

**Greenville County, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

This discussion and analysis of Greenville County's (the "County") financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements, financial statements, statistical section and single audit section to enhance their understanding of the County's financial performance.

## **Financial Highlights**

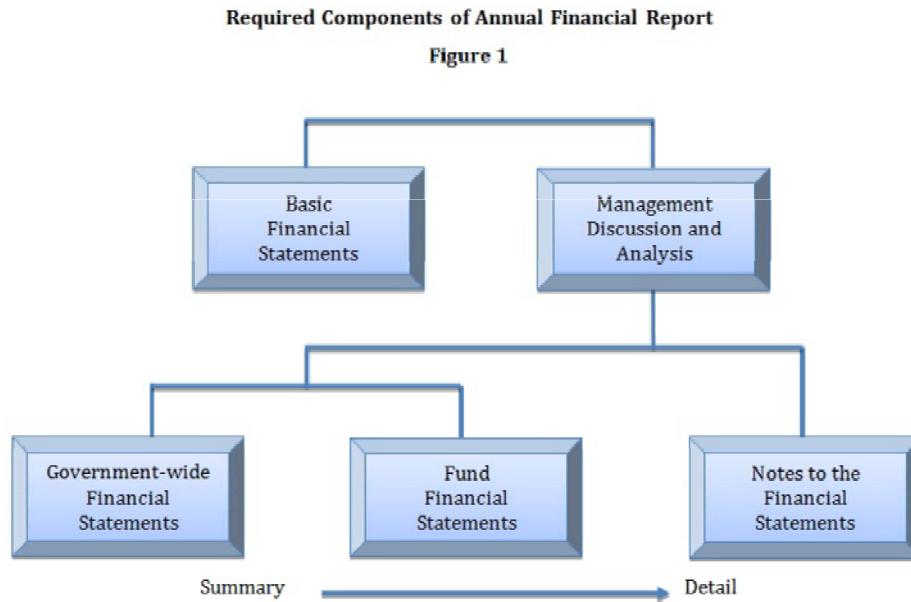
Key financial highlights for fiscal year 2019 are as follows:

- ⇒ The assets and deferred outflows of resources of the County's primary government exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by \$334,033,973 compared to \$321,697,101, as restated, for fiscal year 2018. The net position in the governmental activities increased from \$296,417,959, as restated, in 2018 compared to \$309,297,120 in 2019. The net position in the business-type activities decreased from \$25,279,142 in 2018 to \$24,736,853 in 2019. The increase in net position for the primary government is mostly due to an increase in net investment in capital assets and an increase in deferred outflows related to other post-employment benefits.
- ⇒ The County's change in net position, before a restatement of beginning net position, for the primary government increased by \$12,336,872 due to an increase of \$12,879,161 in net position in the governmental activities and a decrease of \$542,289 in the business-type activities.
- ⇒ As of the close of the current fiscal year, Greenville County's governmental funds reported combined ending fund balances of \$92,698,200 compared to \$99,587,154, as restated, for fiscal year 2018 resulting in a decrease of \$(6,888,954). The net decrease is after the restatement of beginning fund balance of non-major special revenue fund miscellaneous grants & programs. The restatement is a result of the inclusion of the detention center inmate fund in governmental funds. The decrease is mainly due to the decline in fund balances for the capital projects and parks, recreation & tourism funds due to an increase in capital project spending. The County continued to enjoy a robust economy, as well as, continued growth in the area. This expansion resulted in a favorable increase in property tax revenues of approximately \$5,837,000. County office revenues related to fees and charges for services were also up due to increases in consumer spending. General fund revenues and expenditures increased from the prior fiscal year. The increase in expenditures in the general fund is mostly due to an increase in salaries and wages across all functions. Most revenue categories increased in the general fund in the current year with the largest being property tax revenues and interest and investment income. Other revenues declined due to large tax sale revenues realized in the previous fiscal year. Approximately 6.12 percent of the total fund balance, or \$5,674,876, is restricted for future debt service and \$14,943,043 is restricted for road maintenance programs. Nonspendable fund balance consists of prepaid items of \$1,348, or less than one percent of total fund balance and long-term receivables of \$45,739, or 0.05 percent of the total fund balance. An additional \$4,332,246 in advances to the Health and Dental Fund make up the remainder of the non-spendable fund balance. Approximately 40 percent, or \$36,654,962 is *available for spending* at the discretion of the County (*unassigned fund balance*). However, approximately 3 percent, or \$3,214,430 of the *committed fund balance* has been designated as a contingency to utilize during emergency situations in accordance with the County's current financial policies and none of the total combined fund balance is committed for capital projects, due to capital projects having a negative fund balance. The deficit fund balance in capital projects will be addressed with the issuance of bond anticipation notes in fiscal year 2020. Approximately 5 percent, or \$4,637,515, is committed for miscellaneous grants and programs. Parks, Recreation & Tourism make up \$976,265 of the committed fund balance.
- ⇒ At the end of the current fiscal year, *unassigned fund balance* for the County's General Fund was \$43,412,634 or 28 percent of total General Fund expenditures. The *unassigned fund balance* is available for spending at the discretion of the County. Approximately 15 percent of General Fund balance, or \$7,593,763, is *nonspendable or committed*.
- ⇒ The County maintained its triple A bond rating that was assigned in 1999.

