplied to the Property by the Lancaster County Water and Sewer District. Developer will construct, or cause to be constructed, all necessary water and sewer service infrastructure within the Property and the water and sewer service infrastructure will be maintained by the provider. County is not responsible for any construction, treatment, maintenance, or costs associated with water or sewer service or water and sewer service infrastructure to or within the

Property. The water and sewer service infrastructure is expected to be implemented on a schedule consistent with the development of the Property as contained in the development schedule and as necessary to serve the development. Developer acknowledges that County has no authority or responsibility for providing potable water services or sewer services in the County and that the Lancaster County Water and Sewer District is a governmental entity separate and distinct from the County.

(C) Storm Water Management. Developer will construct or cause to be constructed all storm water runoff and drainage improvements within the Property required by the development of the Property and such infrastructure will be maintained by Developer or a homeowners' association. County is not responsible for any construction, maintenance or costs associated with the storm water runoff and drainage for the Property. Storm water management improvements are expected to be implemented on a schedule consistent with the development of the Property as contained in the development schedule and as necessary to serve the development.

(D) Solid Waste Collection. The County shall provide solid waste collection to the Property on the same basis as is provided to other residents and businesses within the County. It is understood and acknowledged that the County does not presently provide solid waste collection or disposal for single, multi-family or commercial developments. Residential units shall be served by a private waste hauling company.

(E) Fire Services. The Property is in the Riverside Fire Department service area and fire services will be provided by the Riverside Fire Department, or its successor entities. Developer acknowledges that the Riverside Fire Department provides services using volunteers.

(F) School Services. Public school services are now provided by the Lancaster County School District. Developer acknowledges that County has no authority or responsibility for providing public school services in the County.

ARTICLE V

MISCELLANEOUS

Section 5.01. Notices. Any notice, election, demand, request or other communication to be provided under this Agreement shall be in writing and shall be effective (*i*) when delivered to the party named below, (*ii*) when deposited with the United States Postal Service, certified mail, return receipt requested, postage prepaid, or (*iii*) when deposited in Federal Express (or any other reputable national "next day" delivery service) addressed as follows (or addressed to such other address as any party shall have previously furnished in writing to the other party), except where the terms hereof require receipt rather than sending of any notice, in which case such provision shall control:

To the County: County of Lancaster
Attn: County Administrator
101 N. Main St. (29720)

P.O. Box 1809 (29721)
Lancaster, SC

With a Copy to: County of Lancaster
Attn: County Attorney
101 N. Main St. (29720)
P.O. Box 1809 (29721)
Lancaster, SC

And to Developer: Century Communities Southeast, LLC
Attn: Ken Rabel, Division President
7401 Carmel Executive Park Drive, Suite 310
Charlotte, NC 28226

With a Copy to: Century Communities Southeast, LLC
Attn: Andrew Rouzer, Vice President
7401 Carmel Executive Park Drive, Suite 310
Charlotte, NC 28226

Section 5.02. Amendments.

(A) This Agreement may be amended or cancelled by mutual consent of the Parties to the Agreement or by their successors in interest. An amendment to this Agreement must be in writing. No statement, action or agreement made after the Agreement Date shall be effective to change, amend, waive, modify, discharge, terminate or effect an abandonment of this Agreement in whole or in part unless such statement, action or agreement is in writing and signed by the party against whom the change, amendment, waiver, modification, discharge, termination or abandonment is sought to be enforced.

(B) An amendment to this Agreement with the exceptions identified on Exhibit B must be processed and considered in the same manner as set forth in Ordinance No. 663 for a proposed development agreement. Any amendment to this Agreement other than as set forth on Exhibit B constitutes a major modification and the major modification may occur only after public notice and a public hearing by the County Council.

(C) This Agreement must be modified or suspended as may be necessary to comply with any state or federal laws or regulations enacted after the Agreement Date which prevents or precludes compliance with one or more of the provisions of this Agreement but only to the extent necessary to effectuate compliance with the state or federal law.

(D) Anything to the contrary contained herein notwithstanding, in the event Developer or its successors or assigns elects not to or otherwise does not acquire the Property at any time, Developer may so notify the County in writing and upon such notification and written request by Developer to terminate this Agreement, this Agreement shall terminate and Developer shall not be

considered in breach of this Agreement and the parties shall have no further obligations to one another.

Section 5.03. Periodic Review. At least every twelve (12) months, the Development Services Director for the County or the designee of the Development Services Director for the County, must review compliance with this Agreement by the Developer. At the time of review the Developer must demonstrate good faith compliance with the terms of the Agreement.

Section 5.04. Breach of Agreement.

(A) If, as a result of the periodic review provided in Section 5.03 of this Agreement or at any other time, the Development Services Director for the County, or their designee, finds and determines that the Developer has committed a material breach of the terms or conditions of this Agreement, the Development Services Director for the County shall serve notice in writing, within a reasonable time after the periodic review, upon the Developer setting forth with reasonable particularity the nature of the breach and the evidence supporting the finding and determination, and providing the Developer a reasonable time in which to cure the material breach.

(B) If the Developer fails to cure the material breach within a reasonable time and is not proceeding expeditiously and with diligence to cure the breach, then the County Council may unilaterally terminate or modify this Agreement. Prior to terminating or modifying this Agreement as provided in this section, the County Council must first give the Developer the opportunity (*i*) to rebut the finding and determination, or (*ii*) to consent to amend the Agreement to meet the concerns of the County Council with respect to the findings and determinations.

Section 5.05. Enforcement. The Parties shall each have the right to enforce the terms, provisions and conditions of this Agreement, if not cured within the applicable cure period, by any remedy available at law or in equity, including specific performance, and the right to recover attorney's fees and costs associated with enforcement.

Section 5.06. No Third Party Beneficiary. The provisions of this Agreement may be enforced only by the Parties. No other persons shall have any rights hereunder.

Section 5.07. Recording of Agreement. The Parties agree that Developer shall record this Agreement with the County Register of Deeds within fourteen (14) days of the date of execution of this Agreement.

Section 5.08. Administration of Agreement. County is the only local government that is a party to this Agreement and the County is responsible for the Agreement's administration.

Section 5.09. Effect of Annexation and Incorporation. The Parties agree that this Agreement remains in effect if the Property is, in whole or in part, included in a newly-incorporated municipality or is annexed into a municipality. The Parties acknowledge that upon incorporation or annexation the application and duration of this Agreement is controlled by Section 6-31-110 of the Act. County reserves the right to enter into an agreement with the newly-incorporated

municipality or the annexing municipality for the administration and enforcement of this Agreement after the date of incorporation or annexation.

Section 5.10. Estoppel Certificate. Any of the Parties may, at any time, and from time to time, deliver written notice to the other party requesting the party to certify in writing (*i*) that this Agreement is in full force and effect, (*ii*) that this Agreement has not been amended or modified, or if so amended, identifying the amendments, and (*iii*) whether, to the knowledge of the party, the requesting party is in default or claimed default in the performance of its obligation under this Agreement, and, if so, describing the nature and amount, if any, of any such default or claimed default, and (*iv*) whether, to the knowledge of the party, any event has occurred or failed to occur which, with the passage of time or the giving of notice, or both, would constitute a default and, if so, specifying each such event.

Section 5.11. Entire Agreement. This Agreement sets forth, and incorporates by reference all of the agreements, conditions, and understandings among the Parties relative to the Property and its Development and there are no promises, agreements, conditions or understandings, oral or written, expressed or implied, among the Parties relative to the matters addressed in this Agreement other than as set forth or as referred to in this Agreement.

Section 5.12. Covenant to Sign other Documents. County and Developer acknowledge that consummation of the transactions contemplated by this Agreement may require the execution contemporaneously with the execution of this Agreement and thereafter of certain documents in addition to this Agreement and County and Developer agree to cooperate with the execution thereof.

Section 5.13. Construction of Agreement. The Parties agree that each party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits to this Agreement.

Section 5.14. Assignment. The rights, obligations, duties and responsibilities devolved by this Agreement on or to the Developer are assignable to any other person, firm, corporation or entity except that the assignment must conform to the requirements of Section 1.09 and Section 3.05. This Agreement shall also be binding on the County and all future County Councils for the duration of this Agreement, even if the County Council members change.

Section 5.15. Governing Law; Jurisdiction; and Venue.

(A) This Agreement is governed by the laws of the State of South Carolina.

(B) The Parties agree that the jurisdiction and venue for disputes relating to this Agreement is Lancaster County, South Carolina which is within the Sixth (6th) Judicial Circuit of the State of South Carolina.

Section 5.16. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and such counterparts shall constitute but one and the same instrument.

Section 5.17. Eminent Domain. Nothing contained in this Agreement shall limit, impair or restrict the County's right and power of eminent domain under the laws of the State of South Carolina.

Section 5.18. Severability. If any provision in this Agreement or the application of any provision of this Agreement is held invalid, the invalidity shall apply only to the invalid provision, and the remaining provisions of this Agreement, and the application of this Agreement or any other provision of this Agreement, shall remain in full force and effect. However, if the invalid provision would prevent or materially impair Developer's right or ability to complete performance of this Agreement, the Parties agree to use their best efforts to renegotiate that provision in order for Developer to complete performance of this Agreement.

