Notes to the Financial Statements, Required Supplementary Information and Supplemental Data

Greenville County developed a new approach for dealing with e-waste. By segregating this waste and searching for vendors willing to pay for the value rich items, the County saved $61,000 during fiscal year 2013.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. REPORTING ENTITY

#### 1. Reporting Entity

The County of Greenville, South Carolina was organized in 1786 and is governed by an elected twelve member council. The County operates under a Council/Administrator form of government as provided in Title 14 of the 1962 Code of Laws of South Carolina as amended (Home Rule Act). As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally separate entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. Blended and discretely presented component units are discussed below.

#### 2. Blended Component Units

The Greenville County Public Facilities Corporation and Greenville County Tourism Public Facilities Corporation were established in 1991 and 2008, respectively, for the purpose of holding title, owning, leasing, constructing, acquiring and operating land, buildings, equipment and facilities functionally related thereto and to perform any other lawful purpose related to the furtherance of the governmental powers of Greenville County. These Corporations have a December 31 year-end and all of their financial transactions are processed through the County's financial system and are a part of the County's audit. They operate as departments of the County and exist for its benefit. Neither entity had any activity during fiscal year 2013.

#### 3. Discretely Presented Component Units

The Greenville County Redevelopment Authority (the Authority) was established in 1969 under the provisions of Act 516 of the South Carolina General Assembly. Its mission is to improve the quality of life for low and moderate-income citizens of Greenville County through improved affordable housing. The Authority is also involved in redevelopment work, including public improvements to streets and rights of way throughout Greenville County. The Greenville County Council appoints all board members, approves federal grant requests and is financially accountable for any deficits. The Authority has a June 30 year-end.

The Greenville County Library System (the Library) was created by County Council in 1979 and has a June 30 year-end. The Library is governed by an eleven member board appointed by the Greenville County council. The debt of the Library is carried on the County's books, so exclusion of the Library would cause the financial statements for the County to be misleading. Complete financial statements for each of the individual component units may be obtained at the County's finance office.

# I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## A. REPORTING ENTITY

### 3. Discretely Presented Component Units

| Component Unit | Reporting Method | Criteria for Inclusion | Separate Financial Statements |
|---|---|---|---|
| Greenville County Public Facilities Corporation | Blended | The Board of Directors of the Corporation consists of the Greenville County Council members and the Greenville County Administrator. | None issued |
| Greenville County Tourism Public Facilities Corporation | Blended | The Board of Directors of the Corporation consists of two Greenville County Council members and the Greenville County Administrator. | None Issued |
| Greenville County Redevelopment Authority | Discretely Presented | The Redevelopment Authority is governed by a twelve-member board appointed by the Greenville County Council. | Greenville County Administrative Office |
| Greenville County Library | Discretely Presented | The Library is governed by an eleven-member board appointed by the Greenville County Council. | Greenville County Administrative Office |

## B. BASIS OF PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

### 1. Basis of Presentation

*Government-wide Statements*: The statement of net position and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments received from outside the County for participation in the health and dental program and for services of the vehicle service center. The government-wide statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

*Fund Financial Statements*: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## B. BASIS OF PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

### 1. Basis of Presentation

separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The County reports the following major governmental funds:

*General Fund*. This fund is the County's primary operating fund. It accounts for all financial resources except those accounted for in another fund.

*Special Revenue Fund - Federal and State Grants*. This fund is used to account for the proceeds of specific federal and state revenue sources that are restricted or committed to expenditure for specified purposes other than debt or capital projects.

The County reports the following major enterprise funds:

*Solid Waste Fund*. This fund accounts for the operation, maintenance, and development of various landfills and disposal sites for the citizens on a cost-reimbursement basis.

*Stormwater Fund*. This fund accounts for all storm-water related costs and is funded through a stormwater fee.

Additionally, the County reports the following fund types:

*Internal Service Funds*. The County has a Vehicle Service Fund, Workers' Compensation Fund, and Health and Dental Fund. These funds are used to account for the services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis.

*Agency Funds*. The County's only Fiduciary Fund type is its Agency Funds. Agency Funds are custodial in nature and do not involve the measurement of operating results. Agency Funds are used to account for assets held by the County on behalf of others. The County maintains the following agency funds: the Property Tax Fund, which accounts for tax collections accumulated and distributed for the County schools, tax districts and various municipalities; the Special District Debt Service Fund, which accounts for the accumulation of funds (primarily tax receipts to pay principal and interest on bond issues); the Family Court Fund, which accounts for the processing of court settlement claims; the Master in Equity Fund, which accounts for settlement claims due to others; the Clerk of Court Fund, which accounts for bond postings and restitution payments; the Pre-Trial Intervention Fund, which accounts for repayments to victims; and the Special Districts Fund, which accounts for the temporary holding of tax district monies.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
## C. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### 1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of $333,976,456 consists of several elements as follows:

| | |
|---|---|
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on governmental activities column). | $ 773,071,427 |
| Less accumulated depreciation | (311,284,689) |
| Net capital assets (Net of Internal Service Funds of $266,211) | 461,786,738 |
| Internal service funds are used by management to charge the costs of the vehicle service center, worker's compensation, and health and dental costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | 13,081,655 |
| Liabilities for earned but deferred tax revenues recorded in the fund statements. | 6,820,000 |
| Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements: | |
| Long-term debt | (144,103,635) |
| Deferred charges | 3,864,501 |
| Compensated absences (Net of Internal Service Fund $87,545) | (6,251,025) |
| Accrued interest payable | (1,221,778) |
| Subtotal | (147,711,937) |
| Total Adjustment | $ 333,976,456 |

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
**C. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**
**2. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. Elements of that total adjustment of $6,927,221 are as follows:

| | |
|---|---|
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities | $ 9,094,984 |
| Donations of capital assets that increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. | 7,009,689 |
| Depreciation expense, the allocation of those assets over their useful lives, which is recorded on the statement of activities but not in the fund statements. | (15,817,065) |
| Loss on disposal of assets | (23,298) |
| Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements. | |
| Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual). | (1,824,787) |
| Difference in long-term debt and related items. | 10,609,464 |
| The internal service fund is used by management to charge the cost of the vehicle service center, worker's compensation, and health and dental cost. | (2,474,766) |
| Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements: | |
| Increase (decrease) in accrued taxes receivable for year ended June 30,2013 | 353,000 |
| Total Adjustment | $ 6,927,221 |

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

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
## C. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### 3. Measurement Focus and Basis of Accounting

provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 funds are fees to customers for services. Expenses for enterprise funds include the cost of goods to provide services, administrative expenses, operating expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Governmental Fund Financial Statements*. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which is recorded when due, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property tax revenue is recognized in compliance with the National Council on Governmental Accounting (NCGA) Interpretation 3, "Revenue Recognition – Property Taxes". This interpretation states that property tax revenue is recorded when it becomes available. "Available" means when due, or past due and receivable within the current period or expected to be collected soon enough thereafter, not to exceed 60 days, to be used to pay liabilities of the current period. Net receivables estimated to be collectible in more than 60 days subsequent to June 30, 2013 are reported as deferred revenues.

Intergovernmental revenues and fees are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The County has elected not to apply the standards issued after November 30, 1989 for enterprise funds, as allowed by GAAP.

## D. BUDGETARY DATA

### 1. Budgetary Data

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

Greenville County's biennium budget provides the financial framework for the programs and services that the government will be undertaking over the next two years. Approximately 60 days prior to June 30, the County Administrator submits to County Council a proposed detailed, line-item operating budget for the General Fund, Special Revenue Funds (Accommodations Tax, E-911, Infrastructure Bank, Charity Hospitalizations, Road Maintenance Program and Victim's Bill of Rights), Capital Project

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## D. BUDGETARY DATA

### 1. Budgetary Data

Funds (Information Technology, Ortho Photography) and Debt Service Funds (General Obligation Bonds, Certificates of Participation , Special Source Revenue Bonds, Capital Leases) for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them by function and activity. A public hearing is conducted to obtain citizen comments on the proposed budget, which is later legally adopted through passage of an appropriation ordinance by County Council. The legal level of budgetary control is at the department level. The County Administrator is authorized to transfer budgeted amounts within a department, except for the purchase of non-budgeted equipment and hiring of personnel. County Council must approve any revisions which alter the total expenditures of any department. Unencumbered budget amounts lapse at the end of each year.

The County prepares its Fund budgets on a basis of accounting that differs from accounting principles generally accepted in the United States. The actual results of operations are presented in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Major Governmental Funds on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between budgetary basis of accounting for the funds and GAAP is that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

Adjustments necessary to convert the results of operations from the GAAP basis of accounting to the budgetary basis of accounting are as follows.

| General Fund | | Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses |
|---|---|---|
| Net change in fund balances - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP basis) | | $ 3,288,372 |
| Prior period encumbrances paid in FY2013 | | 680,983 |
| Outstanding FY2013 encumbrances | (1,418,362) | |
| Outstanding prior period encumbrances | 512,847 | |
| | | (905,515) |
| Net change in fund balances – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Major Governmental Funds (Budgetary basis) | | $ 3,063,840 |

Of the outstanding encumbrances as of June 30, 2013, the majority are related to public safety.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### D. BUDGETARY DATA

#### 1. Budgetary Data

The Federal and State Grant subfunds with legally adopted budgets are presented in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Subfunds of Federal and State Grant Fund with Legally Adopted Budgets. There are additional subfunds within this fund which do not have legally adopted budgets. The reconciliation for the entity difference is as follows:

| | | |
|---|---|---|
| Fund balance - ending - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - Subfunds of Federal and State Grant Fund with Legally Adopted Budgets - E-911 | $ | 3,586,997 |
| Fund balance – ending – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Subfunds of Federal and State Grant Fund with Legally Adopted Budgets – Accommodations Tax | | 390,153 |
| Fund balance - ending - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - Subfunds of Federal and State Grant Fund with Legally Adopted Budgets - Victim's Bill of Rights | | 211,446 |
| Fund balance - ending of Federal and State Grants without legally adopted budgets | | 3,735,020 |
| Fund balance- ending - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Federal and State Grant Fund | $ | 7,923,616 |

The Capital Projects funds with legally adopted budgets are also presented in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Nonmajor Funds with Legally Adopted Budgets. There are additional funds within this fund which do not have legally adopted budgets. The reconciliation for the entity difference is as follows:

| | | |
|---|---|---|
| Fund balance – ending – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Nonmajor Funds with Legally Adopted Budgets – Information Technology | $ | (2,448) |
| Fund balance – ending – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Nonmajor Funds with Legally Adopted Budgets – Ortho Photography | | 468,689 |
| Fund balance – ending – Capital Projects Funds without legally adopted budgets | | 6,245,466 |
| Fund balance - ending - Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds | $ | 6,711,707 |

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
## E. ASSETS, LIABILITIES, AND FUND EQUITY

### 1. Deposits and Investments

The deposits and investments of the County, the Authority and the Library are invested pursuant to statutes established by the State of South Carolina. The statutes allow for the investment of money in the following investments:

(a) Obligations of the United States and its agencies.