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**Overview of the Financial Statements**

This discussion and analysis serves as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components - *government-wide financial statements*, *fund financial statements*, and *notes to the financial statements* (see Figure 1). In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.



**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.

The focus of the *government-wide financial statements* is on the primary government and includes governmental and business-type activities. Financial information for two component units is presented in separate columns in the Statement of Net Position and the Statement of Activities. These component units are legally separate organizations for which the County may exercise control and/or may be obligated to provide financial subsidy.

The *Statement of Net Position* presents information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, accounts payable and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County

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include general government, public safety, highways and streets, economic development, judicial services, health and welfare, and culture and recreation. The business type activities include solid waste disposal, storm water quality control and a parking garage.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds.* *Governmental funds* are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

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 presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The County has the following major governmental funds: General Fund, Road Maintenance Program Fund, Parks, Recreation & Tourism Fund and the Capital Projects Fund. Information for these funds is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. Information for the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of *combining statements* elsewhere in this report.

As required, the County adopts an annual budget for its General Fund. The budget is a legally adopted document of County services and financing. The budget incorporates input from the citizens of the County, the management of the County, and County Council. It authorizes the County to obtain funds from identified sources to finance current period activities. The budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget ordinance. Additionally, budget comparisons for all major funds with legally adopted budgets has been presented as part of the basic financial statements to demonstrate compliance with its legally adopted budgets. Unencumbered budget amounts lapse at the end of each fiscal year for the general fund and for the parks, recreation and tourism fund's operating accounts.

*Proprietary Funds.* The County maintains two different types of proprietary funds. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for solid waste, storm water operations and the parking garage. *Internal Service Funds* are an accounting mechanism used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet maintenance, workers' compensation and employee health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Solid Waste, Storm Water and Parking Garage Funds. Conversely, the three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements.

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*Fiduciary Funds.* Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reported in the government-wide financial statements because the resources are not available to support the County's operations. The County has several fiduciary types of funds, or Agency Funds, used to account for tax revenues, restitution funds, judgements and child support payments.

**Notes to the Financial Statements**

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

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*, as well as, *required supplementary information* concerning the County's general obligation and overlapping debt, post-employment benefits and budget to actual schedules. Additional trend information about the County can be found in the Statistical Section of the report and information about federal grants can be found in the Single Audit Section.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government's financial position. The assets and deferred outflows of resources of the County's governmental activities exceeded liabilities and deferred inflows of resources for the governmental activities by \$309,297,120 at June 30, 2019 and by \$296,417,959, after restatement, at June 30, 2018.