Section 5.19. When Agreement takes Effect. This Agreement is dated as of the Agreement Date and takes effect when (*i*) the County and Developer have each executed the Agreement, and (*ii*) the Developer has delivered to the County Administrator clocked-in copies, with book and page numbers, of the recorded deeds conveying the Property to Developer. If the County Administrator has not received clocked-in copies of the deeds conveying the Property to Developer by 5:00 p.m., December 31, 2024, then this Agreement is automatically terminated without further action of either the County or Developer. The obligation of the Developer pursuant to Section 4.02 is effective on the date the last Party to sign this Agreement executes this Agreement and the obligations imposed on Developer pursuant to Section 4.02 survives the termination of this Agreement pursuant to this Section.

Section 5.20. General Terms and Conditions.

(A) Agreements to Run with the Land. This Agreement shall be recorded against the Property as described in Exhibit A-1 and shown on Exhibit A-2. The agreements contained herein shall be deemed to run with the land.

(B) No Waiver. Failure of a Party hereto to exercise any right hereunder shall not be deemed a waiver of any such right and shall not affect the right of such Party to exercise at some future time said right or any other right it may have hereunder.

(C) Merger. This Agreement, coupled with its Exhibits which are incorporated herein by reference, shall state the final and complete expression of the Parties' intentions with respect to the matters set forth herein. All prior negotiations and representations are superseded and merged herein.

SIGNATURES FOLLOW ON NEXT PAGE.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date below found.

WITNESSES: DEVELOPER:

_____ By:_____
Name: _____
Title: _____

_____

STATE OF _____)
) ACKNOWLEDGMENT
COUNTY OF _____)

I, _____, a Notary Public for the State of _____, do hereby certify that _____, by _____, its _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and seal this ___day of _____ 2022.

_____ (SEAL)
Notary Public for State of _____
My commission expires:_____
Print Name: _____

WITNESSES:

COUNTY:

COUNTY OF LANCASTER,
SOUTH CAROLINA

_____ By: _____
Brian Carnes, Vice-Chair, County Council

_____ Date: _____

_____ By: _____
Billy Mosteller, Secretary, County Council

_____ Date: _____

STATE OF SOUTH CAROLINA)
) ACKNOWLEDGMENT
COUNTY OF LANCASTER_)

I, _____, a Notary Public for the State of South Carolina, do hereby certify that Lancaster County, by Brian Carnes, its Vice-Chair, County Council, and Billy Mosteller, its Secretary, County Council personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and seal this ___day of _____ 2022.

_____ (SEAL)
Notary Public for State of _____
My commission expires:_____
Print Name: _____

Exhibit A

PARCEL 1

"All that certain piece, parcel or tract of land, lying, being and situate in Lancaster County, South Carolina, lying to the north of Shiloh-Unity Road, containing one hundred (100) acres, more or less, and being shown and described on plat of survey made by Precision Surveying, Inc., dated November 13, 2000, entitled "SURVEYED FOR H & W INVESTMENTS" and recorded in the Office of the Clerk of Court for Lancaster County, South Carolina as Plat Number 2001-39, TOGETHER WITH that certain non-exclusive perpetual easement and right of way, the grant and terms and conditions of which are set forth in the Easement Agreement entered into between Barbara Williamson Paul, Howard Knox Williamson III and H & W Investments, dated January 18, 2001, and recorded in the Office of the Clerk of Court for Lancaster County, South Carolina as Plat Number 2001-39. Reference to said plat is craved for a more minute description."

"All that certain piece, parcel or tract of land, lying, being and situate in Lancaster County, South Carolina, lying to the north of Shiloh-Unity Road, containing fifty (50) acres, more or less, and being shown and described on plat of survey made by Precision Surveying, Inc., dated April 29, 2003, entitled "SURVEYED FOR WILLIAM L. HARPER & MICHAEL G. WILLIAMS" and
recorded in the Office of the Clerk of Court for Lancaster County, South Carolina as Plat Number 2003-374, TOGETHER WITH that certain non-exclusive perpetual easement and right of way, the grant and terms and conditions of which are set forth in the Easement Agreement entered into between Barbara Williamson Paul, Howard Knox Williamson III, William L. Harper and Michael G. Williams, dated June , 2003 and recorded in the Office of the Register of Deeds for Lancaster County, South Carolina in Deed Book 203, page 263. Reference to said plat is craved for a more minute description."

PARCEL 2:

"All that certain piece, parcel or lot of land, lying, being and situate in Lancaster County, South Carolina, lying to the north of Shiloh-Unity Road, containing three and fifty-four hundredths (3.54) acres, more or less, and being shown, described and designated as "Lot 6" on plat of survey entitled "Plat of Boundary and Closing Survey Surveyed for Barbara W. Paul", made by Precision Surveying, Inc., dated October 10, 2009 and recorded in the Office of the Register of Deeds for Lancaster County, South Carolina in Plat Book 2010, page 341. Reference to said plat is craved for a more minute description."

PARCEL 3:

"All that certain piece, parcel or tract of land, lying, being and situate in Cane Creek Township, Lancaster County, South Carolina, on the North side of South Carolina Road S-29-28, known as Shiloh-Unity Road, containing sixteen and thirty-nine hundredths (16.39) acres, more or

less, and being shown and described on plat survey made by Wm. Charles Hendley, Jr. Land Surveying, dated November 6, 1993, entitled "BOUNDARY SURVEY FOR RANDALL P. VAUGHN PAMELA VAUGHN" and recorded in the Office of the Clerk of Court for Lancaster County, South Carolina as Plat Number 16168, reference to said plat is craved for a more minute description."

PARCEL 4:

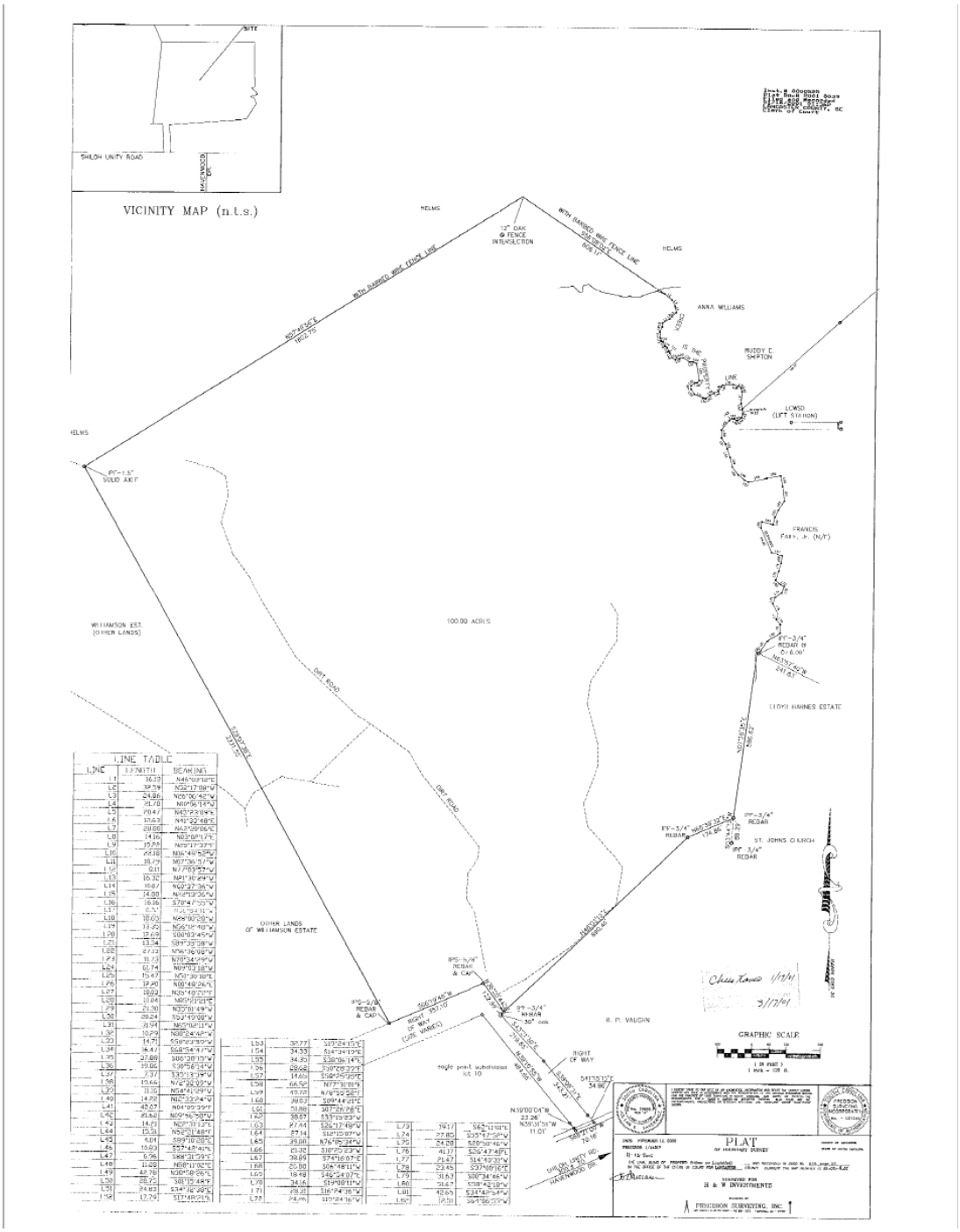
"All that certain piece, parcel or tract of land, lying, being and situate in Cane Creek Township, Lancaster County, South Carolina, fronting on the north side of West Shiloh Unity Road (Highway S-20-28) for a distance of 32.32 feet, containing 2.01 acres, being shown, described and designated on a plat of survey entitled "Boundary Survey for Ryan Pascal Vaughn and Emilee Bailey Vaughn" dated February 22, 2019 made by William Charles Hendley, Jr. Land Surveying and recorded in the Office of the Register of Deeds for Lancaster County, South Carolina in Plat Book 2019 page 127, which plat is incorporated herein and by reference made a part hereof.

