

**Greenville County, South Carolina**  
**Notes to the Financial Statements**  
**June 30, 2018**

**Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

**1. Reporting Entity**

The County of Greenville, South Carolina (the "County") 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 described below.

**2. Component Units**

The Greenville County Public Facilities Corporation, Greenville County Tourism Public Facilities Corporation, Greenville County Business Park Public Facilities Corporation and University Ridge Public Facilities Corporation are blended component units that were established in 1991, 2008, 2015 and 2018, 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 the 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.

The Greenville County Redevelopment Authority (the "Authority") a discretely presented component unit, 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 the 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 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") a discretely presented component unit, 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.

**Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

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 two 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
University Ridge 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 Business Park 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 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 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:

**Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Basis of Presentation**

*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.

*Special Revenue Fund - Parks, Recreation & Tourism.* This fund is used to account for the operations of parks, recreation and tourism related activities. It is funded primarily through property taxes and fees charged for the use of facilities.

*Capital Projects Fund.* This fund is used to accumulate funds that are set aside for use with specific projects that present a long-term capital investment or that may be related to a future capital expense. All capital project funds were consolidated into one fund during the current fiscal year.

*Agencies - Greenville Technical College Capital Project Fund.* This fund is used to account for financial resources to be used for the acquisition or construction projects for Greenville Technical College.

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 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.

**Note 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 \$195,466,189 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).	\$ 921,525,747
Less accumulated depreciation	<u>(401,305,210)</u>
Net capital assets (Net of Internal Service Funds of \$174,740)	<u>520,220,537</u>
Internal service funds are used by management to charge the costs of the vehicle service center, workers' 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. (Includes compensated absences of \$90,001)	(20,338,835)
Deferred inflows for unearned tax revenues recorded in the fund statements	5,635,000
Deferred outflows for unamortized amounts on refundings	5,918,525
Deferred inflows for pensions	(1,647,918)
Deferred outflows for pensions	39,898,850
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	(123,364,342)
Net pension liability	(221,816,295)
Compensated absences (Net of Internal Service Fund \$90,001)	(8,140,091)
Accrued interest payable	<u>(899,242)</u>
Subtotal	<u>(354,219,970)</u>
Total adjustment	<u>\$ 195,466,189</u>

**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 the total adjustment of \$9,206,322 are as follows:

**Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 15,388,315
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.	12,008,201
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.	(21,241,279)
Cost of assets disposed of and other adjustments	380,163
Expenses reported in the Statement of Activities that do not require the use of current resources are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual).	(119,392)
County's portion of collective pension expense	(24,808,964)
Contributions to the pension plan in the current fiscal year	15,762,260
Change in value of equity investment	31,056
Difference in long-term debt and related items	13,730,329
The internal service fund is used by management to charge the cost of the vehicle service center, workers' compensation, and health and dental cost.	(2,221,545)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements:	
Decrease in deferred inflows for unavailable property taxes	297,178
	<u>                    </u>
Total adjustment	<u><u>\$ 9,206,322</u></u>

**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 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's 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, and proceeds of long-term

**Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

debt and acquisitions under capital leases are reported as other financing sources.

Property tax revenue is recognized in compliance with GASB Statement 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements." 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, 2018 are reported as deferred inflows of resources.

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.

**D. BUDGETARY DATA**

**1. Budgetary Data**

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

The 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 (Local Accommodations Tax, State Accommodations Tax, E-911, Interoperable Communications, Infrastructure Bank, Charity Hospitalization, Hospitality Tax, Road Maintenance Program and Victim's Bill of Rights and Parks, Recreation & Tourism), and Capital Project Funds and Debt Service Funds (General Obligation Bonds, Certificates of Participation, Special Source Revenue Bonds, and 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 fiscal 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.

<u>General Fund</u>	<u>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</u>
Net change in fund balances - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (GAAP basis)	\$ 1,589,663
Net change in fund balances – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Major Governmental Funds (Budgetary basis)	\$ 1,589,663

**Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

During the current fiscal year, the County instituted a new policy that disallows the carryforward of open purchase orders for the General Fund and the Parks, Recreation & Tourism Fund operating accounts.