By far the largest portion, \$493,009,208, or 159 percent, of net position reflects the County's investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles and infrastructure), less any related debt still outstanding that was issued to acquire those items. An additional portion of the County's net position, \$42,719,563, represents resources that are subject to external restrictions on how they may be used. These include infrastructure, debt service, public safety, recreation and law enforcement. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Greenville County Net Position  
(Recapped)**

|  | Governmental Activities |                    | Business-Type Activities |                   | Totals             |                    |
|--|-------------------------|--------------------|--------------------------|-------------------|--------------------|--------------------|
|  | 2019                    | 2018               | 2019                     | 2018              | 2019               | 2018               |
| Current and other assets                                   | \$ 118,233,204          | \$ 126,980,919     | \$ 10,447,095            | \$ 11,188,456     | \$ 128,680,299     | \$ 138,169,375     |
| Capital assets   | 535,813,044             | 520,395,277        | 26,880,271               | 27,298,321        | 562,693,315        | 547,693,598        |
| Total assets   | 654,046,248             | 647,376,196        | 37,327,366               | 38,486,777        | 691,373,614        | 685,862,973        |
| Deferred outflows - unamortized amount on refunding's      | 5,342,505               | 5,918,525          | -                        | -                 | 5,342,505          | 5,918,525          |
| Deferred outflows - pensions                               | 34,833,403              | 39,898,850         | 877,276                  | 1,067,621         | 35,710,679         | 40,966,471         |
| Deferred outflows - OPEB                                   | 17,753,307              | 4,508,776          | -                        | -                 | 17,753,307         | 4,508,776          |
| <b>Total assets and deferred outflows of resources</b>     | <b>711,975,463</b>      | <b>697,702,347</b> | <b>38,204,642</b>        | <b>39,554,398</b> | <b>750,180,105</b> | <b>737,256,745</b> |
| Other liabilities  | 21,350,893              | 26,664,428         | 1,069,056                | 1,928,148         | 22,419,949         | 28,592,576         |
| Long-term liabilities                                      | 378,082,549             | 373,454,933        | 12,333,804               | 12,319,952        | 390,416,353        | 385,774,885        |
| Total liabilities  | 399,433,442             | 400,119,361        | 13,402,860               | 14,248,100        | 412,836,302        | 414,367,461        |
| Deferred inflows - pensions                                | 2,241,532               | 1,647,918          | 64,929                   | 27,156            | 2,306,461          | 1,675,074          |
| Deferred inflows - OPEB                                    | 1,003,369               | 1,142,726          | -                        | -                 | 1,003,369          | 1,142,726          |
| <b>Total liabilities and deferred inflows of resources</b> | <b>402,678,343</b>      | <b>402,910,005</b> | <b>13,467,789</b>        | <b>14,275,256</b> | <b>416,146,132</b> | <b>417,185,261</b> |
| Net investment in capital assets                           | 493,009,208             | 469,313,899        | 26,880,271               | 27,298,321        | 519,889,479        | 496,612,220        |
| Restricted   | 42,719,563              | 41,120,694         | -                        | -                 | 42,719,563         | 41,120,694         |
| Unrestricted (deficit)                                     | (226,431,651)           | (215,642,251)      | (2,143,418)              | (2,019,179)       | (228,575,069)      | (217,661,430)      |
| Total net position   | \$ 309,297,120          | \$ 294,792,342     | \$ 24,736,853            | \$ 25,279,142     | \$ 334,033,973     | \$ 320,071,484     |

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**Greenville County Changes in Net Position**  
**June 30, 2019**  
**(Recapped)**