(b) General obligations of the State of South Carolina or any of its political units.

(c) Savings and loan association deposits to the extent they are insured by the Federal Deposit Insurance Corporation.

(d) Certificates of deposit which are collaterally secured by securities of the type described above held by a third party as escrow agent or custodian, or a market value not less than the amount of certificates of deposit so secured, including interest; provided however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

(e) Collateralized repurchase agreements which are collateralized by securities as set forth in (a) and (b) above and held by the County, the Authority, or the Library or a third party as escrow agent or custodian.

(f) South Carolina Pooled Investment Fund established and maintained by the State Treasurer.

Finally, no load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made by the County is limited to obligations of the United States, State of South Carolina, or repurchase agreements collateralized by the aforementioned country or state, and has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method. Investments are stated at cost.

### 2. Cash and Cash Equivalents

The Library and the Authority considers demand deposits and investments purchased with an original maturity of three months or less which are not limited as to use, to be cash and cash equivalents. The County, however, considers investments and demand deposits, regardless of maturity dates, to be cash and cash equivalents.

### 3. Restricted Assets

All funds in the Debt Service Fund are shown as restricted, as well as, special revenue funds and federal and state grant funds restricted to a specified purpose.

### 4. Ad Valorem Taxes Receivable

The County's property tax is levied each September (except automobiles which are annually assessed on the first day of the month the automobiles were registered) on the assessed value as of the prior December 31 for all real and personal property located in the County. Taxes are due in one payment on or before January 15. A three percent penalty is added on January 16. If taxes remain unpaid on February 2, a seven percent penalty is added to the total of taxes plus penalties. If taxes remain unpaid on the March 17 lien date, an additional five percent penalty is added to the total of taxes and penalties plus a $15

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
## E. ASSETS, LIABILITIES, AND FUND EQUITY

### 4. Ad Valorem Taxes Receivable

delinquent execution charge. If taxes are not paid prior to the first Monday in November, the property will be sold, at public auction, for taxes due. The County bills and collects its own property taxes and also those for the County School District, seven municipalities and approximately thirty other special taxing authorities and activities which are accounted for in the Property Tax Agency Fund.

### 5. Rehabilitation Loans and Advances Receivable

Loans for the Authority are recorded at the principal receivable and are repaid by the recipients in equal monthly installments. Loan terms are for five to thirty years at interest rates ranging from zero to ten percent. Advances do not bear interest and become payable upon the recipients' death or upon the sale or transfer of the property. There is a concentration of credit risk on the rehabilitation loans made by the Authority. The loans have been made primarily to lower and moderate income level individuals in the non-incorporated, economically deprived areas of Greenville County.

### 6. Allowances for Doubtful Accounts

Management considers all accounts receivable to be fully collectible and accordingly no allowance for doubtful accounts is required. Property tax receivable represents delinquent and unpaid real and personal property taxes for the proceeding ten years less an allowance for amounts estimated to be uncollectible.

### 7. Inventories and Prepaid Items

Inventory is valued at the lower of cost or market (first in, first out) and consists of expendable supplies held for consumption. The cost of inventory is recorded as an expense at the time individual inventory items are consumed. 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 for the County, the Authority, and the Library.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
**E. ASSETS, LIABILITIES, AND FUND EQUITY**
**8. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are $5,000 for all asset categories except for infrastructure assets, which has a minimum of $100,000 and intangible assets, which has a minimum of $250,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Donated capital assets are recorded at estimated fair market value at the date of donation.

Land and construction in progress are not depreciated. Other capital assets of the County are depreciated or amortized on a straight-line basis over the following estimated useful lives:

| | Years |
|---|---|
| Buildings | 20-50 |
| Improvements | 20-50 |
| Infrastructure | 50 |
| Furniture and equipment | 5-12 |
| Vehicles | 4-8 |
| Software | 3 |

Any interest incurred during the construction phase of business-type activities capital assets is reflected in the capitalized value of the asset constructed. There was no interest capitalized in 2013.

Capital assets for the Authority are defined as assets with an initial, individual cost of more than $1,000, and an estimated useful life in excess of two years. Equipment and vehicles of the Authority are depreciated using the straight-line method over their estimated useful lives of three to seven years

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**
**E. ASSETS, LIABILITIES, AND FUND EQUITY**
**8. Capital Assets**
Capital assets of the Library are defined as assets with an initial cost of more than $5,000 and are depreciated on a straight-line basis over the following estimated useful lives:

| | Years |
|---|---|
| Buildings | 30-50 |
| Improvements | 15-30 |
| Furniture and equipment | 2-10 |
| Library materials | 5 |
| Signs | 7 |

**9. Real Property Held for Programs**

Real property is stated at the lower of cost or estimated net realizable value and is comprised of properties acquired for the purpose of rehabilitation and subsequent resale or rental at fair market or nominal values.

**10. Long-term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

**11. Compensated Absences**

It is the County's policy to vest unused annual leave with its employees up to a maximum number of hours and recognize compensated absences as expenditures in the period earned rather than the period such benefit is paid. No payments are anticipated to be made for the governmental and business type funds in the fiscal year ending June 30, 2013. The balance of earned, vested compensated absences not taken at June 30, 2013 was $6,513,034 for the governmental and business type funds.

Library employees earn vacation in varying amounts. In the event of resignation or retirement, an employee is reimbursed for accumulated vacation up to 225 hours. All vacation pay is accrued when incurred in the government-wide statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**12. Net Position and Fund Balances**

**Net Position and Policies**

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

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
## E. ASSETS, LIABILITIES, AND FUND EQUITY

### 12. Net Position and Fund Balances

**Deferred outflows and inflows of resources**

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

**Fund Balances and Policies**

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

*Nonspendable* – Amounts that cannot be spent because they are either (1) nonspendable in form, such as inventories, prepaid items or long-term receivables or (2) legally or contractually required to remain intact.

*Restricted* – Amounts that are externally constrained by third-parties, enabling legislation, or by law through constitutional provisions. These amounts are restricted in use to their specified purpose as defined by law, legislation, contract or constitution. These are the same restrictions used to determine restricted net position in the government-wide and proprietary fund financial statements.

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

*Assigned* – Amounts that are constrained by the County's Administrator and/or Deputy County Administrator with the intent to be used for specified purposes. Authorization to assign fund balance is given to these individuals by County Council ordinance. The amounts are neither restricted nor committed.

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

The County considers restricted amounts spent first when both restricted and unrestricted fund balance is available unless legally/contractually prohibited. Of the unrestricted fund balance, the County uses committed, then assigned, and lastly unassigned amounts when expenditures are made.

Contingency Plan – The general fund budget shall provide for a contingency equivalent to two percent of estimated annual operating revenues. This contingency shall only be used when one of the following conditions arises and shall be restored in full within the next two fiscal years.

1. To mitigate damage caused by a natural disaster

2. To address an urgent event that jeopardizes the safety of the public

Minimum Fund Balance – To maintain an AAA County credit rating and meet seasonal cash flow shortfalls, the general fund budget shall provide for an anticipated undesignated fund balance between twenty-five and thirty-five percent of estimated

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
## E. ASSETS, LIABILITIES, AND FUND EQUITY

### 12. Net Position and Fund Balances

annual revenues. This policy is an integral part of the County's plan to maintain service levels and eliminate the need for tax increases during periods of revenue decline. In the event the general fund balance falls below the required minimum, the County will rebuild the balance within one year.

### 13. Capital Contributions

The County received donations of land, rights of way, roads and bridges and other infrastructure from contractors. The County accounts for these contributions under GASB Statement No. 33, *Accounting and Financial Reporting for NonExchange Transactions* (GASB 33).

### 14. Accounting Estimates

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

### 15. New Pronouncements

The GASB issued *Statement No. 61, "The Financial Reporting Entity: Omnibus*; *an amendment of GASB Statements No. 14 and No. 34*." This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units (blending vs. discrete presentation, and certain disclosure requirements. The requirements of this Statement were effective for financial statements for periods beginning after June 15, 2012.

The GASB issued *Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."* This Statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and also requires related disclosures. It was effective for financial statements for periods beginning after December 15, 2011.

The GASB issued *Statement No. 65, "Items Previously Reported as Assets and Liabilities*." This Statement specifies the items that were previously reported as assets and liabilities that should now be reported as deferred outflows of resources, deferred inflows of resources, outflows of resources, or inflows of resources. This Statement is effective for financial statements for periods beginning after December 15, 2012.

The GASB issued *Statement No. 66, "Technical Corrections - 2012; an amendment of GASB Statements No. 10 and No. 62*." It is effective for financial statements for periods beginning after December 15, 2012.

The GASB issued *Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. It is effective for financial statements for fiscal years beginning afer June 15, 2014.

### 16. Subsequent Events

In preparing these financial statements, the County's management has evaluated events and transactions for potential

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
## E. ASSETS, LIABILITIES, AND FUND EQUITY

### 16. Subsequent Events

recognition or disclosure through September 30, 2013, the date the financial statements were available for issuance. Please refer to footnote II.H for a discussion of subsequent events.

## II. DETAILED NOTES ON ALL FUNDS

## A. ASSETS

### 1. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in the County's name. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agents in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County's agents in the County's name.

At June 30, 2013, the County of Greenville's deposits had a carrying value of $38,236,702 and a bank balance of $52,923,608. Of the bank balance, $956,395 was covered by federal depository insurance while $51,967,213 was covered by collateral held under the Dedicated Method.

**Deposits for the Authority**

The State of South Carolina General Statutes permit the Authority to invest in certain types of financial instruments. Cash may be maintained in demand deposits or savings accounts, certificates of deposit, repurchase agreements, or U.S. Government Securities. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the Authority's policies.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it fully. The Authority's policy is that all deposits in excess of federal insurance amounts must be collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name. At June 30, 2013, the Authority's carrying amount of deposits was $964,248 and the bank balance was $1,218,229, of which $788,290 was not covered by federal depository insurance. However, these deposits were guaranteed either under the Transaction Account Guarantee Program or were collateralized.

**Deposits for the Library**

Of the bank balance, $250,000 was covered by federal depository insurance while the remainder of Library deposits were covered by collateral held by the Library's or County's agents in the Library's or County's name. As of June 30, 2013, cash on hand was $1,135.

## II. DETAILED NOTES ON ALL FUNDS

### A. ASSETS

### 2. Investments

As of June 30, 2013 the County of Greenville had the following investments and maturities.

| Instrument Type | Fair Value | Less than six months | 6-12 months | 1-3 years | More than 3 years |
|---|---|---|---|---|---|
| Money Markets | $ 1,353,530 | $ 1,362,380 | $ - | $ - | $ - |
| U.S Government Treasuries | 23,591,658 | 5,017,226 | 2,030,586 | 8,183,886 | 8,359,960 |
| U.S. Government Agencies | 50,228,706 | 5,011,577 | 5,094,675 | 21,892,409 | 18,230,045 |
| SC State Investment Pool | 52,420,255 | 52,420,255 | - | - | - |
| Total | $127,594,149 | $ 63,811,438 | $ 7,125,261 | $ 30,076,295 | $ 26,590,005 |

The Treasurer/County implemented investment policies which are included as a section of the County's Financial Policies. These policies enhance the guidelines provided by the State of South Carolina and incorporate the Government Finance Officers Association's recommendation on treatment of Collateralized Mortgage Obligations. While operating under adopted financial policies, Greenville County can, if necessary to prevent a loss, hold all investments until their maturity. The fair value of the South Carolina pooled investment is the same as the value of the pooled shares. Regulatory oversight is provided by the South Carolina State Treasurer.