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 - Schedule 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	\$	6,397,679
Fund balance – ending – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Subfunds of Federal and State Grant Fund with Legally Adopted Budgets – State Accommodations Tax		1,008,205
Fund balance – ending – Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Subfunds of Federal and State Grant Fund with Legally Adopted Budgets – Local Accommodations Tax		1,042,332
Fund balance - ending - Schedule 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		140,188
Fund balance - ending Subfunds of Federal and State Grant Fund without legally adopted budgets		<u>7,832,797</u>
Fund balance- ending - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Federal and State Grant Fund	\$	<u><u>16,421,201</u></u>

**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 State Investment Pool 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. Investment purchases and sales are recorded as of the trade date. Dividend income is recognized on the ex-dividend date. Other investment income is recognized when earned. Investments are reported at fair value. Fair value is the amount reasonably expected to be received for an investment in a current sale between a willing buyer and a willing seller. Fixed income securities are valued based on published market prices and quotations from national security exchanges and securities pricing services. The South Carolina State Investment Pool shares are valued at fair value, and net appreciation (depreciation) is determined by

## **Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

calculating the change in the fair value of investments between the beginning of the year and the end of the year, less purchases of investments at cost, plus sales of investments at fair value. Investment expenses consist of external expenses directly related to the County's investment operations.

### **2. Cash and Cash Equivalents**

The Library and the Authority consider 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 Funds are shown as restricted, as well as, Special Revenue Funds and the Federal and State Grant Fund 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 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 seven and one-half 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. The Authority has experienced outstanding results in collecting these loans, with delinquency rates of approximately 3.0% and foreclosure rates of approximately 3.6%.

### **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 previous ten years less an allowance for amounts estimated to be uncollectible.

### **7. Investment in Augusta Grove, LLC.**

In September 2016, the County transferred the remaining acreage of undeveloped land in a business park known as "The Matrix" to the Greenville County Business Park Public Facilities Corporation (the "Corporation"). The park was renamed and rebranded as "Augusta Grove" and a new entity was created to own and manage it. The role of developer of the park and the Corporation's undeveloped land was transferred to Augusta Grove - Greenville, LLC in exchange for \$4 million and a forty percent ownership interest in the LLC. Augusta Grove - Greenville, LLC is a member managed limited liability company comprised of the Corporation, private investors and developers.

For the fiscal year ended June 30, 2018, the County reported an equity investment in the Augusta Grove - Greenville, LLC of \$2,515,222 at the government-wide level. This represents 40 percent of the total land value of \$6,268,355 recorded on the LLC. An equity investment of \$7,880 was recorded at the fund level.

### **8. Inventories and Prepaid Items**

Inventories are valued at cost using the first in, first out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements for the County, the Authority, and the Library. The County uses the consumption method when accounting for these prepaid items.



**Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**9. 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 received prior to June 30, 2015 are recorded at their estimated fair market value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value at the date of donation.

Land, right-of-way easements, 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:

	<u>Years</u>
Buildings	20-50
Improvements	20-50
Infrastructure	50
Furniture and equipment	5-12
Recreation equipment	7-15
Vehicles	4-8

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 fiscal year 2018.

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 thirty-nine years.

Capital assets of the Library are defined as assets with an initial cost of at least \$5,000 and are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	30-50
Land improvements	15-30
Furniture, equipment and vehicles	2-10
Library materials	5
Signs	7

**10. 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. The Authority includes the Brutontown Recreation Center as real property held for programs and has rented under a long-term lease at a nominal value.

**11. Long-term Obligations**

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

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

**12. 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 expenses in the period earned rather than the period such benefit is paid. The balance of earned, vested compensated absences not taken at June 30, 2018 was \$8,418,282 for the governmental and business type activities.

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 earned in the government-wide statements.

## **Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

The Authority grants compensated annual leave for all employees in varying amounts based on length of service with a maximum vested accumulation of 37 days. All vacation pay is accrued when incurred in the government-wide financial statements.

### **13. Deferred Outflows and Inflows of Resources**

The Statement of Net Position must 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 position that applies to future periods and will not be recognized as an expense 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. Changes in the net pension liability and other post-employment benefit obligation not included in pension expense and other post-employment benefit expense, respectively, are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability and other post-employment benefit obligation are also reported as deferred outflows of resources. Unamortized amounts on bond refundings are also reported as deferred outflows of resources.