|  | Governmental Activities |                       | Business-Type Activities |                      | Totals                |                       |
|--|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|  | 2019                    | 2018                  | 2019                     | 2018                 | 2019                  | 2018                  |
| <b>Revenues:</b>                                     |                         |                       |                          |                      |                       |                       |
| <b>Program revenues:</b>                             |                         |                       |                          |                      |                       |                       |
| Charges for services                                 | \$ 61,546,437           | \$ 58,256,891         | \$ 14,791,627            | \$ 14,762,477        | \$ 76,338,064         | \$ 73,019,368         |
| Operating grants and contributions                   | 23,604,846              | 25,427,892            | -                        | -                    | 23,604,846            | 25,427,892            |
| Capital grants and contributions                     | 10,903,981              | 11,999,201            | -                        | -                    | 10,903,981            | 11,999,201            |
| <b>General revenues:</b>                             |                         |                       |                          |                      |                       |                       |
| Property taxes                                       | 134,341,864             | 128,537,830           | 4,307,904                | 4,069,302            | 138,649,768           | 132,607,132           |
| Intergovernmental revenues                           | 29,298,918              | 28,603,979            | -                        | -                    | 29,298,918            | 28,603,979            |
| Hospitality tax                                      | 8,994,897               | 8,754,083             | -                        | -                    | 8,994,897             | 8,754,083             |
| Other revenue  | 4,118,402               | 5,762,935             | -                        | -                    | 4,118,402             | 5,762,935             |
| Interest and investment income                       | 3,298,520               | 1,838,766             | 247,125                  | 90,543               | 3,545,645             | 1,929,309             |
| <b>Total revenues</b>                                | <b>276,107,865</b>      | <b>269,181,577</b>    | <b>19,346,656</b>        | <b>18,922,322</b>    | <b>295,454,521</b>    | <b>288,103,899</b>    |
| <b>Expenses:</b>                                     |                         |                       |                          |                      |                       |                       |
| Administrative services                              | 3,144,199               | 2,769,996             | -                        | -                    | 3,144,199             | 2,769,996             |
| General services                                     | 26,192,074              | 25,395,734            | -                        | -                    | 26,192,074            | 25,395,734            |
| Parks, recreation & tourism                          | 18,704,773              | 17,032,959            | -                        | -                    | 18,704,773            | 17,032,959            |
| Emergency medical services                           | 21,202,957              | 21,556,499            | -                        | -                    | 21,202,957            | 21,556,499            |
| Public safety  | 44,499,954              | 42,112,319            | -                        | -                    | 44,499,954            | 42,112,319            |
| Judicial services                                    | 27,529,074              | 27,619,180            | -                        | -                    | 27,529,074            | 27,619,180            |
| Community development and planning                   | 46,222,508              | 47,365,611            | -                        | -                    | 46,222,508            | 47,365,611            |
| Fiscal services                                      | 3,185,587               | 3,170,014             | -                        | -                    | 3,185,587             | 3,170,014             |
| Law enforcement services                             | 55,897,120              | 54,201,332            | -                        | -                    | 55,897,120            | 54,201,332            |
| Boards, commissions & others                         | 13,477,838              | 11,032,722            | -                        | -                    | 13,477,838            | 11,032,722            |
| Interest and fiscal charges                          | 3,851,810               | 4,288,178             | -                        | -                    | 3,851,810             | 4,288,178             |
| Solid waste  | -                       | -                     | 10,478,925               | 12,934,646           | 10,478,925            | 12,934,646            |
| Stormwater   | -                       | -                     | 8,681,964                | 8,269,682            | 8,681,964             | 8,269,682             |
| Parking garage                                       | -                       | -                     | 48,866                   | 50,229               | 48,866                | 50,229                |
| <b>Total expenses</b>                                | <b>263,907,894</b>      | <b>256,544,544</b>    | <b>19,209,755</b>        | <b>21,254,557</b>    | <b>283,117,649</b>    | <b>277,799,101</b>    |
| Increase (decrease) in net position before transfers | 12,199,971              | 12,637,033            | 136,901                  | (2,332,235)          | 12,336,872            | 10,304,798            |
| Transfers In/Out                                     | 679,190                 | 648,320               | (679,190)                | (648,320)            | -                     | -                     |
| Changes in net position                              | 12,879,161              | 13,285,353            | (542,289)                | (2,980,555)          | 12,336,872            | 10,304,798            |
| Net position - beginning, as originally reported     | 294,792,342             | 294,856,190           | 25,279,142               | 28,259,697           | 320,071,484           | 323,115,887           |
| Restatement of Net Position                          | 1,625,617               | (13,349,201)          | -                        | -                    | 1,625,617             | (13,349,201)          |
| Net position - beginning, as restated                | 296,417,959             | 281,506,989           | 25,279,142               | 28,259,697           | 321,697,101           | 309,766,686           |
| <b>Net position - ending</b>                         | <b>\$ 309,297,120</b>   | <b>\$ 294,792,342</b> | <b>\$ 24,736,853</b>     | <b>\$ 25,279,142</b> | <b>\$ 334,033,973</b> | <b>\$ 320,071,484</b> |