Being a portion of the property conveyed to Randall P. Vaughn and Pamela P. Vaughn by Deed of Dora Tucker Jones, et al. recorded December 19, 1995 in Deed Book P-13 Page 46, Office of the Register of Deeds for Lancaster County, South Carolina.

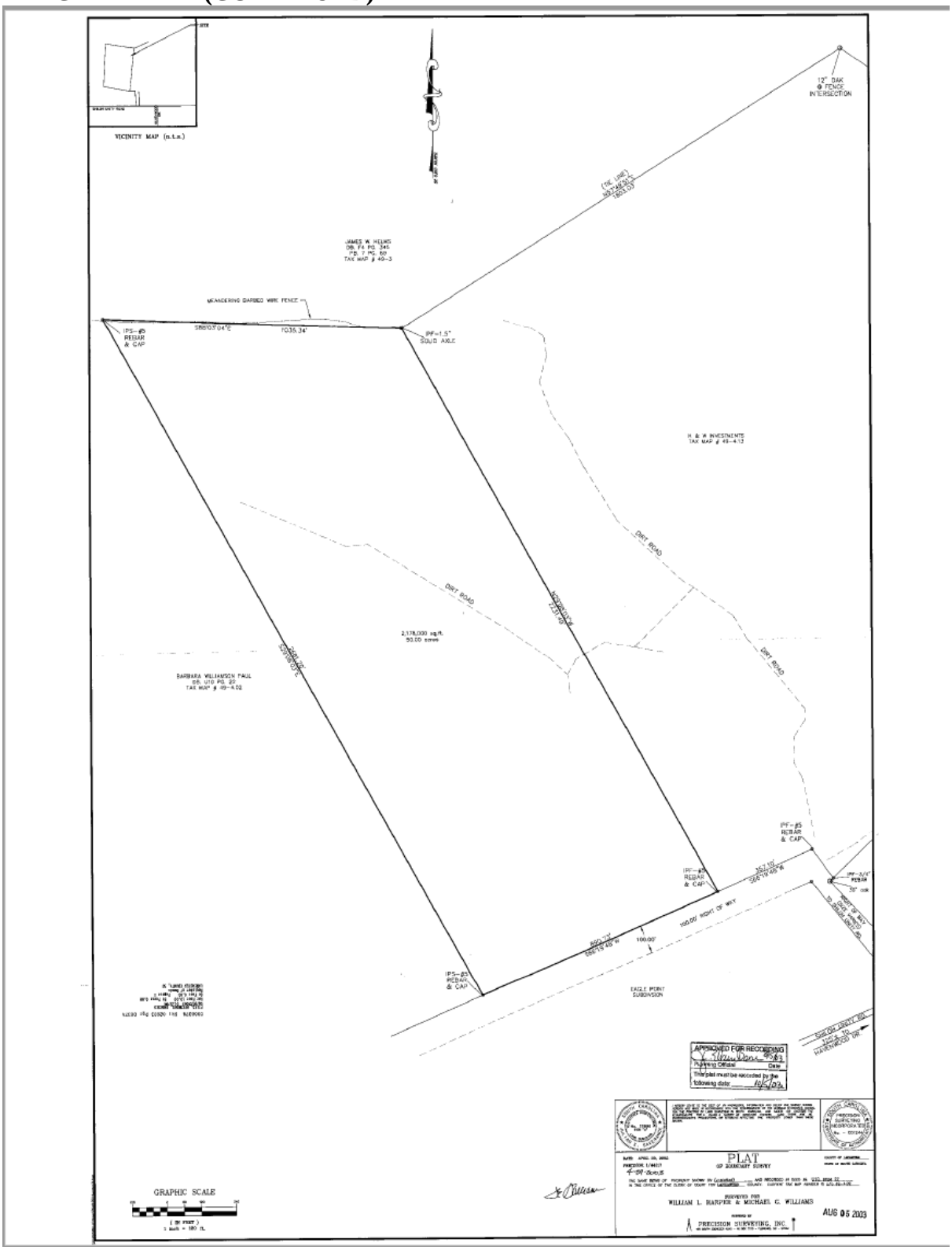
Exhibit A-2

Plat(s)