### **14. Pensions and Other Post-Employment Benefits**

#### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS) and additions to/deductions from SCRS' and PORS' fiduciary net position have been determined on the same basis as they are reported by SCRS or PORS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **Other Post-Employment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

### **15. 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 represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### **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.

## **Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Unassigned* – Amounts that are not reported as nonspendable, restricted, committed or assigned. The General Fund is the only fund that may report a positive unassigned fund balance amount. However, in governmental funds, other than the General Fund, it may be necessary to report a negative unassigned fund balance if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes.

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 arise 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 a 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 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.

### **16. Capital Contributions**

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

### **17. 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.

### **18. New Pronouncements**

The GASB has issued the following statements:

*Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."* The requirements of this Statement became effective for reporting periods beginning after June 15, 2017.

*Statement No. 81, "Irrevocable Split-Interest Agreements."* The requirements of this Statement became effective for reporting periods beginning after December 15, 2016.

*Statement No. 82, "Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73."* The requirements of this Statement became effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions will take effect for that employer in the first reporting period in which the measurement date of the pension liability was or after June 15, 2017.

*Statement No. 83, "Certain Asset Retirement Obligations."* The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

*Statement No. 84, "Fiduciary Activities."* The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

*Statement No. 85, "Omnibus 2017."* The requirements of this Statement became effective for reporting periods beginning after June 15, 2017.

*Statement No. 86, "Certain Debt Extinguishment Issues."* The requirements of this Statement became effective for reporting periods beginning after June 15, 2017.

## Note I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement No. 87, "Leases." The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

### 19. Subsequent Events

In preparing these financial statements, the County's management has evaluated events and transactions for potential recognition or disclosure through October 31, 2018, the date the financial statements were available for issuance. Please refer to footnote II.H for a discussion of subsequent events.

## Note 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 Corporation (FDIC) 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, 2018, the County's deposits had a carrying value of \$37,451,244 and a bank balance of \$40,542,446. Of the bank balance, \$5,220,000 was covered by FDIC insurance while \$35,322,446 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 maintains cash balances at three financial institutions and accounts at each institution are insured by the FDIC up to \$250,000. The Authority's policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name. At June 30, 2018 the Authority's carrying amount of deposits was \$2,243,354. The bank balances were \$2,309,970, and of that, FDIC insurance or collateral covers the bank balances. The Authority does not have formal investment policies limiting the amount it may invest in any one issuer or limiting investment maturities as a means of managing exposure to fair value losses arising from rising interest rates.

#### Deposits for the Library

At June 30, 2018, the Library's deposits have a carrying value of \$22,332,968 and a bank balance of \$22,922,466. Of the bank balance, \$250,000 was covered by FDIC 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, 2018 cash on hand was \$1,235.

#### 2. Investments

As of June 30, 2018, the County had the following investments and maturities:

<u>Instrument Type</u>	<u>Fair Value</u>	<u>Less Than Six Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>	<u>More Than 3 Years</u>
Money Markets	\$ 2,461,022	\$ 2,461,022	\$ -	\$ -	\$ -
Revenue Bonds	1,000,000	-	-	1,000,000	-
U.S Government Treasuries	38,000,000	4,500,000	4,000,000	14,000,000	15,500,000
U.S. Government Agencies	42,246,098	3,435,000	2,500,000	14,500,000	21,811,098
SC State Investment Pool	63,642,493	63,642,493	-	-	-
Total	<u>\$147,349,613</u>	<u>\$ 74,038,515</u>	<u>\$ 6,500,000</u>	<u>\$ 29,500,000</u>	<u>\$ 37,311,098</u>

The County's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 - Investments reflect prices quoted in active markets.

Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.

Level 3 - Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk. Money market mutual funds classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	June 30, 2018			
<b>Investments by Fair Value Level</b>				
Money Markets	\$ 2,461,022	\$ 2,461,022	\$ -	\$ -
Revenue Bonds	1,000,000	-	1,000,000	-
US Government Treasuries	38,000,000	-	38,000,000	-
US Government Agencies	42,246,098	-	42,246,098	-
Total Investments by Fair Value Level	<u>83,707,120</u>	<u>2,461,022</u>	<u>81,246,098</u>	<u>-</u>
<b>Investments Measured at the Net Asset Value (NAV)</b>				
SC State Investment Pool	<u>63,642,493</u>			
Total Investments Measured at the NAV	<u>63,642,493</u>			
Total Investments	<u><u>\$ 147,349,613</u></u>			