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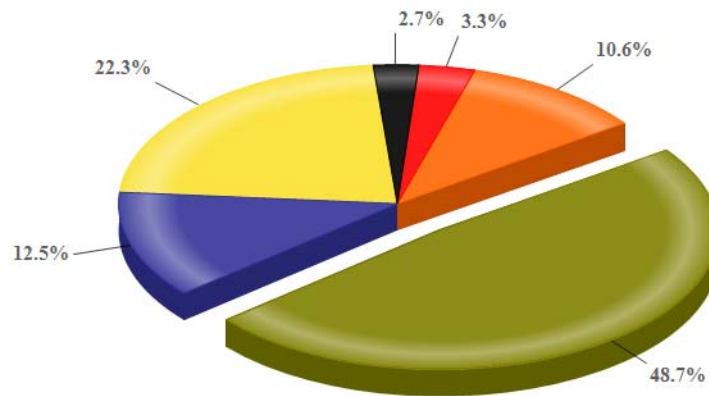
The operations of administrative services and judicial services are the only functions of the governmental activities supported by program revenues. General revenues support all other functions of the governmental activities.

**Governmental Activities**

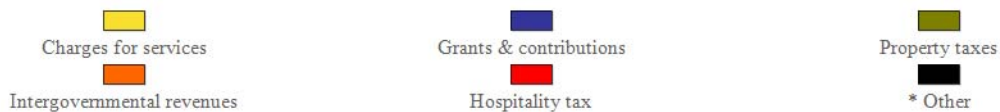
Governmental activities change in net position, before a restatement of beginning net position, was \$12,879,161 for the fiscal year ending June 30, 2019. Key elements of this increase is as follows:

- ⇒ The increase in net position in the governmental activities is mostly due to an increase in property tax revenues. This increase is primarily due to an increase in the County's total taxable assessed value for real and personal property. County revenues also increased due to consumer spending resulting in an increase in fees and other charges for services. The charts below show each revenue source by type as a percent of total revenues and by amounts.

**Revenues by Source - Governmental Activities**



\* Other, Miscellaneous revenue 1.5%, Interest income 1.2%, Gain on sale 0.0%



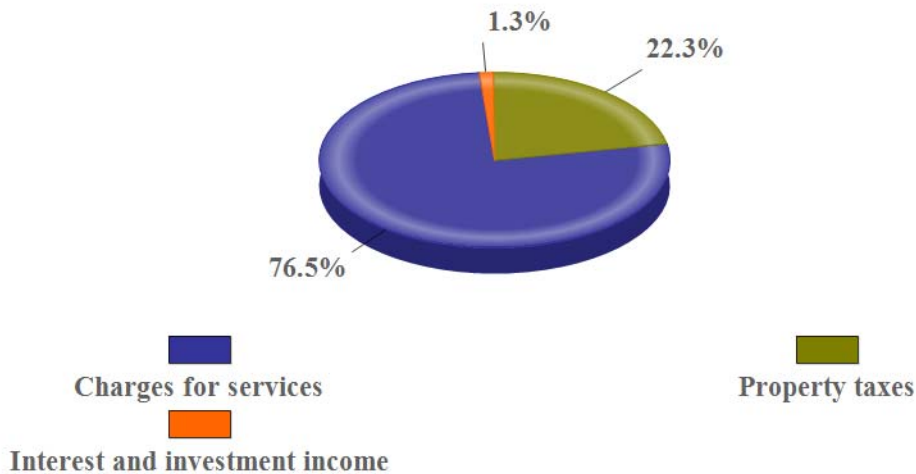
| Revenue Type               | <u>Amount</u>                |
|----------------------------|------------------------------|
| Charges for services       | \$ 61,546,437                |
| Grants & contributions     | 34,508,827                   |
| Property taxes             | 134,341,864                  |
| Intergovernmental revenues | 29,298,918                   |
| Hospitality tax            | 8,994,897                    |
| Miscellaneous revenue      | 4,118,402                    |
| Interest income            | <u>3,298,520</u>             |
| <b>Total</b>               | <u><u>\$ 276,107,865</u></u> |

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**Business-type Activities**

Business-type activities decreased the County's net position by \$(542,289) for the fiscal year ending June 30, 2019. Overall, business-type activities revenues were up year over year and the expenses were down as a result of general business operations. However, the decrease in the net position of the business-type activities is also a factor of a transfer-out of \$(679,190) to the debt service capital leases and the health and dental internal service fund.