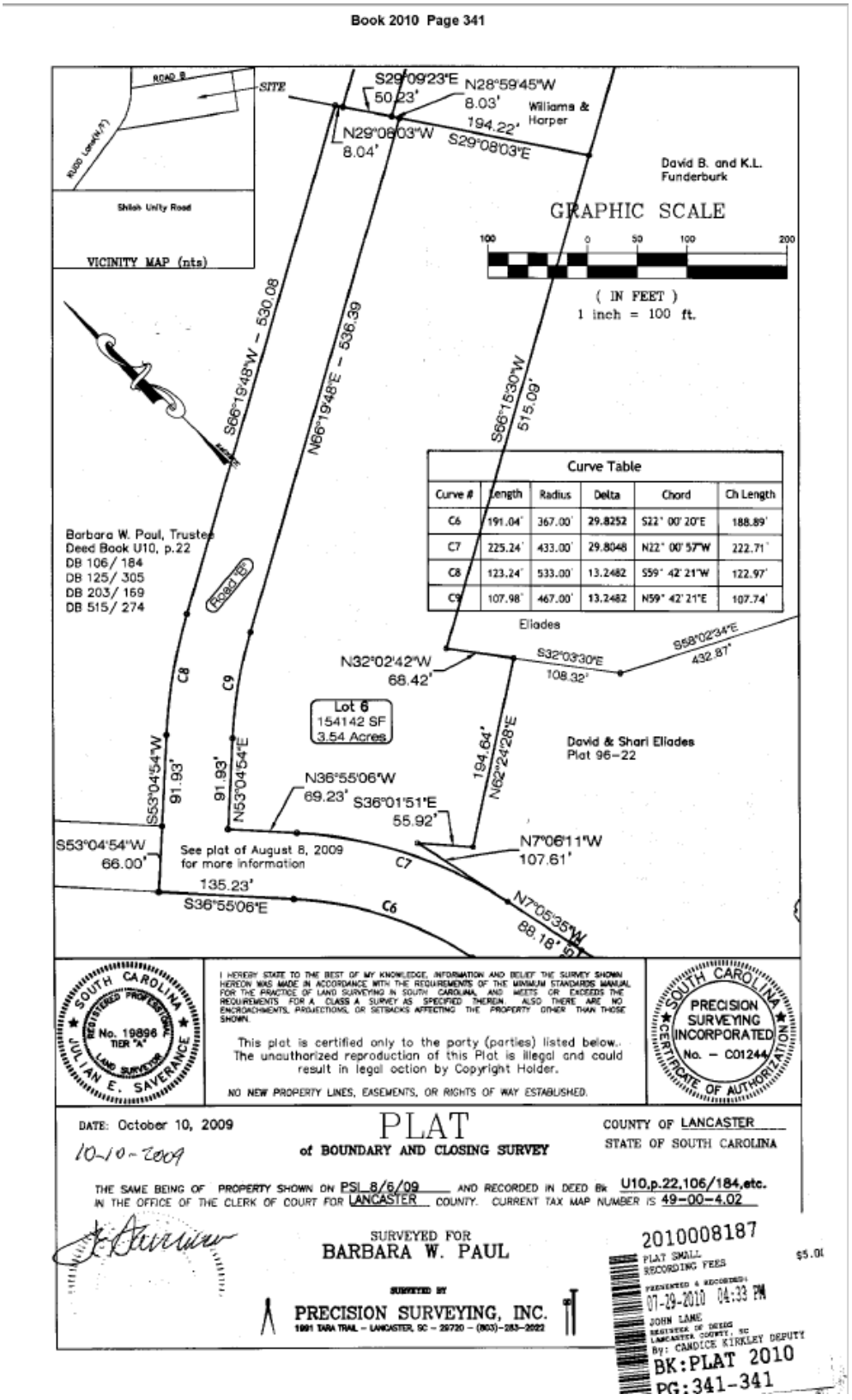
PARCEL 1 PLAT



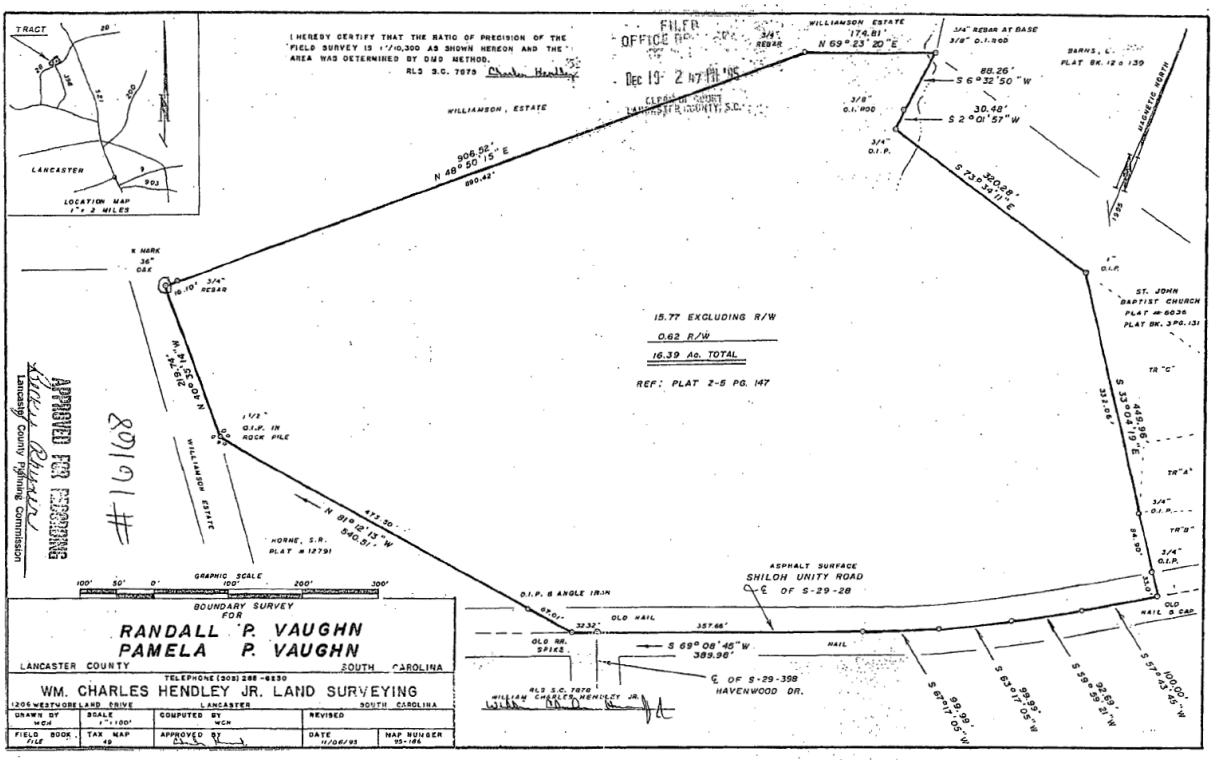
PARCEL 1 PLAT (CONTINUED)



PARCEL 2 PLAT



PARCEL 3 PLAT



PARCEL 4 PLAT

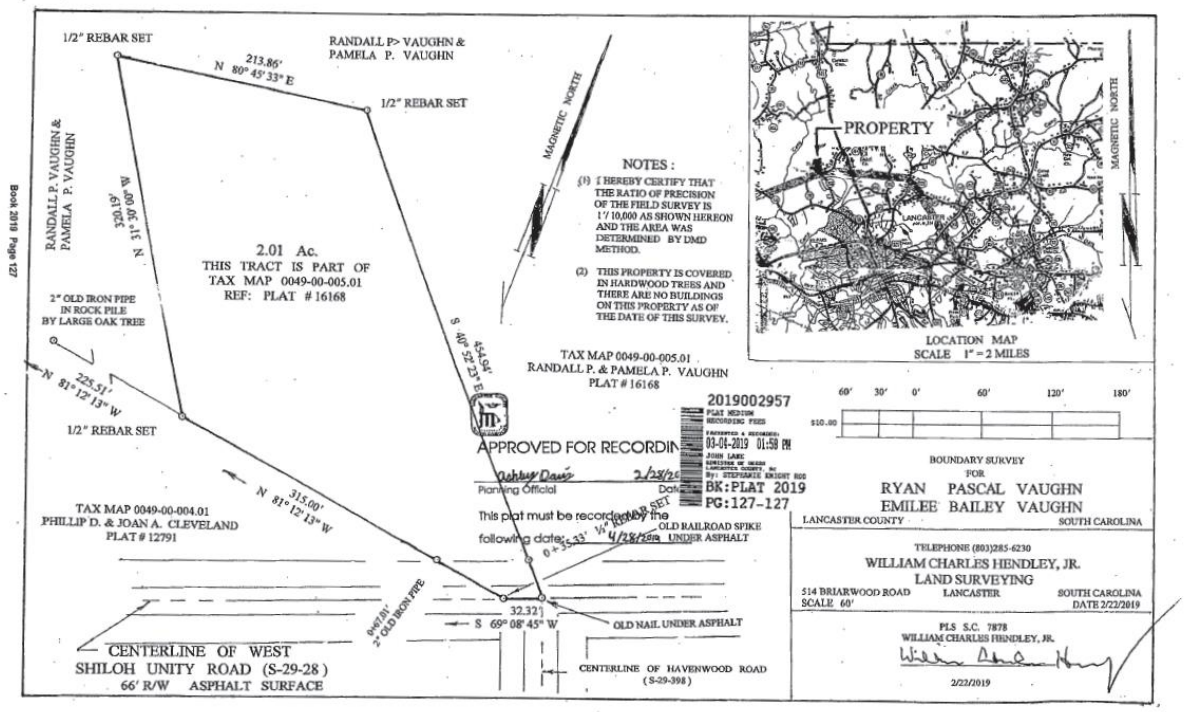


Exhibit B

Development Program

1. *Conceptual Site Plan:* The Conceptual Site Plan attached hereto as Exhibit B-1 shall serve as the general guide for the location of roads, buildings, and other development features. The Property shall be generally developed consistent with the approved Conceptual Site Plan located on Exhibit B-1 unless otherwise modified consistent with the terms of the Agreement.
2. *Zoning District*: The Property, once rezoned, will be located in the Cluster Subdivision Overlay Medium Density Residential (CSO MDR) District and shall be developed consistent with the provisions of the UDO as applicable for this district.
3. *Permitted Uses*: The Property shall be permitted to be developed with all uses permitted within the Cluster Subdivision Overlay Medium Density Residential (CSO MDR) District as set forth in the UDO and not identified as being prohibited.
4. *Dimensional Requirements:* The Property shall be permitted to be developed in accordance with the criteria with respect to minimum parcel sizes, open space, population densities, building intensities, setbacks, height, parking, buffers, fencing, signage, impervious coverage, and other dimensional requirements or building development standards as applicable to the Cluster Subdivision Overlay Medium Density Residential (CSO MDR) District as set forth in the UDO.
5. *Design Review and Approval*. Development of the Property shall be subject to review by the County's Zoning Administrator and the Technical Review Committee, as applicable, as set forth in the UDO.
6. *Transportation:*
   a. Offsite Improvements:
      i. Traffic Impact Analysis (TIA): Provided by Developer and prepared by Ramey Kemp dated December 6, 2022.
      ii. South Carolina Department of Transportation and the County have accepted the TIA as submitted and have required offsite improvements at this time.
         a. Construct an eastbound W Shiloh Unity Road left turn lane onto Highway 521 with 250 feet of storage and appropriate taper length.
         b. U.S. 521 and University Drive/Old Charlotte Road - Developer to pay Lancaster County Sixty-Five Thousand Four Hundred Forty-Five and 35/100 Dollars ($65,445.35) to pay a proportionate share of improvements to intersection of US 521 and University Drive. Payment shall be made within thirty days of Developer's purchase of the Property, as evidenced per Section 5.19(ii), herein.
         c. University Drive and Hubbard Drive - If there is a delay in the construction of Lancaster Landing development project or if that development falls through, resulting in Shiloh Woods being constructed first, then Shiloh Woods will be responsible for the northbound and southbound left turn lanes required at this intersection.
   b. Onsite Improvements:
      i. South Carolina Department of Transportation and the County have accepted the TIA as submitted.

a. Construct Access A with one ingress and one egress lane (shared left-right lane).
b. Construct Access B with one ingress and one egress lane (shared left-right lane).

ii. *Internal Streets/ROW*: All internal streets shall be privately maintained. All streets shall be constructed in accordance with County standards and inspected by the County throughout the development process. Construction testing results and as-built surveys of all constructed roads shall also be required.

iii. *Traffic Calming:* None required

iv. *Walkway Connections:* None required.

v. *Overflow Neighborhood Parking:* None required.

7. *Sewer*: Developer will bring sanitary sewer lines to the Property through adjacent properties (first phase Shiloh Commons Pump Station and all subsequent phases plus the first phase to Roselyn Pump Station once operational) and will install a gravity line on the Property to connect to serve the Property, which will be dedicated to the Lancaster County Water and Sewer District.

8. *Modification of Development Program:* It is recognized that periodic modifications to the Development Program may be needed to address market conditions, environmental challenges, and other elements. The following will outline the processes for Minor, Moderate, and Major Modifications to Exhibit B. Modifications to other sections of the Agreement will be processed in accordance with those provisions.

   a. Minor Modifications: "Minor Modifications" are defined as those modifications that reflect minor adjustments to the site layout caused by environmental features, adaptations to comply with regulatory requirements, and other changes considered incidental by County staff. Generally, Minor Modifications shall only be to the Site Plan and not to a specific development standard set forth within Exhibit B. The Planning Director shall determine what shall constitute a Minor Modification and have the authority to administratively approve such.

   b. Moderate Modifications: "Moderate Modifications" are those modifications to the Conceptual Site Plan that are not caused by environmental features, adaptations to comply with regulatory requirements, and are not considered by County staff to be incidental changes. Moderate Modifications may be approved by the County Council after a review and recommendation is provided by County Staff. Approved Moderate Modifications shall be recorded by the Developer and made an amendment to Exhibit B.

   c. Major Modifications: "Major Modifications" are those that do not qualify as either a Minor or Moderate Modification, such as the addition of new external access point to the public road system. Major Modifications must be processed and considered in the same manner as set forth in Ordinance No. 663 for a proposed development agreement.