*Interest Rate Risk*. As a means of limiting it's exposure to fair value losses arising from rising interest rates, the County of Greenville's investment policies allow for building the investment portfolio so that securities mature to meet on going operations, thereby avoiding the need to sell securities on the open market prior to maturity. Risk is also minimized by investing in shorter-term securities, generally with maturities of less than five years.

*Credit Risk*. Included in Greenville County's investment policies are policies relating to the credit risk of investments. The primary objective of the County's investment activities is the preservation of capital and the protection of investment principal by mitigating credit risk. These policies state that credit risk will be mitigated by (a) limiting investments to the safest types of securities, (b) diversifying the investment portfolio in order to minimize losses on individual securities, and (c) doing business with a selected few financial institutions, brokers/dealers.

In accordance with the investment policies of the County of Greenville, all investment instruments used by the Treasurer are those authorized by current State statute, or any permissible investment as redefined by the State legislature. The County's investments in US Agencies including Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC), are rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service. As of June 30, 2013, Greenville County owned $50,228,706 government sponsored agency debt securities. These bonds are the direct obligation of FNMA, FHLMC, FHLB, and FFCB which are rated AA+ or higher by all rating agencies. The investments are either directly or indirectly guaranteed by the US Treasury. The South Carolina Local Government Investment Pool is classified as risk category "A". All money market accounts are rated AAA.

## II. DETAILED NOTES ON ALL FUNDS

### A. ASSETS

### 2. Investments

*Custodial Credit Risk*. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral that is in the possession of an outside party. The County's investments, with the exception of treasury bills, are fully collateralized by securities that are either in the County's name or held by their agent in the County's name. The County follows Section 6-5-15, South Carolina Code of Law, 1976 (as amended) as its policy for custodial credit risk which states that to the extent that these deposits exceed the amount of insurance coverage provided by the Federal Deposit Insurance Corporation, the bank or savings and loan association at the time of deposit must: (1) furnish an indemnity bond in a responsible surety company authorized to do business in this state; or (2) pledge as collateral: (a) obligations of the United States; (b) obligations fully guaranteed both as to principal and interest by the United States; (c) general obligations of this State or any political subdivision of this State; or (d) obligations of the Federal National Mortgage Association, the Federal Home Loan Bank, Federal Farm Credit Bank, or the Federal Home Loan Mortgage Corporation, in which the local entity is named as beneficiary and the letter of credit otherwise meets the criteria established and prescribed by the local entity.

## II. DETAILED NOTES ON ALL FUNDS

### A. ASSETS

### 2. Investments

Following are the components of the County's book and fair values for cash and investments at June 30, 2013:

| Cash and Investments | Fair and Carrying Value |
|---|---|
| Cash | $ 13,597 |
| Deposits: | |
| Demand deposits | 17,229,961 |
| Certificates of deposits | 21,006,741 |
| Investments: | |
| Government securities | 127,594,149 |
| | $ 165,844,448 |

A reconciliation of cash and investments for the County of Greenville as shown in the statement of net position is as follows:

| | |
|---|---|
| Carrying amount of deposits | $ 38,236,702 |
| Cash on hand | 13,597 |
| Fair value of investments | 127,594,149 |
| | $ 165,844,448 |

| | |
|---|---|
| Statement of Net Position: | |
| Cash and cash equivalents (governmental activities) | $ 92,883,184 |
| Restricted assets – Investments (governmental activities) | 1,353,833 |
| Cash and cash equivalents (business type activities) | 15,092,308 |
| Statement of Fiduciary Net Position: | |
| Cash and equivalents (all fiduciary funds) | 56,515,123 |
| Total cash and investments | $ 165,844,448 |

## II. DETAILED NOTES ON ALL FUNDS

### A. ASSETS

### 2. Investments

**Investments for the Library**

As of June 30, 2013, the Library has the following investments and maturities:

| Investment Type | Fair Value | Less than six months | 6-12 months | 1-3 years |
|---|---|---|---|---|
| Money Market | $ 7,305,406 | $ 7,305,406 | $ - | $ - |
| Totals | 7,305,406 | $ 7,305,406 | $ - | $ - |

*Interest Rate Risk*: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Library maintains short-term securities with maturities of six months or less.

*Credit Risk*: All investment instruments used are those authorized by the current State statute, or any permissible investment as redefined by the State legislature. The credit quality of the money market fund is unrated.

*Custodial Credit Risk*: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investment or collateral that is in the possession of an outside party. All of the Library's investments are uninsured and unregistered investments for which the securities were held by the counterparty's trust department or agent in the Library's name.

*Concentration of Credit Risk*: The investment policy of the Library places no limit on the amount that the Library may invest in any one issuer. All of the Library's investments are in Money Markets, which are collaterally secured, at one financial institution.

A reconciliation of cash and investments as shown on the statement of net position follows:

| | |
|---|---|
| Carrying amount of deposits | $ 10,144,610 |
| Cash on hand | 1,135 |
| Fair value of investments | 7,305,406 |
| Cash and Investments | $ 17,451,151 |

## II. DETAILED NOTES ON ALL FUNDS

### A. ASSETS
### 3. Property Tax

Assessed values are established by the County Assessor and the South Carolina Department of Revenue at various rates between 4 and 10.5 percent of the estimated market value. The assessed value as of June 30, 2013 was $1,978,277,414. The estimated market value was $37,909,287,933 making the assessed value approximately 5.2% of the estimated market value. The County is permitted under the Home Rule Act to levy taxes without limit. The combined tax rate to finance general government services and principal and interest on long-term debt for the year ended June 30, 2013 was 47.3 mills per $1,000 of assessed valuation. The combined tax rate to finance general services and principal and interest on long-term debt for the Library for the year ended June 30, 2013 was 7.4 mills per $1,000 of assessed valuation.

### 4. Receivables

| | General Fund | Federal and State Grant Fund | Enterprise Funds | Nonmajor Funds | Total | Adjustments to Full-Accrual | Total |
|---|---|---|---|---|---|---|---|
| Receivables | | | | | | | |
| Taxes receivable | $ 6,913,335 | $ - | $ 899,588 | $ 1,486,247 | $ 9,299,170 | $ - | $ 9,299,170 |
| Other receivables | 1,508,721 | 568,236 | 22,880 | 47,433 | 2,147,270 | 125,286 | 2,272,556 |
| Due from other governmental units | 3,844,940 | 3,098,778 | - | - | 6,943,718 | 89,333 | 7,033,051 |
| Total Receivables | $ 12,266,996 | $ 3,667,014 | $ 922,468 | $ 1,533,680 | $ 18,390,158 | $ 214,619 | $ 18,604,777 |

Adjustments to full-accrual include $214,619 related to amounts recorded for the internal service funds. Internal service funds predominately serve the governmental funds, but are included in both the governmental and business-type activities on the accompanying government-wide financial statements. The Fiduciary fund financial statements include $41,100,753 in taxes receivable and $9,516 in other receivables recorded in the agency funds. These amounts are excluded from the forgoing schedule and represent the amount of receivables held in a custody relationship for other governments and individuals.

Receivables for the Library at the government-wide level at June 30, 2013 were as follows:

| | Due from other Governments | Property Taxes | Accrued Fines | Accrued Interest | Total |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| General | $ 150,912 | $ 880,258 | $ 1,050,538 | $ - | $ 2,081,708 |
| Capital Projects | 32,026 | 187,596 | - | 19,252 | 238,874 |
| Total receivable | 182,938 | 1,067,854 | 1,050,538 | 19,252 | 2,320,582 |
| Allowance for doubtful accounts | - | (43,249) | (781,364) | - | (824,613) |
| Total governmental activities | $ 182,938 | $ 1,024,605 | $ 269,174 | $ 19,252 | $ 1,495,969 |

The Authority has $14,313,159 rehabilitation loans, $292,726 other accounts receivable and $571,579 grants receivable at June 30, 2013.

## II. DETAILED NOTES ON ALL FUNDS

### A. ASSETS

### 5. Capital Assets

**Primary Government**

Capital asset activity for the governmental activities for the year ended June 30, 2013 was as follows:

| | Beginning Balances | Increases | Disposals and Adjustments | Transfers | Ending Balances |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Capital assets not being depreciated | | | | | |
| Land | $ 10,176,240 | $ - | $ - | $ - | $ 10,176,240 |
| Construction in progress | 1,598,255 | 2,516,000 | - | (257,463) | 3,856,792 |
| Software developed or obtained for internal use | 476,335 | - | - | - | 476,335 |
| Total capital assets not being depreciated | 12,250,830 | 2,516,000 | - | (257,463) | 14,509,367 |
| Capital assets being depreciated: | | | | | |
| Buildings | 80,941,283 | - | - | 257,463 | 81,198,746 |
| Improvements | 17,539,286 | 12,516 | - | - | 17,551,802 |
| Equipment | 18,066,718 | 644,543 | (296,430) | 20,125 | 18,434,956 |
| Vehicles | 15,695,689 | 1,187,848 | (974,654) | - | 15,908,883 |
| Infrastructure | 614,795,929 | 11,743,765 | - | - | 626,539,694 |
| Total capital assets being depreciated | 747,038,905 | 13,588,672 | (1,271,084) | 277,588 | 759,634,081 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 27,170,665 | 1,638,623 | - | - | 28,809,288 |
| Improvements | 9,716,846 | 441,717 | - | - | 10,158,563 |
| Equipment | 13,731,262 | 836,197 | (296,430) | 17,608 | 14,288,637 |
| Vehicles | 12,863,868 | 1,154,279 | (948,840) | - | 13,069,307 |
| Infrastructure | 233,993,578 | 11,771,126 | - | - | 245,764,704 |
| Total accumulated depreciation | 297,476,219 | $ 15,841,942 | $ (1,245,270) | $ 17,608 | 312,090,499 |
| Total capital assets depreciated, net | 449,562,686 | | | | 447,543,582 |
| Governmental activities capital assets, net | $ 461,813,516 | | | | $462,052,949 |

## II. DETAILED NOTES ON ALL FUNDS

### A. ASSETS

### 5. Capital Assets
**Primary Government**

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

| | |
|---|---|
| Administrative Services | $ 10,590 |
| General Services | 131,878 |
| Public Works | 13,899,241 |
| Public Safety | 113,832 |
| Judicial Services | 37,681 |
| Fiscal Services | 3,900 |
| Law Enforcement Services | 1,257,688 |
| Boards, Commissions, & Others | 65,648 |
| Human Resources | 321,484 |
| Total Depreciation Expense | $ 15,841,942 |

Construction contracts of approximately $22,498,756 exist for various renovation and construction projects for the County. At June 30, 2013, the remaining commitment on these contracts approximated $11,657,464.