**Revenues by Source - Business-Type Activities**



| Revenue Type                   | Amount               |
|--------------------------------|----------------------|
| Charges for services           | \$ 14,791,627        |
| Property taxes                 | 4,307,904            |
| Interest and investment income | 247,125              |
| <b>Total</b>                   | <b>\$ 19,346,656</b> |

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**Financial Analysis of Greenville County's Funds**

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

*Governmental funds.* 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.

As described above, as of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$92,698,200, a decrease of almost 7 percent in comparison with the prior fiscal year. This decrease is mostly due to an overall increase in expenditures across all functions mainly due to salaries and wages. Additionally, expenditures related to capital outlay have increased. Revenues from property taxes and interest and investment income have increased. During fiscal year 2019, the County recorded \$7,811,011 in transfers out of the General Fund. Of this amount, \$2,760,631 was transferred to Debt Service Funds, \$4,826,403 was transferred to the Health and Dental Fund and the remaining \$223,977 was used as matching grant funds.

As noted above, approximately 40 percent, or \$36,654,962, of the combined ending fund balance is *unassigned* and available for future spending. Approximately 6.12 percent, or \$5,674,876, is restricted for future debt service. Of the ending fund balance, none is committed for ongoing and future capital projects due to Capital Projects Fund having a deficit fund balance, and \$14,943,043 is restricted for road maintenance programs and \$4,637,515 is committed for various grants and programs. The Parks, Recreation & Tourism Fund makes up \$976,265 of the committed fund balance. Also, as noted above, two percent of General Fund current revenues, or \$3,214,430, is committed for potential uses as defined in the financial policies of the County.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year 2019, *unassigned fund balance* of the General Fund was \$43,412,634 out of total fund balance of \$51,006,397. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance each represent almost 28 percent and 32 percent, respectively, of total General Fund expenditures.

Total General Fund revenues increased from approximately \$156 million in 2018 to approximately \$161 million in 2019. The General Fund reported an increase of approximately \$5.5 million in property tax revenues, as well as, a slight increase in county office revenues and intergovernmental revenues and an increase of approximately \$500,000 in interest and investment income.

General Fund expenditures increased from approximately \$158 million in 2018 to approximately \$164 million in 2019. This increase in expenditures is mainly attributable to an increase in expenditures in public safety and law enforcement services.

The Road Maintenance Program Fund had an ending fund balance of \$14,943,043 for 2019 compared to \$13,113,602 for 2018. This increase in fund balance is primarily due to an increase in revenues. Overall, fees increased approximately twenty-five percent and interest and investment income by approximately one hundred and twenty-two percent.

The Parks, Recreation & Tourism Fund had an ending fund balance of \$979,749 for 2019 compared to \$2,788,790 for 2018. This decrease in fund balance is primarily due to an increase in operating transfers out to cover capital projects related to parks, recreation & tourism.



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The Capital Projects Fund had an ending fund deficit of \$(6,688,899) for 2019 compared to \$(75,931) for 2018. The increase in net deficit is primarily due to a payment to the City of Greenville of approximately \$3,700,000 as part of the County's obligation in the construction and development of a city owned parking garage and an increase in construction expenditures related to the redevelopment of County Square and the construction of the new office building. The County intends to issue bond anticipation notes in fiscal year 2020 to fund the ongoing capital projects.

## **Proprietary Funds**

The County's proprietary fund statements provide the same type of information found in the government-wide statements but in more detail.