Exhibit B-1

Conceptual Site Plan

[Attached]

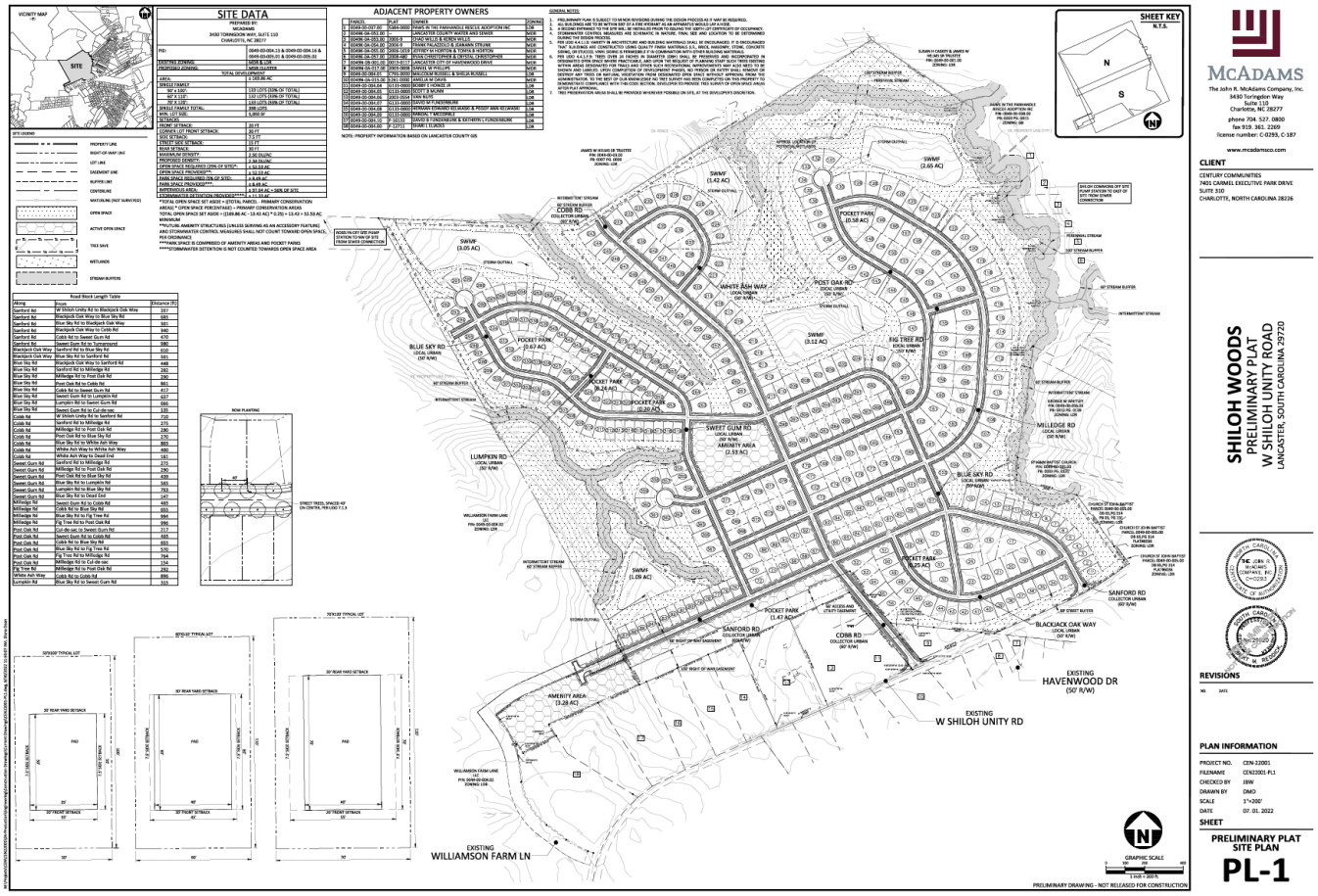


Exhibit C

Development Schedule

Years	Residential
1	133 units
2	133 units
3	132 units
Total	398 units

This Development Schedule is an estimate. The provisions of Section 1.07 of this Agreement apply to this exhibit.

NOTE: County and Developer acknowledge that development of the Property is limited to 398 residential units.

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Exhibit D

Required Information

The Act and Ordinance No. 663 require a development agreement to include certain information. The following information is provided in conformance with the Act and Ordinance No. 663.

(A) *a legal description of the property subject to the agreement and the names of the property's legal and equitable owners.* The legal description of the Property is set forth in Exhibit A. As of the Agreement Date, (i) William L Harper and Cane Mill Associates of Elgin, LP, (ii) Randall P Vaughn and Pamela P Vaughn and (iii) Ryan Pascal Vaughn and Emilee Bailey Vaughn are the legal and equitable owners of the Property, except to the extent that Developer has contractual rights to acquire the Property.

(B) *the duration of the agreement which must comply with Code Section 6-31-40.* See Section 1.10.

I *a representation by the developer of the number of acres of highland contained in the property subject to the agreement.* See Section 2.02.

(D) *the then current zoning of the property and a statement, if applicable, of any proposed re-zoning of the property.* See Section 1.05.

(E) *the development uses that would be permitted on the property pursuant to the agreement, including population densities, building intensities and height.* See Section 1.06 and Exhibit B.

(F) *a description of the public facilities that will service the development, including who provides the facilities, the date any new facilities, if needed, will be constructed, and a schedule to assure public facilities are available concurrent with the impacts of the development construction timeline for those facilities. If the agreement provides that the County shall provide certain public facilities, the agreement shall provide that the delivery date of the public facilities will be tied to defined completion percentages or other defined performance standards to be met by the developer.* See Article IV.

(G) *a description, where appropriate, of any reservation or dedication of land for public purposes and any provisions to protect environmentally sensitive property as may be required or permitted pursuant to laws in effect at the time of entering into the agreement.* Developer agrees to comply with all applicable environmental laws.

(Z) (H) *a description of all local development permits approved or needed to be approved for the development of the property together with a statement indicating that the failure of the agreement to address a particular permit, condition, term, or restriction does not relieve the developer of the necessity of complying with the law governing the permitting requirements,*

conditions, terms or restrictions. See Section 3.04I) *a finding that the development permitted or proposed is consistent, or will be consistent by the time of execution of the agreement, with the County's comprehensive plan and land development regulations.* See Section 2.01(A).

(J) *a description of any conditions, terms, restrictions, or other requirements determined to be necessary by the local government for the public health, safety, or welfare of its citizens*. See Article IV.

(K) *a description, where appropriate, of any provisions for the preservation and restoration of historic structures.* Developer agrees to comply with all laws applicable to the preservation and restoration of historic structures within the Property.

(L) *a development schedule including commencement dates and interim completion dates at no greater than five year intervals.* See Section 1.07 and Exhibit C.

(M) *if more than one local government is made party to the agreement, a provision stating which local government is responsible for the overall administration of the agreement.* See Section 5.08.

(N) *a listing of the laws and land development regulations that will apply to the development of the property subject to the agreement, including citation to specific ordinance numbers or portions of the County Code of Ordinances or both.* See Sections 3.01, 3.03 and Exhibits E and E-1 – E-5.

(O) *a provision, consistent with Code Section 6-31-80, addressing the circumstances under which laws and land development regulations adopted subsequent to the execution of the agreement apply to the property subject to the agreement.* See Section 3.03.

(P) *a provision stating whether the agreement continues to apply to the property or portions of it that are annexed into a municipality or included in a newly-incorporated area and, if so, that the provisions of Code Section 6-31-110 apply*. See Section 5.09.

(Q) *a provision that the agreement may be amended or cancelled by mutual consent of the parties to the agreement or their successors in interest.* See Section 5.02.

(R) *a provision that if the amendment constitutes a major modification of the agreement, the major modification may occur only after public notice and a public hearing by the council, provided that, for purposes of this item, a "major modification" means: (i) significant changes to the development scheduled time-frames set forth in the agreement; (ii) density modifications; (iii) land use changes; (iv) any major miscalculations of infrastructure or facility needs which create demand deficiencies; or (v) any significant deviation from the development as contained in the agreement.* See Section 5.02.

(S) *a provision that if the developer requests an amendment to the development schedule, including commencement dates and interim completion dates, then the dates must be modified by the council*

if the developer is able to demonstrate and establish that there is good cause to modify those dates. See Sections 1.07 and 5.02.

(T) *a provision that the agreement must be modified or suspended as may be necessary to comply with any state or federal laws or regulations enacted after the agreement is entered into which prevents or precludes compliance with one or more of the provisions of the agreement.* See Section 5.02

(U) *a provision for periodic review, consistent with the provisions of Section 8 of Ordinance No. 663.* See Section 5.03.

(V) *a provision addressing the effects of a material breach of the agreement, consistent with the provisions of Section 9 of Ordinance No. 663.* See Section 5.04.

(W) *a provision that the developer, within fourteen days after the County enters into the agreement, will record the agreement with the County Register of Deeds.* See Section 5.07.

(X) *a provision that the burdens of the agreement are binding upon, and the benefits of the agreement shall inure to, all successors in interest to the parties to the agreement.* See Section 1.09(A).

(Y) *a provision addressing the conditions and procedures by which the agreement may be assigned.* See Section 1.09, Section 3.05 and Section 5.14.

(Z) *a traffic impact analysis prepared in accordance with UDO Chapter 6.8 and SCDOT standards.* See Section 4.04.