Governmental activities donated assets for fiscal year 2013 included infrastructure additions of approximately $7,009,689.

## II. DETAILED NOTES ON ALL FUNDS

### A. ASSETS

### 5. Capital Assets

Capital asset activity for the business-type activities for the year ended June 30, 2013 was as follows:

| Solid Waste Enterprise Fund: | Beginning Balances | Increases | Disposals and Adjustments | Transfers | Ending Balances |
|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | |
| Land | $ 5,980,755 | $ - | $ - | $ - | $ 5,980,755 |
| Total capital assets not being depreciated | 5,980,755 | - | - | - | 5,980,755 |
| Capital assets being depreciated: | | | | | |
| Buildings | 4,746,431 | - | - | - | 4,746,431 |
| Improvements | 2,899,969 | - | - | - | 2,899,969 |
| Equipment | 8,190,771 | 626,470 | (12,537) | (20,125) | 8,784,579 |
| Vehicles | 1,112,286 | 41,137 | (18,496) | - | 1,134,927 |
| Total capital assets being depreciated | 16,949,457 | 667,607 | (31,033) | (20,125) | 17,565,906 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 1,311,239 | 150,576 | - | - | 1,461,815 |
| Improvements | 1,256,429 | 85,105 | - | - | 1,341,534 |
| Equipment | 6,752,597 | 387,540 | (12,537) | (17,608) | 7,109,992 |
| Vehicles | 844,592 | 25,360 | (18,496) | - | 851,456 |
| Total accumulated depreciation | 10,164,857 | $ 648,581 | $ (31,033) | $ (17,608) | 10,764,797 |
| Total capital assets depreciated, net | 6,784,600 | | | | 6,801,109 |
| Business-type activities capital assets, net | $ 12,765,355 | | | | $ 12,781,864 |

## II. DETAILED NOTES ON ALL FUNDS

### A. ASSETS

### 5. Capital Assets

| Parking Enterprise Fund: | Beginning Balances | Increases | Disposals and Adjustments | Transfers | Ending Balances |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land | $ 1,060,000 | $ - | $ - | $ - | $ 1,060,000 |
| Total capital assets not being depreciated | 1,060,000 | - | - | - | 1,060,000 |
| Capital assets, being depreciated: | | | | | |
| Buildings | 2,000,000 | - | - | - | 2,000,000 |
| Total capital assets being depreciated | 2,000,000 | - | - | - | 2,000,000 |
| Less accumulated depreciation for: | | | | | |
| Buildings | 393,333 | 40,000 | - | - | 433,333 |
| Total accumulated depreciation | 393,333 | $ 40,000 | $ - | $ - | 433,333 |
| Total capital assets depreciated, net | 1,606,667 | | | | 1,566,667 |
| Business-type activities capital assets, net | $ 2,666,667 | | | | $ 2,626,667 |

| Stormwater Enterprise Fund: | Beginning Balances | Increases | Disposals and Adjustments | Transfers | Ending Balances |
|---|---|---|---|---|---|
| Capital assets, not being depreciated: | | | | | |
| Land | $ 1,754,505 | $ 142,817 | $ (7,920) | $ - | $ 1,889,402 |
| Total capital assets not being depreciated | 1,754,505 | 142,817 | (7,920) | - | 1,889,402 |
| Capital assets being depreciated: | | | | | |
| Buildings | - | 96,403 | - | - | 96,403 |
| Improvements | 228,296 | - | - | - | 228,296 |
| Equipment | 382,312 | 338,756 | - | - | 721,068 |
| Vehicles | 202,461 | 161,677 | - | - | 364,138 |
| Infrastructure | 3,592,488 | 864,592 | - | - | 4,457,080 |
| Total capital assets being depreciated | 4,405,557 | 1,461,428 | - | - | 5,866,985 |
| Less accumulated depreciation for: | | | | | |
| Buildings | - | 161 | - | - | 161 |
| Improvements | 34,241 | 15,219 | - | - | 49,460 |
| Equipment | 93,642 | 59,292 | - | - | 152,934 |
| Vehicles | 166,354 | 16,588 | - | - | 182,942 |
| Infrastructure | 142,661 | 73,289 | - | - | 215,950 |
| Total accumulated depreciation | 436,898 | $ 164,549 | $ - | $ - | 601,447 |
| Total capital assets being depreciated, net | 3,968,659 | | | | 5,265,538 |
| Business-type activities capital assets, net | $ 5,723,164 | | | | $ 7,154,940 |

## II. DETAILED NOTES ON ALL FUNDS

## A. ASSETS

### 5. Capital Assets
**Discretely Presented Component Units**

Capital asset activity for the Greenville County Redevelopment Authority for the year ended June 30, 2013 was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Capital assets, being depreciated: | | | | |
| Equipment and vehicles | $ 431,285 | $ 34,060 | $ (46,950) | $ 418,395 |
| Total capital assets being depreciated | 431,285 | 34,060 | (46,950) | 418,395 |
| Less accumulated depreciation for: | | | | |
| Equipment and vehicles | 199,136 | 19,121 | (46,950) | 171,307 |
| Total accumulated depreciation | 199,136 | $ 19,121 | $ (46,950) | 171,307 |
| Total capital assets being depreciated, net | $ 232,149 | | | $ 247,088 |

The Authority is committed under various construction contracts for the completion of various ongoing projects in the amount of $714,211.

## II. DETAILED NOTES ON ALL FUNDS

## A. ASSETS

### 5. Capital Assets

Capital asset activity for the Greenville County Library for the year ended June 30, 2013, was as follows:

| | Beginning Balances | Additions | Disposals | Transfers/ Adjustments | Ending Balances |
|---|---|---|---|---|---|
| Governmental activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | $ 2,521,278 | $ - | $ - | $ - | $ 2,521,278 |
| Art Collection | 231,342 | - | - | - | 231,342 |
| Total capital assets not being depreciated | 2,752,620 | - | - | - | 2,752,620 |
| Capital assets, being depreciated: | | | | | |
| Land Improvements | 516,867 | - | - | - | 516,867 |
| Buildings | 33,156,141 | - | - | - | 33,156,141 |
| Furniture, equipment, and vehicles | 1,796,119 | 106,492 | (165,683) | - | 1,736,928 |
| Library materials | 7,638,674 | 1,129,753 | (1,143,921) | - | 7,624,506 |
| Signs | 171,796 | - | - | - | 171,796 |
| Total capital assets being depreciated | 43,279,597 | 1,236,245 | (1,309,604) | - | 43,206,238 |
| Less accumulated depreciation for: | | | | | |
| Land improvements | 369,818 | 24,664 | - | - | 394,482 |
| Buildings | 8,173,059 | 778,733 | - | - | 8,951,792 |
| Furniture and equipment | 1,069,531 | 263,858 | (165,683) | - | 1,167,706 |
| Library materials | 4,408,369 | 1,063,410 | (1,143,921) | - | 4,327,858 |
| Signs | 171,796 | - | - | - | 171,796 |
| Total accumulated depreciation: | 14,192,573 | $ 2,130,665 | $ (1,309,604) | $ - | 15,013,634 |
| Total capital assets being depreciated, net | 29,087,024 | | | | 28,192,604 |
| Capital assets, net | $ 31,839,644 | | | | $ 30,945,224 |

Depreciation expense for the Library for the year ended June 30, 2013 was $2,130,665.

## II. DETAILED NOTES ON ALL FUNDS
## B. LIABILITIES

### 1. Payables

Payables at the government-wide level at June 30, 2013 were as follows:

| | Government-wide Financial Statements | | | | | | |
|---|---|---|---|---|---|---|---|
| | Fund Financial Statements | | | | | | |
| | General Fund | Federal and State Grant Fund | Nonmajor Governmental Funds | Proprietary Funds | Total | Adjustments to Full-Accrual | Total |
| Payables: | | | | | | | |
| Accounts payable | $ 672,021 | $ 788,132 | $ 849,380 | $ 105,276 | $ 2,414,809 | $ 302,374 | $ 2,717,183 |
| Accrued liabilities | 3,162,236 | 123,446 | 47,094 | 52,725 | 3,385,501 | 17,725 | 3,403,226 |
| Accrued interest | - | - | - | - | - | 1,221,778 | 1,221,778 |
| Other liabilities | 955,051 | 2,218 | - | 63,180 | 1,020,449 | 2,674,500 | 3,694,949 |
| Total accounts payable and accrued liabilities | $ 4,789,308 | $ 913,796 | $ 896,474 | $ 221,181 | $ 6,820,759 | $ 4,216,377 | $ 11,037,136 |

Adjustments to Full-Accrual include $2,994,599 related to recording internal service funds and $1,221,778 related to recording accrued interest on long-term debt. Internal service funds predominately serve the governmental funds, but are included in both the governmental and business-type activities on the accompanying government-wide financial statements.

Finally, the Fiduciary fund financial statements include $3,778,849 due to others and $9,516 in matured interest payable. These amounts are excluded from the foregoing schedule.

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**2. Pension Plan Obligations**

**a. Local Governmental Employees' Retirement System**

All full-time Greenville County employees participate in the South Carolina Retirement System (SCRS) or the South Carolina Police Officers Retirement System (PORS), both of which are cost-sharing multiple employer public employee retirement systems. Both retirement systems offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits.

The payroll for employees covered by the SCRS totaled $53,116,377 and $52,899,857 for the year ended June 30, 2013 and 2012, while the payroll for PORS covered employees totaled $34,384,562 and $33,682,615, respectively. The County's total payroll, which includes some part-time employees not covered under either retirement system, was $89,616,532. Total employee salaries for the Library for the period ended June 30, 2013 were $6,472,201 of which $6,426,810 was for employees covered by SCRS.

All full time employees are required to participate in the SCRS or PORS and make contributions as a condition of employment. All SCRS participants receive a monthly pension benefit that is payable to eligible employees at age 65 or upon attaining 28 years of credited service for Class II participants or 30 years of credited service for Class III participants, regardless of age. A reduced pension benefit is payable as early as age 55 for Class II participants or 60 for Class III participants. All PORS participants receive a monthly retirement benefit that is payable to eligible employees at age 55 or upon attaining 25 years of credited service for Class II participants or 27 years of credited service for Class III participants, regardless of age. A reduced pension benefits payable as early as age 50 for both Class II and Class III participants..

Additionally, employees who are active members participating in SCRS, and are eligible for service retirement, may participate in the Teacher and Employee Retention Incentive (TERI) program. The TERI program allows employees to retire and begin accumulating their retirement benefit on a deferred basis without terminating employment. This option is available to all SCRS employees at the time of retirement and may defer receipt of retirement benefits for up to sixty months.

Employees and the County, the Authority, and the Library are required to contribute to the plans at rates established under authority of Title 9 of the Code of Laws. Employee required contributions to the SCRS are 7.00% of salary. The employee required contributions to PORS Class II is 7.00% of salary. Greenville County is required to contribute to the SCRS at the rate of 10.450% of salaries and the PORS Class II at the rate of 11.900%. In addition to the above rates, participating employers of the SCRS contribute 0.15% of payroll to provide a group life insurance benefit for their participants. Participating employers under the PORS also contribute 0.20% of payroll to provide a group life insurance benefit and 0.20% of payroll to provide an accidental death benefit for their participants. The above percentages apply to the three years discussed below.