*Enterprise Funds* - Total net position (deficit) of the Solid Waste Fund is \$7,111,656 for fiscal year 2019 compared to \$6,397,163 for fiscal year 2018. *Unrestricted* net deficit of the Solid Waste Fund at the end of the current fiscal year amounted to \$(5,050,614), and \$12,162,270 of the total net position was net investment in capital assets. The increase in net position for the Solid Waste Fund can be contributed to a reduction in net pension liability and other accrued liabilities including accounts payable. Total net position of the Stormwater Fund is \$14,499,069 for fiscal year 2019 compared to \$15,751,135 for fiscal year 2018. *Unrestricted* net position of the Stormwater Fund at the end of the current fiscal year amounted to \$2,167,735, and \$12,331,334 of the total net position was net investment in capital assets. Most of the decrease in the Stormwater Fund can be contributed to an increase in accounts payable and compensated absences payable, as well as, an increase in general business operating expenses. The Parking Enterprise Fund reported net position of \$2,559,330 for fiscal year 2019 compared to \$2,564,046 for fiscal year 2018.

*Internal Service Funds* - The Internal Service Fund is presented in a separate column in the Statement of Fund Net Position of the Proprietary Funds. The Internal Service Fund reflects total net deficit of \$(3,410,229) for fiscal year 2019 compared to \$(20,914,763) for fiscal year 2018. The decrease in the net deficit is primarily due to a restatement of beginning net position due to retiree benefits not administered by the Health and Dental Fund. The net OPEB liability of \$19,257,204 and deferred inflows of resources of \$1,142,726 and deferred outflows of \$4,508,776 were removed from the Health and Dental Fund resulting in an increase in net position. The Health and Dental Fund reports a net deficit of \$(6,965,388) for 2019 compared to \$(24,525,055) for 2018. The net position deficit in the Health and Dental Fund is a result of continued increases in both volume and costs associated with prescription drugs and increases in claims. The County intends to eliminate the deficit in the Health and Dental Fund overtime through transfers from other funds and from other future revenues. The Workers' Compensation Fund reported net position of \$2,063,952 for fiscal year 2019 compared to \$2,117,054 for fiscal year 2018. Total net position of the Vehicle Service Center is \$1,491,207 for fiscal year 2019 compared to \$1,493,238 for fiscal year 2018. The Vehicle Service Center reports investment in capital assets of \$190,103 and *unrestricted* net position of \$1,301,104 for fiscal year 2019.

## **General Fund Budgetary Highlights**

During the current fiscal year, revenues were under the budget estimate by \$1,227,002. Intergovernmental revenues and county office revenues were under budget estimates by \$2,298,357 combined. County office revenues make up the bulk of additional revenues due to increases in building permits and other fees. Interest and investment income were over budget estimates by \$1,356,250 due to the rise in interest rates. Expenditures were under budget estimates by \$2,389,616.

**Greenville County, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Capital Asset and Debt Administration**

**Capital Assets**

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$562,693,315 (net of accumulated depreciation). The investment in capital assets for its governmental and business-type as of June 30, 2018 was \$547,693,598 (net of accumulated depreciation). The County's capital assets include land, buildings, improvements, construction in progress, equipment, vehicles, infrastructure, right-of-way easements, software, and recreation equipment. Additions to the capital assets of the governmental activities are primarily related to the additions to construction in progress. Some of the projects include renovations to the Blythe Goodwin House, the Phyllis Wheatley Community Center, the Swamp Rabbit Trail and the development of County Square, including the new office building. The capital assets of the business-type activities decreased by \$(418,050) in the current fiscal year. The decrease is primarily due to depreciation expense and disposals outweighing the additions in both the Stormwater and Solid Waste Funds.