Exhibit E

Laws and Land Development Regulations

1. Ordinance No. 2022-1822 zoning properties subject to the Development Agreement to Cluster Subdivision Overly Medium Density Residential (CSO MDR) District attached hereto as Exhibit-1.
2. Ordinance No. 2022- 1832, approving this Development Agreement attached hereto as Exhibit E-2.
3. The Development Agreement Ordinance for Lancaster County, South Carolina: Ordinance No. 663, a copy of which is attached hereto as Exhibit E-3.
4. Unified Development Ordinance of Lancaster County (UDO): Ordinance No. 309, as amended as of the Agreement Date. The UDO includes Ordinance No. 328, as amended, as of the Agreement Date and which is cited as the Land Development Regulations of Lancaster County, a copy of which attached hereto as Exhibit E-4.
5. Land Development Regulations of Lancaster County: See Unified Development Ordinance of Lancaster County.
6. Lancaster County Manual of Specification and Standard Details, See Appendix C to the UDO.

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Exhibit E-1

Ordinance No. 2022- 1822

[Rezoning Ordinance - Attached]

Exhibit E-2

Ordinance No. 2022- 1832

[Ordinance Approving Development Agreement - Attached]

Exhibit E-3

The Development Agreement Ordinance, Ordinance No. 663

[Attached]

Exhibit E-4

The UDO

[**The UDO, updated to the effective date of the Ordinance 2022- 1832, will be signed by County and Developer, and maintained by Lancaster County Development Services**]

Exhibit E-5

Lancaster County Manual of Specification and Standard Details, See Appendix C to the UDO.

PROPOSAL:	Application by Century Communities to approve a Development Agreement with Lancaster County in accordance with Unified Development Ordinance Section 9.2.18 for a proposed 398-unit single-family development located on approximately 169.86 acres of land adjacent to 500 W. Shiloh Unity Road (TM#s 0049-00-004.13, 0049-00-004.16, 0049-00-005.01 and 0049-00-005.02). This application is associated with the companion Zoning Map Amendment: RZ-2022-0733 and Preliminary Plat: SD-2022-0733.
COUNCIL DISTRICT:	District 4, Larry Honeycutt

Century Communities has requested to develop 169.86 acres comprised of four parcels intending to develop under the Cluster Subdivision Overlay (*see Staff Report for SD-2022-0733*). This proposal is for a 398 unit single family development.

Unified Development Ordinance (UDO) Section 9.2.18.A.2, Development Agreements (DA) are required for all land development projects that seek to develop under the Cluster Subdivision Overlay.

The applicant submitted the proposed Development Agreement enclosed with this memo. This Development Agreement has been revised to reflect changes which have occurred in the proposed concept plan. The Development Agreement reflects the requirements of UDO Section 9.2.18 including, but not limited to: legal description, duration of agreement, description of uses, and traffic impact analysis (TIA). It is important to note that at the time of this report (10-11-2022) the TIA associated with this agreement has not been approved by the County's Traffic Engineering Consultant. Should we receive comments from the County's consultant prior to the meeting we will disburse that information to both the Planning Commission and the Applicant.

The Development Agreement must first be reviewed by the Planning Commission who is required to hold one public hearing. The Development Agreement does not include any proposed impact fees, which will be discussed with County Council.

Agenda Item Summary

Ordinance # / Resolution #: Ordinance 2022-1836
Contact Person / Sponsor: John DuBose / County Attorney
Department: Attorney
Date Requested to be on Agenda: 12/12/2022

Issue for Consideration:
Studio Displays, Inc. ("Studio Displays") has a stand-alone SSRC Agreement with Lancaster County covering real and personal property at their project site located at 9081 Northfield Drive, Indian Land, SC 29707. The SSRC was approved by Lancaster County Ordinance 2021-1713.

An affiliate of Studio Displays, T&T Capital, LLC ("T&T Capital"), made a significant investment at the project site when T&T Capital purchased the real property and placed it into service in March of 2021 (approximately $5.6 million in investment). This $5.6 million constitutes a large portion of the overall investment to be made at the project and is the same amount as the overall investment commitment under the SSRC Agreement.

It appears that there was a belief and intent by Studio Displays that T&T Capital would be a party to the SSRC as T&T Capital was making the real property purchase, which is a large portion of the overall investment required by the SSRC.

Studio Displays and T&T Capital share common ownership and are closely affiliated. T&T's Capital's investment in the real property is a major component of the overall project and T&T Capital is requesting that its investment be included under the SSRC Agreement rather than having the real property be subject to ordinary *ad valorem* taxation.

To accomplish that end, T&T Capital is proposing amendment of the SSRC Agreement to include T&T Capital as a party with retroactive effect to 2021. This would enable T&T Capital's investment to be made under the SSRC Agreement as Studio Displays and T&T Capital intended and desire, and would greatly assist Studio Displays as they are trying to grow their business in the County.

Points to Consider:
Whether to Amend the SSRC Agreement with Studio Displays to retroactively include T&T Capital as a party to the SSRC Agreement and to allow T&T Capital's investment in the project real property to be applied to the investment amounts required by the SSRC Agreement.

Allowing T&T Capital's investment to be applied to the investment amounts required by the SSRC Agreement will allow the project to meet the investment requirements of the SSRC Agreement.

Funding and Liability Factors:
Inclusion of T&T Capital's real property investment in the SSRC Agreement will reduce the tax obligation and the tax revenue attributable to the real property. An amended tax notice will need to be issued to T&T Capital if the ordinance is approved and passed after third reading.

Applying the SSRC to T & T Capital and alleviating an ad valorem payment would reduce their payment to the County by approximately $77,000.

Council Options:
County Council can approve or deny the request to amend the SSRC Agreement.

Recommendation:
The Department of Economic Development recommends that County Council approve the Ordinance amending the SSRC

Agreement.

ATTACHMENTS:

Description	Upload Date	Type
Ordinance 2022-1836	12/6/2022	Ordinance
Exhibit A to Ordinance 2022-1836	12/6/2022	Exhibit
Notice of Public Hearing for Ordinance 2022-1836	11/29/2022	Public Hearing Notices

STATE OF SOUTH CAROLINA)
) **ORDINANCE NO. 2022-1836**
COUNTY OF LANCASTER)

AN ORDINANCE

TO AUTHORIZE THE EXECUTION AND DELIVERY OF AN AMENDMENT TO THAT CERTAIN MARCH 22, 2021 SPECIAL SOURCE REVENUE CREDIT AGREEMENT BY AND BETWEEN LANCASTER COUNTY, SOUTH CAROLINA AND STUDIO DISPLAYS, INC. (THE "SSRC AGREEMENT") TO ADD T&T CAPITAL, LLC AS A PARTY THERETO WITH RETROACTIVE EFFECT; TO EXTEND THE PROVISION OF SPECIAL SOURCE REVENUE CREDITS UNDER THE SSRC AGREEMENT TO INVESTMENT MADE BY T&T CAPITAL, LLC IN LANCASTER COUNTY; AND TO PROVIDE FOR OTHER MATTERS RELATED THERETO.

WHEREAS, Lancaster County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), acting by and through its County Council (the "County Council") is authorized and empowered to establish a multicounty park pursuant to Article VIII, Section 13(D) of the Constitution of South Carolina, and also authorized to provide special source revenue credits pursuant to Sections 4-1-170, 4-1-172, 4-1-175 and 4-29-68 of the Code of Laws of South Carolina 1976, as amended (the "MCP Act") against fee-in-lieu of tax payments made pursuant to the MCP Act to reimburse a project for the costs of designing, acquiring, constructing, improving, or expanding (*i*) infrastructure serving the project, or (*ii*) improved or unimproved real estate and personal property, including machinery and equipment used in the operation of a manufacturing or commercial enterprise, through which powers the industrial development of South Carolina and the County will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in South Carolina and the County and thus to utilize and employ the workforce, products, and natural resources of South Carolina to benefit the general public welfare of the County by providing services, employment, and other public benefits not otherwise provided locally; and

WHEREAS, the County entered into that certain Special Source Revenue Credit Agreement by and between the County and Studio Displays, Inc. (the "Company") and dated as of March 22, 2021 (the "Original Agreement"); and

WHEREAS, the County and the Company desire to amend the Original Agreement to add T&T Capital, LLC ("T&T") as a party to the Original Agreement in accordance with the MCP Act as set forth more fully in that certain Amendment to Special Source Revenue Credit Agreement attached hereto as Exhibit A (the "Amendment"; the Original Agreement as amended and modified by the Amendment, the "SSRC Agreement"); and

WHEREAS, by virtue of the Amendment, T&T's investments at the Project (as defined in the SSRC Agreement) dating back to January 1, 2021 will be eligible for the FILOT Payments (as defined in the SSRC Agreement) and Special Source Revenue Credits (as defined in the SSRC Agreement) provided under the SSRC Agreement; and

WHEREAS, the Company and T&T intend to make additional investments at the Project (as defined in the SSRC Agreement) that will be eligible for the FILOT Payments (as defined in the SSRC Agreement) and Special Source Revenue Credits (as defined in the SSRC Agreement) provided under the SSRC Agreement; and

WHEREAS, in order to induce the Company and T&T to continue to make additional investment in the Project, the County has determined that it is in the best interest of the County to enter into the Amendment with the Company and T&T to clarify that: (a) T&T's investment in the Project (as defined in the SSRC Agreement) from January 1, 2021 through the end of the term of the SSRC Agreement shall be eligible for the FILOT Payments (as defined in the SSRC Agreement) and Special Source Revenue Credits (as defined in the SSRC Agreement) provided under the SSRC Agreement; (b) T&T shall be eligible for Special Source Revenue Credits (as defined in the SSRC Agreement) with respect to any investment made by T&T in the County on or after January 1, 2021; and (c) from and after the date of the Amendment authorized by this ordinance, the terms and provisions of the SSRC Agreement shall apply with equal force to T&T.