The County's contributions to SCRS and PORS are summarized as follows:

| | Employer | | | Employee | | |
|---|---|---|---|---|---|---|
| Year Ended | Percent | SCRS | PORS | Percent | SCRS | PORS |
| June 30, 2013 | 100 % | $ 5,630,336 | 4,229,301 | 100 % | $ 3,718,147 | $ 2,406,920 |
| June 30, 2012 | 100 % | 5,044,001 | 3,962,086 | 100 % | 3,438,491 | 2,189,370 |
| June 30, 2011 | 100 % | 4,725,212 | 3,705,266 | 100 % | 3,270,914 | 2,088,832 |

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**2. Pension Plan Obligations**

The Authority's contributions to SCRS are summarized as follows:

| | SCRS | |
|---|---|---|
| | Employer | Employee |
| June 30, 2013 | $ 77,879 | $ 51,430 |
| June 30, 2012 | 87,231 | 58,963 |
| June 30, 2011 | 84,088 | 56,409 |

The Library's contributions to the SCRS for employer and employee portions expressed as a dollar amount and as a percentage of covered payrolls in 2013 were $668,622 and 10.45% and $447,881 and 7%, respectively, and the Library's contributions to PORS for employer and employee portions expressed as a dollar amount and as a percentage of covered payrolls in 2013 were $3,393 and 11.90% and $1,996 and 7%, respectively.

The Library's contributions to SCRS are summarized as follows:

| | SCRS | |
|---|---|---|
| | Employer | Employee |
| June 30, 2013 | $ 668,622 | $ 447,881 |
| June 30, 2012 | 583,464 | 404,104 |
| June 30, 2011 | 563,635 | 396,497 |

The Library's contributions to the SCRS and PORS provide a group life insurance benefit for their participants. The contribution expressed as a dollar amount and as a percentage of covered payroll was $9,597 and 0.15% of annual earnings.

The State of South Carolina also provides an optional retirement plan (State ORP). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the Internal Revenue Code. The State ORP is a defined contribution plan that provides retirement and survivor benefits for newly hired teachers and certain administrative positions which allows them to participate. As an alternative to the South Carolina Retirement System, employees eligible for the State ORP may choose between the State ORP and the SCRS.

A comprehensive annual financial report containing financial statements and required supplementary information for the SCRS and PORS is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, South Carolina 29211-1960.

**b. <u>Post Employment Benefits Other Than Pensions</u>**

Greenville County administers a retiree insurance program. The County Administrator has the authority to establish/amend the

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**2. Pension Plan Obligations**

plan's provisions and contribution requirements.

*Medical/Prescription Drug*

Eligible retirees of the County of Greenville receive health care coverage through one of three medical PPO plans: Standard, Plus and Premium. Employees who retired prior to January 1, 2004 are eligible to enroll in any of the three plans, while employees who retired on or after January 1, 2004 are only eligible to enroll in the Standard plan. Employees who retired prior to January 1, 2004 are eligible to remain on the County's plan upon reaching Medicare eligibility. Employees who retired on or after January 1, 2004 are eligible for a fully-insured Medicare supplement plan.

*Dental*

Eligible retired employees have the option to remain on the County's dental insurance plan. The County provides a subsidy to offset some of the cost for this benefit.

*Life Insurance*

Retiree life insurance is available to retirees until age 65 on a contributory basis. Retirees who choose this benefit receive $40,000 worth of coverage.

*Required Monthly Contributions*

Contributions are required for both retiree and dependent coverage. Depending on the plan selected, date of retirement, and years of service, the County of Greenville provides a subsidy to offset the full cost of coverage. The County of Greenville's contribution (subsidy) will remain constant in the future and is summarized in the following chart.

| | | Medical Benefit | | |
|---|---|---|---|---|
| Retired Date | Years of Service | <65 | 65+ | Dental |
| Prior to 2004 | <20 | $ 138.56 | $ 213.56 | $ 3.17 |
| Prior to 2004 | 20+ | $ 213.56 | $ 288.56 | $ 3.17 |
| 2004 and after | <20 | $ 138.56 | $ 75.00 | $ 3.17 |
| 2004 and after | 20+ | $ 213.56 | $ 75.00 | $ 3.17 |

*Plan Descriptions:* The County of Greenville postemployment benefit plan is a single employer defined benefit plan that is self funded for medical / prescription drug and fully insured for life insurance to eligible retirees and their dependents. The postemployment medical benefit plan is administered by Planned Administrators Incorporated. There is no separate audited GAAP basis post-employment benefit plan report.

*Funding Policy:* The required contribution is based on pay-as-you-go financing requirements.

*Annual OPEB Cost and Net OPEB Obligation:* The County of Greenville's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in

**II. DETAILED NOTES ON ALL FUNDS**
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**2. Pension Plan Obligations**

accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County of Greenville's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes on the County of Greenville's net OPEB obligation to the postemployment benefit plan:

| | |
|---|---|
| Normal Cost | $ 491,472 |
| Interest on normal cost | 22,116 |
| Amortization payment | 395,548 |
| Interest on amortization payment | 3,822 |
| Annual Required Contribution | 912,958 |
| Interest on Net OPEB Obligation | 88,431 |
| Adjustment to Annual Required Contribution | (75,769) |
| Annual OPEB cost (expense) | 925,620 |
| Contributions and payments made | (639,094) |
| Increase in net OPEB Obligation | 286,526 |
| Net OPEB Obligation - July 1, 2012 | 1,965,124 |
| Net OPEB Obligation - June 30, 2013 | $ 2,251,650 |

The County of Greenville's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the two preceding years are as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---|---|---|---|
| June 30, 2011 | $ 1,078,392 | 73 % | $ 1,685,759 |
| June 30, 2012 | 1,117,748 | 75 % | 1,965,124 |
| June 30, 2013 | 925,620 | 69 % | 2,251,650 |

*Funded Status and Funding Progress:* As of July 1, 2012, the plan was 0% funded. The actuarial accrued liability for benefits was $10,357,917 and the actuarial value of assets was $0 resulting in an unfunded actuarial accrued liability (UAAL) of $10,357,917.

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**2. Pension Plan Obligations**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

OPEB Funding Status and Progress:

| Fiscal Year Ended | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Payroll (a/b) | Covered Payroll (c) | UAAL as a Percent of Covered Payroll ((b-a)/c) |
|---|---|---|---|---|---|---|---|
| June 30, 2011 | July 1, 2010 | $ - | $ 13,871,810 | $ 13,871,810 | 0.0 % | $ 83,590,384 | 16.6 % |
| June 30, 2012 | July 1, 2010 | - | 13,871,810 | 13,871,810 | 0.0 % | 86,582,472 | 16.0 % |
| June 30, 2013 | July 1, 2012 | - | 10,357,917 | 10,357,917 | 0.0 % | 87,500,939 | 11.8 % |

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

In the July 1, 2012 actuarial valuation (the most recent valuation), projected unit credit method was used. The actuarial assumptions included a 4.5% investment rate of return which is based on the expected long term investment return of the employer's own investments used to pay plan benefits and an annual healthcare cost trend rate of 9.5% reduced by decrements of .5% to an ultimate rate of 5%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization of UAAL is done over a period of thirty years and the underlying inflation rate is 3%.

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**2. Pension Plan Obligations**

The Library's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Library's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes on the Library's net OPEB obligation to the Retiree Health Plan:

| | |
|---|---|
| Annual Required Contribution | $ 111,608 |
| Interest on Net OPEB Obligation | 4,409 |
| Adjustment to Annual Required Contribution | (4,179) |
| Annual OPEB Cost (Expense) | 111,838 |
| Contributions and payments made | (96,773) |
| Increase in Net OPEB Obligation | 15,065 |
| Net OPEB Obligation - July 1, 2012 | 88,174 |
| Net OPEB Obligation - June 30, 2013 | $ 103,239 |

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and the two preceding years are as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---|---|---|---|
| June 30, 2013 | $ 111,838 | 87 % | $ 103,239 |
| June 30, 2012 | 88,029 | 78 % | 88,174 |
| June 30, 2011 | 84,208 | 83 % | 68,490 |

Funded Status and Funding Progress: As of July 1, 2012, the most recent valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $1,296,301, and the actuarial value of assets is zero resulting in an unfunded actuarial liability (UAAL) of $1,296,301. Covered payroll was $5,621,947 and UAAL as a percentage of covered payroll was 23.1%.

**3. Closure and Postclosure Care Costs - Solid Waste Landfills**

On October 9, 1991, Federal regulations issued by the Environmental Protection Agency (EPA) placed specific requirements pertaining to the closing of municipal solid waste landfills as well as postclosure maintenance for a period of thirty years after closure. The $5.4 million liability reported as landfill closure and postclosure represents total costs to date, as of June 30, 2013. Actual cost for closure and postclosure care may vary due to inflation, developments in technology, or changes in laws and regulations. The following table shows the landfills, which Greenville County owns, and the remaining number of years, out of thirty, each has to be maintained in accordance with the 1991 EPA ruling.

## II. DETAILED NOTES ON ALL FUNDS
## B. LIABILITIES

### 3. Closure and Postclosure Care Costs - Solid Waste Landfills

| Landfill | Postclosure Years Remaining | % Used | Open/Close Year | Closure/Postclosure Costs | |
|---|---|---|---|---|---|
| Enoree Phase I | 11 | 100 | 1994 | $ | 352,000 |
| Enoree Phase II | 25 | 100 | 2007 | | 1,180,749 |
| Enoree C & D | 26 | 100 | 2007 | | 351,000 |
| Blackberry Valley | 4 | 100 | 1987 | | 356,000 |
| Piedmont I & II | 1 | 100 | 1979 | | 10,000 |
| Piedmont III | 8 | 100 | 1991 | | 224,000 |
| Simpsonville | 1 | 100 | 1976 | | 28,000 |
| Twin Chimneys Unit 1 | 30 | 40 | 2007 | | 2,772,000 |
| Twin Chimneys C & D | 30 | 9 | 2007 | | 96,300 |
| | | | | $ | 5,370,049 |

### 4. Deferred/Unearned Revenues

The balance in deferred revenue on the governmental fund financial statements and unearned revenues on the government-wide statements at year-end is composed of the following elements:

**Primary Government**

| | Deferred Revenue | Unearned Revenue |
|---|---|---|
| Taxes receivable, net (General) | $ 6,010,000 | $ - |
| Taxes receivable, net (Special Revenue) | 371,000 | - |
| Taxes receivable and deposits received, net (Debt Service) | 439,000 | - |
| Grants received, unspent (Special Revenue) | 570,206 | 570,206 |
| Total | $ 7,390,206 | $ 570,206 |

**Greenville County Redevelopment Authority**

| | Deferred Revenue | Unearned Revenue |
|---|---|---|
| Greenville County Redevelopment Authority | $ 300,000 | $ - |

## II. DETAILED NOTES ON ALL FUNDS
## B. LIABILITIES

### 4. Deferred/Unearned Revenues

**Greenville County Library System**

| | Deferred Revenue | Unearned Revenue |
|---|---|---|
| Property taxes - General fund | $ 604,607 | $ - |
| Property taxes - Capital projects fund | 133,998 | - |
| Total | $ 738,605 | $ - |

### 5. Risk Management

The County operates as two separate Internal Service Funds self-insurance programs for health and workers' compensation. Funds are appropriated in the General Fund, the Vehicle Service Fund, the Solid Waste Fund and certain Special Revenue Funds to cover claims, administrative costs and other liabilities. The County's health insurance program is to provide medical and dental coverage to its full-time employees. Full-time employees can select from three self-insured medical plans. Ninety-nine percent of County employees participate in these self-insured medical plans, making them the predominant participants in the plans. Revenues and expenditures for the self-insured program for health are accounted for in the Internal Service Fund within the Proprietary Fund types. Coverage in the medical self-insurance program is extended to include various other Greenville County agencies including the Art Museum, Redevelopment Authority, County Library and several fire districts.