The South Carolina Local Government Investment Pool ("SC State Investment Pool") investments are invested with the South Carolina State Treasurer's Office, which established the SC State Investment Pool pursuant to Section 6-6-10 of the South Carolina Code. The SC State Investment Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. In accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are carried at fair value determined annually based upon quoted market prices for identical or similar investments. The total fair value of the SC State Investment Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00. Funds may be deposited by SC State Investment Pool participants at any time and may be withdrawn upon 24 hours' notice. Financial statements for the SC State Investment Pool may be obtained by writing the Office of State Treasurer, Local Government Investment Pool, Post Office Box 11778, Columbia, South Carolina 29211-1950.

The Treasurer of the County implements 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, the 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 its exposure to fair value losses arising from rising interest rates, the County's investment policies allow for building the investment portfolio so that securities mature to meet ongoing 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 the 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 and dealers.

In accordance with the investment policies of the County, 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), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bank (FFCB) and US Treasuries are rated AA+ by Standard and Poor’s and Aaa by Moody’s Investors Service. As of June 30, 2018 the County owned \$42,246,098 government sponsored agency debt securities. These bonds are the direct obligation of FNMA, FHLMC, FHLB, FAMC 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 SC State Investment Pool is classified as risk category “A”. All money market accounts are rated AAA.

*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 FDIC, 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.

Following are the components of the County's book and fair values for cash and investments at June 30, 2018:

<u>Cash and Investments</u>	Fair and Carrying Value
Cash on hand	\$ 27,563
<b>Deposits:</b>	
Demand deposits	14,247,896
Certificates of deposits	23,203,348
<b>Investments:</b>	
Government securities	<u>147,349,613</u>
	<u>\$ 184,828,420</u>

A reconciliation of cash and investments for the County as shown in the Statement of Net Position is as follows:

Carrying amount of deposits	\$ 37,451,244
Cash on hand	27,563
Fair value of investments	<u>147,349,613</u>
	<u>\$ 184,828,420</u>
<b>Statement of Net Position:</b>	
Cash and cash equivalents (governmental activities)	\$ 103,556,796
Restricted assets – Investments (governmental activities)	2,461,022
Cash and cash equivalents (business type activities)	9,460,966
Statement of Fiduciary Net Position:	
Cash and equivalents (all fiduciary funds)	<u>69,349,636</u>
Total cash and investments	<u>\$ 184,828,420</u>

## Investments for the Library

As of June 30, 2018, the Library has the following investments and maturities:

Investment Type	Fair Value	Less Than 6	6-12 Months	1-3 Years
		Months		
Money Market	\$ 7,946,919	\$ 7,946,919	\$ -	\$ -
Totals	\$ 7,946,919	\$ 7,946,919	\$ -	\$ -

*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 detail of cash and investments as shown on the Statement of Net Position follows:

Carrying amount of deposits	\$ 14,386,049
Cash on hand	1,235
Fair value of investments	<u>7,946,919</u>
Cash and Investments	<u>\$ 22,334,203</u>

### 3. Property Tax and Tax Abatements

Assessed values are established by the County Assessor and the South Carolina Department of Revenue at various rates between four and 10.5 percent of the estimated market value. The assessed value as of June 30, 2018 was \$2,308,955,947. The estimated market value was \$44,418,729,991 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, 2018 was 51.9 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 fiscal year ended June 30, 2018, was 8.5 mills per \$1,000 of assessed valuation.

The County provides tax abatement incentives through three programs - Fee in Lieu of Tax, Special Source Revenue Credits, and Multi-County Business Parks:

A Fee in Lieu of Tax (FILOT) is authorized under South Carolina Code Title 12, Chapter 44, Title 4, Chapter 29, or Title 4, Chapter 12. The FILOT is used to encourage investment and provides a reduction of property tax when a business invests a minimum of \$2,500,000 within a 5-6 year investment period (beginning with the date property is placed in service, ending five years after the last day of the property tax year in which the property is initially placed in service). The reduction in property taxes is accomplished by a reduction of assessed value, reduction in millage rate and elimination of (or reduction in) number of times millage rates are changed. In addition, an agreement may allow the possible use of net present value method over the term of the FILOT agreement to equalize payments. Repayment of incentive is required by State law if a taxpayer fails to meet statutory minimum investment requirements. Other recapture provisions may be negotiated (such as a pro rata clawback for failure to meet and/or maintain jobs/investment).