**Greenville County's Capital Assets**  
**(Net of Accumulated Depreciation)**

|                          | Governmental Activities |                       | Business-Type Activities |                      | Totals                |                       |
|--------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                          | 2019                    | 2018                  | 2019                     | 2018                 | 2019                  | 2018                  |
| Land                     | \$ 25,884,775           | \$ 25,920,000         | \$ 10,178,107            | \$ 9,913,207         | \$ 36,062,882         | \$ 35,833,207         |
| Construction in progress | 7,632,831               | 2,211,085             | -                        | -                    | 7,632,831             | 2,211,085             |
| Software                 | 1,853,832               | 1,853,832             | -                        | -                    | 1,853,832             | 1,853,832             |
| Buildings                | 81,561,541              | 84,333,522            | 3,841,150                | 4,031,004            | 85,402,691            | 88,364,526            |
| Improvements             | 15,639,363              | 13,247,869            | 1,243,734                | 1,328,373            | 16,883,097            | 14,576,242            |
| Equipment                | 11,350,908              | 8,708,397             | 2,789,498                | 3,243,686            | 14,140,406            | 11,952,083            |
| Recreation equipment     | 2,890,251               | 2,613,254             | -                        | -                    | 2,890,251             | 2,613,254             |
| Vehicles                 | 6,088,864               | 5,828,702             | 429,796                  | 353,611              | 6,518,660             | 6,182,313             |
| Right-of-way easements   | 32,287,910              | 31,832,438            | -                        | -                    | 32,287,910            | 31,832,438            |
| Infrastructure           | 350,622,769             | 343,846,178           | 8,397,986                | 8,428,440            | 359,020,755           | 352,274,618           |
| <b>Total</b>             | <b>\$ 535,813,044</b>   | <b>\$ 520,395,277</b> | <b>\$ 26,880,271</b>     | <b>\$ 27,298,321</b> | <b>\$ 562,693,315</b> | <b>\$ 547,693,598</b> |

Please refer to the notes to the financial statements for additional information on the County's capital assets.

**Greenville County, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Long-term Debt**

As of June 30, 2019, the County had a total principal amount of bonded debt outstanding of \$98,333,000. Of this amount, \$59,310,000 are general obligation bonds, which are backed by the full faith and credit of the County. Certificates of participation total \$29,615,000 and special source revenue bonds total \$9,408,000. Revenues from various fee-in-lieu-of-tax agreements secure the special source revenue bonds.

**Greenville County's  
Outstanding Long-Term Debt**

|                               | Governmental Activities |                       |
|-------------------------------|-------------------------|-----------------------|
|                               | 2019                    | 2018                  |
| General obligation bonds      | \$ 59,310,000           | \$ 65,670,000         |
| Certificates of participation | 29,615,000              | 34,520,000            |
| Special source revenue bonds  | 9,408,000               | 12,025,000            |
| <b>Total</b>                  | <b>\$ 98,333,000</b>    | <b>\$ 112,215,000</b> |

As described in the financial highlights section of this document, the County maintained its Aaa bond rating from Moody’s Investor Service, AAA rating from Standard and Poor’s Corporation and AAA rating from Fitch Ratings. These bond ratings are a clear indication of the sound financial condition of the County. This achievement is a primary factor in keeping interest costs low on the County’s outstanding debt.

South Carolina statutes limit the amount of general obligation debt that a unit of government may issue (without referendum) to eight percent of the total assessed value of taxable property located within that government’s boundaries. The County’s debt limit and debt margin were \$181,293,000 and \$125,473,000 respectively, for the current fiscal year.

**Economic Factors**

The unemployment rate for the County at 3.3 percent for fiscal year 2019 continues to lag behind the state level of 3.5 percent. The County has seen some positive trends in the local economy and seen increases in various categories of fees and service revenue due to a continued robust economy in fiscal year 2019.

**Fiscal Year 2020 General Fund Budget**

The 2020 fiscal year budget for the County was prepared as part of the biennium budget process during fiscal year 2019. The budgeted revenues are projected to increase by approximately 5.94 percent and expenditures are projected to increase by 6.83 percent from fiscal year 2019. The budget does anticipate the use of the *unassigned* fund balance. The fiscal year 2020 budget requires no additional tax millage.

**Greenville County, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Contact Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Information on the County's two component units, the Greenville County Redevelopment Authority and the Greenville County Library Systems, may be obtained at the Greenville County Finance Office. Questions concerning any of the information found in this report or requests for additional information should be directed to the Financial Operations Division, County of Greenville, 301 University Ridge, Suite 200, Greenville, South Carolina 29601. In addition, this Comprehensive Annual Financial Report may be found on the County's website at <http://www.greenvillecounty.org>.