The County expended $23,751,816 for medical and dental claims in fiscal year 2013. The basis for estimating claims not reported at year-end is the monthly average paid in claims. The self-insurance fund collects interfund premiums from insured funds and departments and pays claim settlements. Premiums for employees are based on maximum claim level activity and all other premiums in the fund are based on the expected claim level as provided by the actuarial estimate by the reinsurer. Medical claims exceeding $300,000 per insured are covered through a private insurance carrier.

The self-insurance program for workers’ compensation is also accounted for within the activity of the Internal Service Fund. The Workers’ Compensation program serves personnel of Greenville County. The County has contracted with a professional firm to administer this fund. Claims paid during fiscal year 2013 totaled $1,714,027. Premium increases and decreases for both programs are reviewed and recommended annually by the County's contract administrators.

## II. DETAILED NOTES ON ALL FUNDS
## B. LIABILITIES

### 5. Risk Management
The table below shows the reconciliation of unpaid claims for fiscal year ended June 30, 2013:

| | Workers' Compensation | | Health and Dental | |
|---|---|---|---|---|
| | Year Ended June 30, 2013 | Year Ended June 30, 2012 | Year Ended June 30, 2013 | Year Ended June 30, 2012 |
| Unpaid claims, beginning of year | $ 1,080,000 | $ 1,080,000 | $ 1,900,000 | $ 1,900,000 |
| Claim payments | (1,714,027) | (1,493,883) | (23,751,816) | (24,861,296) |
| Incurred claims (including IBNR) | 1,884,027 | 1,493,883 | 23,751,816 | 24,861,296 |
| Unpaid claims, end of year | $ 1,250,000 | $ 1,080,000 | $ 1,900,000 | $ 1,900,000 |
| Current Portion | $ 812,500 | $ 702,000 | $ 1,862,000 | $ 1,862,000 |

The Authority participates in the self-insurance fund of Greenville County for health insurance. The health insurance program provides medical and dental coverage to full-time employees who can select from these medical plans: Blue Cross Premium Plan, Blue Cross Plus Plan or Blue Cross Standard Plan.

Revenues and expenditures for the self-insured plan are accounted for in the internal service fund of Greenville County. The basis for estimating claims not reported at year-end is twice the monthly average paid in claims. The self-insurance fund collects a monthly premium for the Authority and pays claim settlements. Premiums for employees are based on maximum claim level activity and all other premiums in the fund are based on the historical claim level as provided by the actuarial estimate by the reinsurer. Medical claims exceeding $250,000 per insured are covered through a private insurance carrier.

The Library participates in the County's health insurance program to provide medical and dental coverage to its full-time employees. Payments are remitted to the County on a monthly basis based on the number of employees participating. In 2013, $1,303,700 was remitted to the County. The Library also has a purchased workers' compensation policy that is handled by a third-party administrator for a fee based on the salaries of employees employed during the year.

### 6. Contingent Liabilities

There are many tort claims against the County that are insured by the Insurance Trust Fund. None of the cases are expected to exceed the limits of the fund. The cases for which the Insurance Trust Fund has denied coverage will have little impact on the County financially.

The Authority must apply for renewals of contracts and grants. Funding is subject to both increases and reductions at the discretion of the contractors and some agreements call for termination by either party contingent upon certain conditions. Expenditures recorded under various contracts and grants are subject to further examination by the contractors, with reimbursements being requested for questioned costs.

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**

**a. Changes in Long-term Obligations**

The following is a summary of the changes in the County's long-term obligations as of June 30, 2013:

| | General Obligation Bonds | Certificates of Participation | Special Source Revenue Bonds | Debt Security Deposit Agreement | Capital Lease Payable | Compensated Absences Payable | Total |
|---|---|---|---|---|---|---|---|
| Governmental Activities | | | | | | | |
| Balance at June 30, 2012 | $ 65,900,000 | $ 66,935,000 | $ 18,360,000 | $ 714,920 | $ 2,264,265 | $ 6,087,928 | $160,262,113 |
| Additions | 22,560,000 | - | - | - | 1,000,000 | 3,569,460 | 27,129,460 |
| Retirements | (25,590,000) | (5,300,000) | (1,635,000) | (80,570) | (1,024,980) | (3,318,818) | (36,949,368) |
| Balance at June 30, 2013 | $ 62,870,000 | $ 61,635,000 | $ 16,725,000 | $ 634,350 | $ 2,239,285 | $ 6,338,570 | $150,442,205 |
| Current Portion of Long-term Obligations | $ 4,660,000 | $ 5,470,000 | $ 1,775,000 | $ 80,570 | $ 894,848 | $ 570,471 | $ 13,450,889 |

The general fund and special revenue fund have typically been used in prior periods to liquidate compensated absences.

| | Accrued Closure and Postclosure Costs | Compensated Absences Payable | Total |
|---|---|---|---|
| **Business-type Activities:** | | | |
| Balance at June 30, 2012 | $ 5,017,718 | $ 151,634 | $ 5,169,352 |
| Additions | 424,321 | 86,094 | 510,415 |
| Retirements | (71,990) | (63,264) | (135,254) |
| Balance at June 30, 2013 | $ 5,370,049 | $ 174,464 | $ 5,544,513 |
| Current Portion of Long-term Obligations | $ 247,240 | $ 15,702 | $ 262,942 |

## II. DETAILED NOTES ON ALL FUNDS
### B. LIABILITIES
### 7. Long-Term Obligations

In prior years, the County defeased several outstanding debt issues by issuing new debt, and has deposited with escrow agents in irrevocable trusts amounts sufficient to meet the debt service requirements of these bonds. For financial reporting purposes, the trust account assets and the liabilities for the in-substance defeased bonds are not part of the financial statements. Debt considered defeased consists of the following as of June 30, 2013:

| | |
|---|---|
| **Governmental Activities:** | |
| General obligation bond, series 2005, Greenville Tech (pays 2016) | $ 8,144,362 |
| General Obligation bond, series 2005B, Roads and Bridges (pays 2015) | 2,517,600 |
| General Obligation bond, series 2004, Library | 12,667,165 |
| General Obligation bond, series 2004A, Roads and Bridges | 2,896,663 |
| General Obligation bond, series 2005A, Greenville Tech | 4,599,288 |
| Balance at June 30, 2013 | $ 30,825,078 |

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**
**b. General Obligation Bonds**

General obligation bonds payable at June 30, 2013 are comprised of the following individual issues:

| | |
|---|---|
| $16,660,000 (2004 General Purpose serial bonds, Library, due in annual installments of $880,000 through April 1, 2014; interest at 3.75% ) A59 | $ 880,000 |
| $4,000,000 (2004A General Obligation Refunding Bonds, Roads, due in annual installments of $350,000 through April 1, 2014; interest at 3.5% to 4%) A60 | 350,000 |
| $7,430,000 (2005A General Obligation Bonds, Greenville Technical College, due in annual installments of $590,000 to $615,000 through April 1, 2015; interest at 4.00%) A62 | 1,205,000 |
| $5,065,000 (2005B General Obligation Bonds, Road Improvements; due in annual installments of $330,000 to $345,000 through April 1, 2015; interest at 3.75% to 4.00%) A63 | 675,000 |
| $10,085,000 (2006 General Obligation Bonds, Road Improvements; due in annual installments of $430,000 to $715,000 through April 1, 2027; interest at 4% to 5%) A64 | 7,800,000 |
| $4,200,000 (2007 General Obligation Bonds, Greenville Technical College Building Project; due in annual installments of $170,000 to $300,000 through April 1, 2028; interest at 4% to 4.5%) A65 | 3,435,000 |
| $10,000,000 (2008C General Obligation Bonds, Road Improvements, due in annual installments of $410,000 to $715,000 through April 1, 2028; interest at 3% to 5%) A66 | 8,120,000 |
| $5,615,000 (2011A General Obligation Bonds, Greenville Technical College, due in annual installments of $205,000 to $380,000 through April 1, 2032; interest at 2.5% to 4.125%) A67 | 5,415,000 |
| $3,950,000 (2011D General Obligation Refunding Bonds, due in annual installments of $370,000 to $445,000 through April 1, 2022; interest at 2% to 4%) A68 | 3,620,000 |
| $7,770,000 (2012 General Obligation Refunding Bonds, due in annual installments of $620,000 to $805,000 through April 1, 2026; interest at 2% to 3%) A69 | 7,770,000 |
| $20,115,000 (2013A General Obligation Refunding Bonds due in annual installments of $375,000 to $1,265,000,000 through April 1, 2025; interest at 1.0% to 2.8%) A70 | 20,115,000 |
| $2,445,000 (2013B General Obligation Refunding Bonds, due in annual installments of $40,000 to $410,000 through April 1, 2021; interest at 1% to 2025%) A71 | 2,445,000 |
| $11,565,000 (2005 General Obligation Refunding Bonds, due in annual installments of $510,000 to $530,000 through April 1, 2015; interest at 3.5% to 4.00% ) A61 | 1,040,000 |
| | $ 62,870,000 |

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**
Advance Refundings:

In March 2013, Greenville County issued $20,115,000 and $2,445,000 General Obligation Refunding Bonds, Series 2013A and 2013B, respectively, to advance refund the Series 2004 (Library), 2004A (Roads), 2005A (Greenville Tech) and 2005B (Roads) General Obligation Bonds. This advance refunding was undertaken to reduce total debt service payments by $2,081,893. The net proceeds of $22,811,394, which includes a $251,394 net premium and payment of $169,670 cost of issuance, were used to advance refund the above mentioned bonds and were deposited in an irrevocable trust with an escrow agent to provide funds for future debt service payments on the refunded bonds. As a result, the series 2004, 2004A, 2005A and 2005B general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The taxable, series 2013A have interest rates of 1.00% to 2.8% and resulted in an economic gain of $1,732,587. The nontaxable, Series 2013B have interest rates of 1.00% to 2.25% and resulted in an economic gain of $139,620. The aggregate reaquisition price exceeded the aggregrate net carrying amount of the old debt by $1,064,836. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. Both bonds are paid semi-annually each April 1 and October 1 with the first interest payment commencing on October 1, 2013. The principal on the Series 2013A and 2013B refunding bonds is paid annually each April 1 with the first payment on April 1, 2014.