A Special Source Revenue Credit (SSRC) is authorized under South Carolina Code Sections 4-29-68, 4-1-170, and 12-44-70. The SSRC is used to encourage investment and provides a credit against property taxes in the form of a percentage reduction or a dollar amount reduction. The County manually applies SSRC to reduce applicable property tax bills. To receive the credit, a business must incur costs of designing, acquiring, constructing, improving, or expanding improved or unimproved real estate or personal property used in the operation of a manufacturing or commercial enterprise, infrastructure servicing the project, or certain aircraft.

A Multi-County Business Park (MCBP) is authorized under Article VIII, Section 13(d) of the Constitution of South Carolina, as amended and South Carolina Title 4, Chapter 1. A MCBP is used to promote the economic welfare of their citizens by

inducing businesses to invest in the counties through the offer of benefits available under South Carolina law pursuant to MCBP arrangements. The designation as a MCBP provides that all real and personal property located in the park shall be exempt from all ad valorem taxation. This is typically used in the creation of a FILOT or SSRC, but also has the additional benefit of exemption of property from the rollback taxes when the property was previously taxed as agricultural property. When agricultural real property is applied to a use other than agricultural, it is subject to additional taxes, referred to as rollback taxes. The amount of the rollback taxes is equal to the sum of the differences, if any, between the taxes paid or payable on the basis of the fair market value for agricultural purposes and the taxes that would have been paid or payable if the real property had been valued, assessed, and taxed as other real property in the taxing district (except the value of standing timber is excluded), for the current tax year (the year of change in use) and each of the immediately preceding five tax years.

For the fiscal year ended June 30, 2018, the County abated property tax revenues of approximately \$6,699,788 under FILOT agreements entered into by the County.

#### 4. Receivables

	General Fund	Federal and State Grant Fund	Parks, Recreation & Tourism Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Enterprise Funds
<b>Receivables</b>						
Taxes receivable	\$ 5,036,332	\$ -	\$ 482,356	\$ -	\$ 1,851,070	\$ 263,366
Other receivables	1,880,897	1,139,004	6,591	4,213	22,963	897,326
Due from other governmental units	4,416,508	3,614,996	15,213	-	-	-
<b>Total receivables</b>	<b>\$ 11,333,737</b>	<b>\$ 4,754,000</b>	<b>\$ 504,160</b>	<b>\$ 4,213</b>	<b>\$ 1,874,033</b>	<b>\$ 1,160,692</b>

	Total	Adjustments to Full-Accrual	Total
<b>Receivables</b>			
Taxes receivable	\$ 7,633,124	\$ -	\$ 7,633,124
Other receivables	3,950,994	60,678	4,011,672
Due from other governmental units	8,046,717	48,428	8,095,145
<b>Total receivables</b>	<b>\$ 19,630,835</b>	<b>\$ 109,106</b>	<b>\$ 19,739,941</b>

Adjustments to full-accrual include \$109,106 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 \$32,458,559 in taxes receivable 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, 2018 were as follows:

	Due from other Governments	Property Taxes	Accrued Fines	Other	Total
<b>Governmental activities</b>					
General	\$ 184,887	\$ 758,339	\$ 897,840	\$ 1,700	\$ 1,842,766
Capital projects	30,396	136,922	-	10,176	177,494
Total receivable	215,283	895,261	897,840	11,876	2,020,260
Allowance for doubtful accounts	-	(17,905)	(665,367)	-	(683,272)
<b>Total governmental activities</b>	<b>\$ 215,283</b>	<b>\$ 877,356</b>	<b>\$ 232,473</b>	<b>\$ 11,876</b>	<b>\$ 1,336,988</b>

The Authority has \$7,266,187 in rehabilitation loans and advances receivable, \$3,641,838 in mortgage loans receivable, \$303,659 in accounts receivable and \$244,894 in grants receivable at June 30, 2018.