NOW, THEREFORE, be it ordained by the County Council:

Section 1. Approval of Amendment.

Subject to the provisions of Section 3 of this ordinance, and, in order to promote industry, develop trade, and utilize and employ the manpower, products, and natural resources of the State by assisting the Company and T&T to expand their operations in the State, the Amendment is hereby authorized, ratified, and approved. Without limitation of the foregoing sentence, the County specifically authorizes, ratifies and approves the following amendments to the SSRC Agreement: (a) T&T's investment in the Project (as defined in the SSRC Agreement) from January 1, 2021 through the end of the term of the SSRC Agreement shall be eligible for the FILOT Payments (as defined in the SSRC Agreement) and Special Source Revenue Credits (as defined in the SSRC Agreement) provided under the SSRC Agreement; (b) T&T shall be eligible for Special Source Revenue Credits (as defined in the SSRC Agreement) with respect to any investment made by T&T in the County on or after January 1, 2021; and (c) from and after the date of the Amendment authorized by this ordinance, the terms and provisions of the SSRC Agreement shall apply with equal force to T&T.

Section 2. Findings.

The County Council makes the following findings:

(a) The County's actions herein will subserve the purposes and in all respects conform to the provisions and requirements of the MCP Act.

(b) The Project and the payments in lieu of taxes set forth herein are beneficial to the County, and the County has evaluated the Project based upon all criteria prescribed by law, including the anticipated dollar amount and nature of the investment to be made.

(c) The Project is anticipated to benefit the general public welfare of the County by providing services, employment, recreation, or other public benefits not otherwise adequately provided locally.

(d) The Project gives rise to no pecuniary liability of the County or any incorporated municipality or a charge against the general credit or taxing power of either.

(e) The purposes to be accomplished by the Project, *i.e.*, economic development and addition to the tax base of the County, are proper governmental and public purposes.

(f) The inducement of the location or expansion of the Project within the County and State is of paramount importance.

(g) The benefits of the Project to the public will be greater than the costs to the public.

Section 3. Approval and Execution of the Amendment.

The form, terms, and provisions of the Amendment, attached hereto as Exhibit A, are approved, and all of the terms, provisions, and conditions thereof are incorporated herein by reference as if the Amendment was set out in this ordinance in its entirety. The County Council Chair or Vice-Chair and County Council Secretary are authorized, empowered, and directed to execute and acknowledge the Amendment in the name of and on behalf of the County, and thereupon to cause the Amendment to be delivered to the Company and T&T. The Amendment is to be in substantially the form as attached to this ordinance and hereby approved, with such changes therein as shall not be materially adverse to the County and as shall be approved by the officials of the County executing the same, upon the advice of counsel to the County, such officer's execution thereof to constitute conclusive evidence of such officer's approval of any and all changes or revisions therein from the form of the Amendment attached to this ordinance.

Section 4. Authority to Act.

The County Council Chair, County Council Vice-Chair, County Council Secretary, Clerk to County Council, County Administrator, County Attorney and all other appropriate officials of the County are authorized, empowered and directed to do any and all things necessary to effect the execution and delivery of the Amendment and the performance of all obligations of the County under and pursuant to the SSRC Agreement, as amended.

Section 5. Severability.

If any section, subsection or clause of this ordinance is held to be unconstitutional or otherwise invalid, the validity of the remaining sections, subsections and clauses shall not be affected.

Section 6. Controlling Provisions.

To the extent this ordinance contains provisions that conflict with provisions contained elsewhere in the Lancaster County Code or other County ordinances, resolutions or orders, the provisions contained in this ordinance supersede all other provisions and this ordinance is controlling.

Section 7. Effective Date.

This ordinance is effective upon third reading.

AND IT IS SO ORDAINED, this 12th day of December, 2022.

LANCASTER COUNTY, SOUTH CAROLINA

_____
Brian Carnes, Vice-Chair, County Council

_____
Billy Mosteller, Secretary, County Council

ATTEST:

_____
Sherrie Simpson, Clerk to Council

First Reading:	November 14, 2022
Second Reading:	November 28, 2022
Public Hearing:	December 12, 2022
Third Reading:	December 12, 2022

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<u>Exhibit A</u> to Ordinance No. 2022-1836

AMENDMENT TO SPECIAL SOURCE REVENUE CREDIT AGREEMENT

Lancaster County, South Carolina, Studio Displays, Inc. and T&T Capital, LLC

See attached.

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AMENDMENT TO SPECIAL SOURCE REVENUE CREDIT AGREEMENT

This AMENDMENT TO SPECIAL SOURCE REVENUE CREDIT AGREEMENT (this "Amendment") is dated effective as of December 12, 2022 (the "Effective Date"), by and among Studio Displays, Inc., a North Carolina Corporation (the "Company"), T&T Capital, LLC, a North Carolina limited liability company ("T&T"), and Lancaster County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"). Capitalized terms used herein and not otherwise defined have the meanings ascribed to them in that certain Special Source Revenue Credit Agreement by and between the County and the Company and dated as of March 22, 2021 (the "Original Agreement," as amended and modified pursuant to this Amendment, the "SSRC Agreement").

WITNESSETH:

WHEREAS, the County, acting by and through its County Council (the "County Council") is authorized and empowered to establish a multicounty park pursuant to Article VIII, Section 13(D) of the Constitution of South Carolina, and also authorized to provide special source revenue credits pursuant to Sections 4-1-170, 4-1-172, 4-1-175 and 4-29-68 of the Code of Laws of South Carolina 1976, as amended (the "MCP Act") against fee-in-lieu of tax payments made pursuant to the MCP Act to reimburse a project for the costs of designing, acquiring, constructing, improving, or expanding (*i*) infrastructure serving the project, or (*ii*) improved or unimproved real estate and personal property, including machinery and equipment used in the operation of a manufacturing or commercial enterprise, through which powers the industrial development of South Carolina and the County will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in South Carolina and the County and thus to utilize and employ the workforce, products, and natural resources of South Carolina to benefit the general public welfare of the County by providing services, employment, and other public benefits not otherwise provided locally; and

WHEREAS, the County entered into the Original Agreement with the Company on March 22, 2021; and

WHEREAS, the County and the Company desire to amend the Original Agreement to: (a) add T&T as a party to the SSRC Agreement in accordance with the MCP Act as of the Effective Date; and (b) provide that investment made by T&T at the Project from and after January 1, 2021 shall be eligible for the benefits provided under the SSRC Agreement, including without limitation the FILOT Payments and Special Source Revenue Credits; and

WHEREAS, the Company and T&T intend to make additional investments at the Project that will be eligible for the FILOT Payments and Special Source Revenue Credits provided under the SSRC Agreement as modified by this Amendment; and

WHEREAS, in order to induce the Company and T&T to continue to make additional investment in the Project, the County has determined that it is in the best interests of the County to enter into this Amendment with the Company and T&T to clarify that: (a) T&T's investment in the Project from January 1, 2021 through the end of the term of the SSRC Agreement shall be eligible for the FILOT Payments and Special Source Revenue Credits provided under the SSRC Agreement; (b) T&T shall be eligible for Special Source Revenue Credits with respect to any

investment made by T&T in the County on or after January 1, 2021; and (c) from and after the date of this Amendment, the terms and provisions of the SSRC Agreement shall apply with equal force to T&T.

NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, and the sum of $2.00 in hand, duly paid $1.00 each by the Company and T&T to the County, the receipt and sufficiency of which are hereby acknowledged, the County, the Company and T&T agree as follows:

Section 1. *Incorporation of Recitals.* The above recitals are incorporated into this Amendment as if the recitals were set out in this Amendment in their entirety.

Section 2. *Representations by the County*. The County represents that (*i*) it is a body politic and corporate and a political subdivision of the State, (*ii*) it is authorized by the MCP Act to enter into this Agreement, (*iii*) it has approved the SSRC Agreement and the Amendment in accordance with the procedural requirements of the MCP Act and any other applicable state law, (*iv*) it has authorized and empowered its officials to execute and deliver the SSRC Agreement and the Amendment, (*v*) effective as of January 1, 2021, T&T's investment at the Project is eligible for the Special Source Revenue Credits and FILOT Payments provided under the SSRC Agreement, subject to the same terms and conditions applicable to the Company and (*vi*) the SSRC Agreement is in full force and effect with respect to both T&T and the Company as of the date of the Amendment, there are no defaults or claimed defaults in the performance of T&T or the Company's obligations under the SSRC Agreement, and no event has occurred or failed to occur which, with the passage of time or the giving of notice, or both, would constitute a default under the SSRC Agreement by the Company or T&T with respect to the Project.

Section 3. *Definitions.* Article I of the SSRC Agreement is hereby amended to add the following definitions:

"*Amendment*" means that certain Amendment to Special Source Revenue Credit Agreement dated effective as of December 12, 2022 by and among the County, Studio Displays and T&T Capital, LLC, a North Carolina limited liability company.

"*T&T*" means T&T Capital, LLC, a North Carolina limited liability company, and its successors and assigns.