The annual requirements to amortize the General Obligation Bonds mentioned above, as well as all other outstanding General Obligation Bonds can be found in the Supplementary Data section of the Comprehensive Annual Financial Report. Information on the amount of defeased debt deposited with escrow agents in an irrevocable trust can be found in the notes to the financial statements.

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**

The total of all General Obligation Bonds is summarized as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 4,660,000 | $ 1,901,968 | $ 6,561,968 |
| 2015 | 4,715,000 | 1,741,462 | 6,456,462 |
| 2016 | 4,820,000 | 1,612,037 | 6,432,037 |
| 2017 | 4,920,000 | 1,509,936 | 6,429,936 |
| 2018 | 5,025,000 | 1,409,525 | 6,434,525 |
| 2019 | 4,800,000 | 1,271,799 | 6,071,799 |
| 2020 | 4,915,000 | 1,137,123 | 6,052,123 |
| 2021 | 5,065,000 | 992,868 | 6,057,868 |
| 2022 | 4,335,000 | 843,292 | 5,178,292 |
| 2023 | 4,020,000 | 705,780 | 4,725,780 |
| 2024 | 4,155,000 | 577,128 | 4,732,128 |
| 2025 | 3,905,000 | 439,927 | 4,344,927 |
| 2026 | 2,730,000 | 303,712 | 3,033,712 |
| 2027 | 2,005,000 | 199,731 | 2,204,731 |
| 2028 | 1,350,000 | 115,819 | 1,465,819 |
| 2029 | 345,000 | 58,476 | 403,476 |
| 2030 | 355,000 | 44,676 | 399,676 |
| 2031 | 370,000 | 30,476 | 400,476 |
| 2032 | 380,000 | 15,676 | 395,676 |
| | $ 62,870,000 | $ 14,911,411 | $ 77,781,411 |

At June 30, 2013, the County was permitted by the South Carolina Constitution to incur general obligation bonded indebtedness in an amount not exceeding 8% of the assessed value of all taxable property of the County. At June 30, 2013, the County was within the limits of this requirement. (Refer to the statistical section.)

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**
**c. Certificates of Participation**

The total of all Certificates of Participation is summarized as follows:

| | Governmental Activities | | |
|---|---|---|---|
| Year Ending June 30 | Principal | Interest | Total |
| 2014 | $ 5,470,000 | $ 2,527,320 | $ 7,997,320 |
| 2015 | 5,655,000 | 2,348,234 | 8,003,234 |
| 2016 | 5,850,000 | 2,151,134 | 8,001,134 |
| 2017 | 6,065,000 | 1,940,842 | 8,005,842 |
| 2018 | 4,555,000 | 1,728,610 | 6,283,610 |
| 2019 | 4,730,000 | 1,565,723 | 6,295,723 |
| 2020 | 2,520,000 | 1,375,275 | 3,895,275 |
| 2021 | 2,630,000 | 1,268,825 | 3,898,825 |
| 2022 | 2,740,000 | 1,155,875 | 3,895,875 |
| 2023 | 2,860,000 | 1,033,807 | 3,893,807 |
| 2024 | 2,990,000 | 903,769 | 3,893,769 |
| 2025 | 3,140,000 | 756,281 | 3,896,281 |
| 2026 | 3,295,000 | 601,394 | 3,896,394 |
| 2027 | 3,450,000 | 442,175 | 3,892,175 |
| 2028 | 3,625,000 | 274,275 | 3,899,275 |
| 2029 | 1,005,000 | 97,850 | 1,102,850 |
| 2030 | 1,055,000 | 50,113 | 1,105,113 |
| | $ 61,635,000 | $ 20,221,502 | $ 81,856,502 |

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**
**Individual Issuances**

*COPS #11*

In October 2010, Greenville County issued $8,290,000 of Refunding Certificates of Participation, series 2010 to currently refund the series 1998 Refunding Certificates of Participation (Greenville Technical College Project). The reacquisition price exceeded the net carrying amount of the old debt by $133,300. This amount is being amortized over the life of the new debt. The refunding resulted in an economic gain of $760,503. The interest rate of the series 2010 refunding bonds are 2.44%. Interest is payable semi-annually on April 1 and October 1 of each year commencing April 1, 2011. The annual requirements to amortize the County's series 2010 Refunding Certificates of Participation are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 905,000 | $ 141,154 | $ 1,046,154 |
| 2015 | 930,000 | 119,072 | 1,049,072 |
| 2016 | 950,000 | 96,380 | 1,046,380 |
| 2017 | 975,000 | 73,200 | 1,048,200 |
| 2018 | 1,000,000 | 49,410 | 1,049,410 |
| 2019 | 1,025,000 | 25,010 | 1,050,010 |
| | $ 5,785,000 | $ 504,226 | $ 6,289,226 |

*COPS #12*

In January 2011, Greenville County issued $9,300,000 of Junior Lien Refunding Certificates of Participation, series 2011 to currently refund the series 2001 Refunding Certificates of Participation (Courthouse Project). The reacquisition price exceeded the net carrying amount of the old debt by $225,200. This amount is being amortized over the life of the new debt. The refunding resulted in an economic gain of $356,935. The interest rate of the series 2011 refunding bonds are 2.76%. Interest is payable semi-annually on April 1 and October 1 of each year commencing October 1, 2011. The annual requirements to amortize the County's series 2011 Refunding Certificates of Participation are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 1,540,000 | $ 176,916 | $ 1,716,916 |
| 2015 | 1,580,000 | 134,412 | 1,714,412 |
| 2016 | 1,620,000 | 90,804 | 1,710,804 |
| 2017 | 1,670,000 | 46,092 | 1,716,092 |
| | $ 6,410,000 | $ 448,224 | $ 6,858,224 |

*COPS #5*

In February 2005, the County issued $11,740,000 Series 2005 Refunding Certificates of Participation (University Center Project), interest rate 2.5% to 5%, to advance refund a portion of the 1999A Certificates of Participation and a portion of the

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**

1999B Certificates of Participation. The Series 1999 Certificates were issued to provide funds to acquire, construct and equip certain classroom and laboratory facilities for the University Center (an association of institutions of higher learning). Interest on the Series 2005 Certificates is payable on each April 1 and October 1 commencing October 1, 2005. The annual requirements to amortize the County's 2005 University Center refunding series COPS are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 1,040,000 | $ 303,475 | $ 1,343,475 |
| 2015 | 1,075,000 | 268,375 | 1,343,375 |
| 2016 | 1,120,000 | 225,375 | 1,345,375 |
| 2017 | 1,180,000 | 169,375 | 1,349,375 |
| 2018 | 1,230,000 | 110,375 | 1,340,375 |
| 2019 | 1,285,000 | 64,250 | 1,349,250 |
| | $ 6,930,000 | $ 1,141,225 | $ 8,071,225 |

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**

*COPS #9*

In March 2008, the County, through Greenville County Tourism Public Facilities Corporation, issued $35,710,000 Series 2008 Certificates of Participation; interest rate 4% to 5%. The Series 2008 Certificates were issued to provide funds to acquire, construct and equip various tourism-related capital improvement projects (collectively, the "2008 Project"). Interest on the Series 2008 Certificates is payable on each April 1 and October 1 commencing October 1, 2008. The annual requirements to amortize the County's 2008 Hospitality Tax series COPS are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 1,430,000 | $ 1,357,969 | $ 2,787,969 |
| 2015 | 1,490,000 | 1,300,769 | 2,790,769 |
| 2016 | 1,555,000 | 1,236,169 | 2,791,169 |
| 2017 | 1,615,000 | 1,173,969 | 2,788,969 |
| 2018 | 1,680,000 | 1,109,369 | 2,789,369 |
| 2019 | 1,755,000 | 1,037,969 | 2,792,969 |
| 2020 | 1,825,000 | 963,381 | 2,788,381 |
| 2021 | 1,910,000 | 881,256 | 2,791,256 |
| 2022 | 1,995,000 | 795,306 | 2,790,306 |
| 2023 | 2,085,000 | 703,038 | 2,788,038 |
| 2024 | 2,185,000 | 604,000 | 2,789,000 |
| 2025 | 2,295,000 | 494,750 | 2,789,750 |
| 2026 | 2,410,000 | 380,000 | 2,790,000 |
| 2027 | 2,530,000 | 259,500 | 2,789,500 |
| 2028 | 2,660,000 | 133,000 | 2,793,000 |
| | $ 29,420,000 | $ 12,430,445 | $ 41,850,445 |

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**

*COPS #10*

In August 2010, the County, through Greenville County Tourism Public Facilities Corporation, issued $14,680,000 Series 2010 Certificates of Participation; interest rate 2% to 4.75%. The Series 2010 Certificates were issued to provide funds to acquire, construct and equip various tourism-related capital improvement projects. Interest on the Series 2010 Certificates is payable on each April 1 and October 1 commencing April 1, 2011. The annual requirements to amortize the County's 2010 Hospitality Tax series COPS are as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 555,000 | $ 547,806 | $ 1,102,806 |
| 2015 | 580,000 | 525,606 | 1,105,606 |
| 2016 | 605,000 | 502,406 | 1,107,406 |
| 2017 | 625,000 | 478,206 | 1,103,206 |
| 2018 | 645,000 | 459,456 | 1,104,456 |
| 2019 | 665,000 | 438,494 | 1,103,494 |
| 2020 | 695,000 | 411,894 | 1,106,894 |
| 2021 | 720,000 | 387,569 | 1,107,569 |
| 2022 | 745,000 | 360,569 | 1,105,569 |
| 2023 | 775,000 | 330,769 | 1,105,769 |
| 2024 | 805,000 | 299,769 | 1,104,769 |
| 2025 | 845,000 | 261,531 | 1,106,531 |
| 2026 | 885,000 | 221,394 | 1,106,394 |
| 2027 | 920,000 | 182,675 | 1,102,675 |
| 2028 | 965,000 | 141,275 | 1,106,275 |
| 2029 | 1,005,000 | 97,850 | 1,102,850 |
| 2030 | 1,055,000 | 50,113 | 1,105,113 |
| | $ 13,090,000 | $ 5,697,382 | $ 18,787,382 |

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**
**d. Special Source Revenue Bonds**

The annual requirements to amortize the County's Special Source Revenue Bonds are as follows:

| | Governmental Activities | | |
|---|---|---|---|
| Year Ending June 30 | Principal | Interest | Total |
| 2014 | $ 1,775,000 | $ 490,823 | $ 2,265,823 |
| 2015 | 1,855,000 | 438,784 | 2,293,784 |
| 2016 | 1,955,000 | 385,330 | 2,340,330 |
| 2017 | 2,045,000 | 328,190 | 2,373,190 |
| 2018 | 2,030,000 | 267,548 | 2,297,548 |
| 2019 | 1,875,000 | 205,284 | 2,080,284 |
| 2020 | 1,495,000 | 145,646 | 1,640,646 |
| 2021 | 1,520,000 | 101,060 | 1,621,060 |
| 2022 | 1,075,000 | 55,028 | 1,130,028 |
| 2023 | 1,100,000 | 27,830 | 1,127,830 |
| | $ 16,725,000 | $ 2,445,523 | $ 19,170,523 |

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**
**Individual Issuances**

*SSRB #8*

In March 2007, Greenville County issued $7,545,000 of Special Source Revenue Refunding Bonds, Series 2007, interest 3.625% to 4.125%, to refund a portion of the Special Source Revenue Bonds, Series 1999 (Roads Project) and a portion of the Special Source Revenue Bonds, Series 2001(Roads Improvement Project). The Refunded bonds were issued to finance the costs of constructing roads, bridges and other infrastructure. Interest is payable semi-annually on April 1 and October 1 of each year commencing October 1, 2007. The annual requirements to amortize the County's series 2007 Special Revenue Bonds are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 690,000 | $ 212,381 | $ 902,381 |
| 2015 | 715,000 | 186,506 | 901,506 |
| 2016 | 740,000 | 160,588 | 900,588 |
| 2017 | 765,000 | 132,838 | 897,838 |
| 2018 | 800,000 | 103,194 | 903,194 |
| 2019 | 830,000 | 71,194 | 901,194 |
| 2020 | 460,000 | 37,994 | 497,994 |
| 2021 | 475,000 | 19,594 | 494,594 |
| | $ 5,475,000 | $ 924,289 | $ 6,399,289 |

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**

*SSRB #10*

In January 2012, Greenville County issued $7,835,000 Series 2012 Special Source Revenue Refunding Bonds, interest 2.53%. Proceeds of the Series 2012 Bonds are issued to advance refund a portion of the Series 2003, Special Source Revenue Bonds. The requisition price exceeded the net carrying amount of the old debt by $306,612. This amount is being amortized over the life of the new debt. The refunding resulted in an economic gain of $481,824. The interest rate of the series 2012 refunding bonds are 2.53%. Interest on the Series 2012 Bonds is payable initially on October 1, 2012, and semi-annually on each April 1 and October 1 thereafter until maturity or early redemption. The annual requirements to amortize the County's series 2010 Refunding Special Source Revenue Bonds are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 370,000 | $ 197,720 | $ 567,720 |
| 2015 | 415,000 | 188,358 | 603,358 |
| 2016 | 465,000 | 177,860 | 642,860 |
| 2017 | 510,000 | 166,094 | 676,094 |
| 2018 | 755,000 | 153,192 | 908,192 |
| 2019 | 1,045,000 | 134,090 | 1,179,090 |
| 2020 | 1,035,000 | 107,652 | 1,142,652 |
| 2021 | 1,045,000 | 81,466 | 1,126,466 |
| 2022 | 1,075,000 | 55,028 | 1,130,028 |
| 2023 | 1,100,000 | 27,830 | 1,127,830 |
| | $ 7,815,000 | $ 1,289,290 | $ 9,104,290 |

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**
*SSRB #9*

In October 2010, Greenville County issued $6,770,000 of Refunding Special Source Revenue Bonds, series 2010 to currently refund the series 1996, 1997 and 1998 Special Source Revenue Bonds. The reacquisition price exceeded the net carrying amount of the old debt by $86,200. This amount is being amortized over the life of the new debt. The refunding resulted in an economic gain of $541,949. The interest rate of the series 2010 refunding bonds is 2.35%. Interest is payable semi-annually on April 1 and October 1 of each year commencing April 1, 2011. The annual requirements to amortize the County's series 2010 Refunding Special Source Revenue Bonds are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2014 | $ 715,000 | $ 80,722 | $ 795,722 |
| 2015 | 725,000 | 63,920 | 788,920 |
| 2016 | 750,000 | 46,882 | 796,882 |
| 2017 | 770,000 | 29,258 | 799,258 |
| 2018 | 475,000 | 11,162 | 486,162 |
| | $ 3,435,000 | $ 231,944 | $ 3,666,944 |

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**
**e. Capital Lease Payable**

Greenville County's capital leases payable are a culmination of various contracts with a broad range of terms for machinery and equipment. In 1997, the County adopted a Master Lease Agreement. A total of seventeen leases have been issued under the Master Lease Agreement, sixteen of which were for the acquisition of vehicles and heavy equipment. Of the seventeen issued, six remain outstanding. The annual requirements to amortize capital lease agreements outstanding as of June 30, 2013 are as follows:

| | Governmental Activities | | |
|---|---|---|---|
| Year Ending June 30 | Principal | Interest | Total |
| 2014 | $ 894,848 | $ 36,750 | $ 931,598 |
| 2015 | 690,119 | 19,434 | 709,553 |
| 2016 | 443,675 | 7,898 | 451,573 |
| 2017 | 188,866 | 1,919 | 190,785 |
| 2018 | 21,777 | 177 | 21,954 |
| | $ 2,239,285 | $ 66,178 | $ 2,305,463 |

Assets acquired under capital leases recorded in the accompanying government-wide statement of net position at June 30, 2013 were as follows: Vehicles and Equipment $20,131,194. Accumulated depreciation associated with these assets is approximately $16,029,248 resulting in net position of approximately $4,101,946.

**II. DETAILED NOTES ON ALL FUNDS**
**B. LIABILITIES**
**7. Long-Term Obligations**
**f. Debt Security Deposit Agreement**

In July 1998 and March 2008, the County entered into a Debt Security Deposit Agreement with certain financial institutions which provides for the County to receive $1,148,400 and $463,000, respectively, from the institutions. In return, the County agrees to deposit, with a trustee, its bond principal and interest payments earlier than the normal due dates over a twenty year period beginning in fiscal years 1999 and 2010 and ending in 2018 and 2029. The normal due date for principal is April 1. Interest payments are due April 1 and October 1. According to the agreement, the principal and both interest payments will be made to the trustee on February 1 of each year. In the event the agreement is terminated early, a pro-rated termination amount is to be returned to the institution based upon market rates at that time. The income from this agreement will be recognized using the interest method over the life of the agreement.

**g. Industrial Revenue Bonds**

Greenville County issues limited-obligation revenue bonds (Industrial Revenue Bonds) to private sector entities for the purpose of providing financing assistance for acquisitions and construction of industrial and/or commercial facilities. The County only extends Industrial Revenue Bonds to private sector entities that are public interest driven. Upon full repayment of the bonds, Greenville County transfers ownership of the facilities to the designated private sector entity. Under no circumstances would Greenville County, the state, or any subdivision be obligated to repay the bonds. All Industrial Revenue Bonds are omitted from the accompanying financial statements. As of June 30, 2013, there were 18 Industrial Revenue Bonds outstanding, with an estimated principal payable of $405,657,749 .

**h. Long-term Obligations (The Library)**

The following is a summary of changes in long-term obligations at the government-wide level for the year ended June 30, 2013:

| Long-term Obligations | Accrued General Leave |
|---|---|
| Balance at July 1, 2012 | $ 402,839 |
| Additions to general leave | 448,446 |
| Retirements | (402,839) |
| | 448,446 |
| Less: current portion | (165,709) |
| Balance at June 30, 2013 | $ 282,737 |

**II. DETAILED NOTES ON ALL FUNDS**

**B. LIABILITIES**

**7. Long-Term Obligations**

### i. Long-Term Obligations (The Authority)

The following is a summary of the changes in long-term obligations at the government-wide level for the year ended June 30, 2013, which are included in accrued liabilities in the financial statements.

| | Accrued General Leave |
|---|---|
| Balance at July 1, 2012 | $ 44,373 |
| Net change in compensated absences | (11,676) |
| Balance at June 30, 2013 | $ 32,697 |
| Current Portion of Long-term Obligations | $ 2,442 |

## C. Interfund Balances and Activity

| | Payable Fund | | |
|---|---|---|---|
| Receivable Fund | Proprietary Funds | Nonmajor Governmental Funds | Total |
| General Fund | $ 63,763 | $ 1,604,977 | $ 1,668,740 |
| | $ 63,763 | $ 1,604,977 | $ 1,668,740 |

All balances result from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

## II. DETAILED NOTES ON ALL FUNDS

### C. Interfund Balances and Activity

Transfers In:
Transfers Out: | General Fund | Federal and State Grant Fund | Nonmajor Governmental Funds | Total

| | Transfers In: | | | |
|---|---|---|---|---|
| Transfers Out: | General Fund | Federal and State Grant Fund | Nonmajor Governmental Funds | Total |
| General Fund | $ - | $ 88,379 | $ 283,045 | $ 371,424 |
| Nonmajor Governmental | 4,134,602 | 69,702 | 11,729,629 | 15,933,933 |
| Enterprise Funds | 402,517 | - | - | 402,517 |
| | $ 4,537,119 | $ 158,081 | $ 12,012,674 | $ 16,707,874 |

Interfund transfers are used to properly allocate costs and revenue for services to the various funds.

## II. DETAILED NOTES ON ALL FUNDS
### D. Fund Deficits

The financial statements reflect negative fund balances as follows: General Obligation Bonds in Debt Service ($21,118), Certificates of Participation in Debt Service ($130,325), Information Technology in Capital Projects ($2,448) and Capital Leases in Capital Projects ($12,000). The County is developing a plan to make these funds solvent in the future.

### E. Commitments Under Operating Leases

The County has commitments for periodic payments under various equipment and office space leases, various landfill leases, equipment maintenance agreements and data processing service contracts. All the agreements are cancelable or have remaining terms of less than one year. During the year ended June 30, 2013, total expenditures under these agreements amounted to $11,488,485.

The Authority leases office space and certain equipment under noncancelable operating leases. The Authority renewed its lease agreement for office space through June 2013. Lease expense under noncancelable leases for the year ended June 30, 2013 was $76,860.

### F. Economic Dependency

Greenville County Redevelopment Authority's revenues are derived primarily from various federal, state and local governmental agencies.

### G. Contingent Liabilities

**Federal and State Assisted Programs**

The County and the Authority have received proceeds from several federal and state grants. Entitlement to grant resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Expenditures recorded under various contracts and grants are subject to further examination in the form of financial and compliance audits by the contractors, with reimbursements being requested for questioned costs. Management anticipates that no material liabilities will result from any compliance or financial audits.

### H. Subsequent Events

Effective July 1, 2013 the County of Greenville absorbed the Greenville County Recreation District (the District) in its entirety and a new Greenville County department was established. The District was officially dissolved as of June 30, 2013. The newly formed Parks, Recreation and Tourism department provides recreation needs throughout the County and shares in the mission of providing programs and services to improve the quality of life for the residents of Greenville County. The absorption of the District allows the County an opportunity to expand its service area, as well as, allow the County to provide additional administrative and financial support needed to continue existing programs.

At June 30, 2013, outstanding encumbrances were $1,418,362 for the general fund, $165,513 for the federal and state grant fund and $1,360,580 for nonmajor governmental funds.