Section 4. *Notices.* Section 6.06 of the SSRC Agreement is hereby amended and restated to read in its entirety as follows:

SECTION 6.06. Notices. All notices, certificates, requests, or other communications under this Agreement are sufficiently given and are deemed given, unless otherwise required by this Agreement, when (*i*) delivered or (*ii*) sent by email and confirmed by United States first-class registered mail, postage prepaid, addressed as follows:

(a) As to the County:

Lancaster County
Attn.: County Administrator
P.O. Box 1809
Lancaster, South Carolina 29721
Email: dmarstall@lancastersc.net

with a copy to (which shall not constitute notice for purposes of this Agreement):

Economic Development Director, Lancaster County
P.O. Box 1809
Lancaster, South Carolina 29721
Email: bfulk@lancastersc.net

(b) As to Studio Displays:

Studio Displays, Inc.
10600 Southern Loop Boulevard
Pineville, NC 28134-7381
Email: lori.pope@studiodisplays.com

with a copy to (which shall not constitute notice for purposes of this Agreement):

Womble Bond Dickinson (US) LLP
Attention: Stephanie Yarbrough
5 Exchange Street
Charleston, South Carolina 29401
Phone: (843) 720-4621

(c) As to T&T:

T&T Capital, LLC
9081 Northfield Drive
Indian Land, South Carolina 29707
Email: lori.pope@studiodisplays.com

with a copy to (which shall not constitute notice for purposes of this Agreement):

Womble Bond Dickinson (US) LLP
Attention: Stephanie Yarbrough
5 Exchange Street
Charleston, South Carolina 29401
Phone: (843) 720-4621

Section 5. *Equal Force.* Except as otherwise modified by the provisions of this Amendment, the SSRC Agreement is hereby amended to provide that the same rights and responsibilities of the Company under the SSRC Agreement shall apply to T&T as of the Effective

Date, *mutatis mutandis*. Notwithstanding any other provision of this Amendment or the SSRC Agreement, T&T's investment at the Project from and after January 1, 2021 shall be eligible for the Special Source Revenue Credits and FILOT Payments provided under the SSRC Agreement.

Section 6. *Effect of Amendment.* Except as specifically modified by the provisions of this Amendment, the SSRC Agreement shall remain unchanged and in full force and effect.

Section 7. *Administration Expenses*. The Company agrees to reimburse the County's administration expenses, including reasonable attorney's fees, incurred in connection with this Amendment.

Section 7. *Multiple Counterparts.* This Amendment may be executed in multiple counterparts, each of which shall be an original but all of which shall constitute but one and the same instrument.

Section 8. *Effective Date.* This Amendment is effective as of the Effective Date.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS THEREOF, the County, acting by and through the County Council, has caused this Amendment to be executed in its name and behalf by its respective appropriate officials and to be attested by the Clerk to Council; and the Company and T&T have caused this Amendment to be executed by their duly authorized officers, all as of the Effective Date.

LANCASTER COUNTY, SOUTH CAROLINA

By: _____
Brian Carnes, Vice-Chair, County Council

_____
Billy Mosteller, Secretary, County Council

[SEAL]

ATTEST:

By: _____
Sherrie Simpson, Clerk to County Council

[Signatures continued on next page]

STUDIO DISPLAYS, INC.
a North Carolina corporation

By: _____
Name:
Title:

[Signature page to Amendment]

T&T CAPITAL, LLC
a North Carolina limited liability company

By: _____
Name:
Title:

[Signature page to Amendment]

The Lancaster News

980 N Woodland Drive
PO Box 640
Lancaster, SC 29721
803-283-1133

NOTICE OF PUBLIC HEARING
Lancaster County Council

A public hearing has been scheduled by the Lancaster County Council for Monday, December 12, 2022, at 6:00 p.m. in the Lancaster County Council Chambers, second floor, County Administration Building, 101 North Main Street, Lancaster, South Carolina, or at such other location in or around the complex posted at the main entrance. The purpose of the public hearing is to receive public comment on Ordinance No. 2022-1836, an ordinance titled **"AN ORDINANCE TO AUTHORIZE THE EXECUTION AND DELIVERY OF AN AMENDMENT TO THAT CERTAIN MARCH 22, 2021 SPECIAL SOURCE REVENUE CREDIT AGREEMENT BY AND BETWEEN LANCASTER COUNTY, SOUTH CAROLINA AND STUDIO DISPLAYS, INC. (THE "SSRC AGREEMENT") TO ADD T&T CAPITAL, LLC AS A PARTY THERETO WITH RETROACTIVE EFFECT; TO EXTEND THE PROVISION OF SPECIAL SOURCE REVENUE CREDITS UNDER THE SSRC AGREEMENT TO INVESTMENT MADE BY T&T CAPITAL, LLC IN LANCASTER COUNTY; AND TO PROVIDE FOR OTHER MATTERS RELATED THERETO."** Public comments may be made in person at the hearing or submitted in written format to be provided to County Council at the public hearing. Comments made in person or in writing should be limited to three (3) minutes in duration if read aloud. Written comments may be submitted either by online submission by selecting the "public hearing comments" quick link located on the county website homepage (https://www.mylancastersc.org/), by email to ssimpson@lancastersc.net, or by mail addressed to Clerk to Council at Post Office Box 1809, Lancaster, SC 29721 with the Ordinance number or other appropriate identifier clearly referenced in the communication. At the public hearing and any adjournment of it, all interested persons may be heard either in person or by their designee or by submission of written comments.

I hereby certify that on the above notice published in The Lancaster News, a general circulation in Lancaster County, South Carolina, in accordance with law on November 23rd 2022.

SWORN to before me this 23rd day of November, 2022

Ashley L Johnson

Notary Public for South Carolina
My Commission Expires: 01/20/2027

Ashley L Johnson NOTARY PUBLIC SOUTH CAROLINA

Newspaper Rep Signature

Agenda Item Summary

Ordinance # / Resolution #: N/A
Contact Person / Sponsor: Sherrie Simpson/Clerk to Council
Department: County Clerk
Date Requested to be on Agenda: 12/12/2022

Issue for Consideration:
Whether to appoint Nickie Evans to the Health and Wellness Commission as an At Large representative. If appointed, she would be replacing Ellen Belk, who has resigned, and she would fill her unexpired term that would end on 06/30/2025. The Commission has four (4) At Large representatives.

Points to Consider:
Nickie Evans's application is attached for Council's review and consideration.

Funding and Liability Factors:
N/A

Council Options:
Approve or deny the appointment.

Recommendation:
Approve the appointment.

ATTACHMENTS:

Description	Upload Date	Type
Application from Nickie Evans for the Health and Wellnes Commission	12/1/2022	Backup Material

LANCASTER COUNTY BOARDS & COMMISSIONS
APPLICATION FOR SERVICE

Name Chiquita "Nickie" Evans **County Council District** District 1

Mailing Address _____ **City/Zip** Lancaster 29720

Street Address _____ **Registered Voter** yes* ____ no____

Tel. Number (home) _____ **(work)** _____ **(other)** _____

Email: _____

Occupation Case Manager, SAS **Place of employment** Counseling Services of Lancaster

Address 114 S. Main Street, Lancaster, SC 29720 **Normal working hours** 9-5 (M-F)

(most meetings are scheduled after 6:00 pm - lack of attendance can be reason for replacement on a commission)

Name of Board or Commission in which you are interested

1st choice Health and Wellness **2nd choice** Hospitality

3rd choice _____

Reason for interest

I have a genuine and passionate interest to help make Lancaster County a safe and better place to live for all of it's residents.

Why do you feel you are qualified to serve on these boards? In addition, note education, areas of expertise, skills & interests. (continue on separate sheet if needed)

As a native of Lancaster, I know the potential we have as a community to grow in so many different ways. My career in finance, customer service, substance abuse and working with at risk youth has led me to be in direct contact with not only the citizens we serve but the local businesses and agencies that provide the resources they need. Lancaster lacks so much education of opportunities that could make this area a thriving community that surrounding communities could learn from.

Do you presently serve any State, County or Municipal Boards? no **If yes, list**_____

Have you ever served on a county board? no **If yes, list**_____

Additional pertinent information

Current Housing Advocate for Safe Passage - Lancaster County

Applicant's signature eSigned via SeamlessDocs.com Key: 345d9b47d92d0e87ae2d4bd1c61dd661 **Date** 10-26-2022

Receipt of application does not guarantee an appointment. Applicants will be notified of appointments by mail.

Return completed application to Sherrie Simpson, Lancaster County Council Office, P.O. Box 1809, Lancaster, SC 29721

Form Revised 1-20-17

Agenda Item Summary

Ordinance # / Resolution #: Ordinance 2022-1831 / Planning Case Number: RZ-2022-1759 - DEFERRED TO 1/9/2023 COUNCIL MEETING
Contact Person / Sponsor: M. Blaszyk / Planning
Department: Planning
Date Requested to be on Agenda: 12/12/2022

Issue for Consideration:
Application by King's Mountain Self-Storage LLC to rezone 4.84 acres (TM# 0013-00-024.00) located at 4263 Doby's Bridge Road, Indian Land, from Low Density Residential (LDR) to Institutional (INS) district, to allow development of a daycare facility.

Points to Consider:
The property is adjacent to other parcels zoned Institutional (Indian Land Elementary School)

The proposed INS District is generally consistent with the surrounding area which is comprised of INS and LDR Districts.
Lancaster County Water and Sewer District may require an off-site waterline extension. The applicant intends to serve the site with an onsite septic system.
Staff has received several phone calls from concerned residents about potential traffic concerns.

Funding and Liability Factors:
Not applicable

Council Options:
To approve or deny the rezoning request from Low Density Residential (LDR) to Institutional (INS)

Recommendation:
Planning Commission unanimously recommended **approval** during their September 2022 meeting. A brief discussion occurred related to the viability of a potential septic system and the prior history of the property (prior dumping activity).

Staff also recommended approval**.**