## 5. Capital Assets

### Primary Government

Capital asset activity for the governmental activities for the fiscal year ended June 30, 2018 was as follows:

	Beginning Balances	Increases	Decreases and Adjustments	Transfers	Ending Balances
<b>Governmental activities:</b>					
<b>Capital assets not being depreciated</b>					
Land	\$ 25,738,500	\$ 181,500	\$ -	\$ -	\$ 25,920,000
Construction in progress	3,475,007	705,191	1,712	(1,970,825)	2,211,085
Software developed or obtained for internal use	1,853,832	-	-	-	1,853,832
Right-of-way easements	31,332,060	500,378	-	-	31,832,438
Total capital assets not being depreciated	<u>62,399,399</u>	<u>1,387,069</u>	<u>1,712</u>	<u>(1,970,825)</u>	<u>61,817,355</u>
<b>Capital assets being depreciated:</b>					
Buildings	124,617,341	690,363	33,803	1,970,825	127,312,332
Improvements	28,353,765	142,588	-	-	28,496,353
Equipment	22,361,308	4,836,868	(237,271)	-	26,960,905
Recreation equipment	3,139,452	906,359	322,345	-	4,368,156
Vehicles	20,317,856	3,329,337	(1,151,753)	-	22,495,440
Infrastructure	635,029,675	16,135,434	-	-	651,165,109
Total capital assets being depreciated	<u>833,819,397</u>	<u>26,040,949</u>	<u>(1,032,876)</u>	<u>1,970,825</u>	<u>860,798,295</u>
<b>Less accumulated depreciation for:</b>					
Buildings	40,033,114	2,945,697	(1)	-	42,978,810
Improvements	14,181,462	1,067,021	1	-	15,248,484
Equipment	16,897,295	1,592,484	(237,271)	-	18,252,508
Recreation equipment	1,437,311	317,592	(1)	-	1,754,902
Vehicles	15,208,249	2,601,043	(1,142,554)	-	16,666,738
Infrastructure	294,590,733	12,728,197	1	-	307,318,931
Total accumulated depreciation	<u>382,348,164</u>	<u>\$ 21,252,034</u>	<u>\$ (1,379,825)</u>	<u>\$ -</u>	<u>402,220,373</u>
Total capital assets depreciated, net	<u>451,471,233</u>				<u>458,577,922</u>
Governmental activities capital assets, net	<u>\$ 513,870,632</u>				<u>\$ 520,395,277</u>

### Primary Government

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

Administrative Services	\$ 16,211
General Services	55,713
Community Development and Planning	15,435,171
Emergency Medical Services	826,716
Parks, Recreation & Tourism	2,271,190
Public Safety	291,160
Judicial Services	107,253
Law Enforcement Services	2,171,799
Boards, Commissions, & Others	76,821
Total Depreciation Expense	<u>\$ 21,252,034</u>

Appropriations to date of approximately \$52,412,666 exist for various renovation and construction projects for the County. At June 30, 2018, unspent appropriations related to construction contracts approximated \$18,600,660.

Governmental activities donated assets for fiscal year 2018 included infrastructure additions of approximately \$11,999,201, as well as, miscellaneous other assets of approximately \$9,000.

Capital asset activity for the business-type activities for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases and Adjustments	Transfers	Ending Balances
Solid Waste Enterprise Fund:					
<b>Capital assets not being depreciated:</b>					
Land	\$ 5,980,755	\$ -	\$ -	\$ -	\$ 5,980,755
Total capital assets not being depreciated	5,980,755	-	-	-	5,980,755
<b>Capital assets being depreciated:</b>					
Buildings	4,760,950	-	-	-	4,760,950
Improvements	2,958,987	-	-	-	2,958,987
Equipment	9,942,758	1,049,548	(432,388)	-	10,559,918
Vehicles	586,094	-	(15,160)	-	570,934
Total capital assets being depreciated	18,248,789	1,049,548	(447,548)	-	18,850,789
<b>Less accumulated depreciation for:</b>					
Buildings	2,065,692	145,926	775	-	2,212,393
Improvements	1,661,560	71,523	264	-	1,733,347
Equipment	7,946,031	356,545	(433,425)	-	7,869,151
Vehicles	397,160	37,603	(15,162)	-	419,601
Total accumulated depreciation	12,070,443	\$ 611,597	\$ (447,548)	\$ -	12,234,492
Total capital assets depreciated, net	6,178,346				6,616,297
Business-type activities capital assets, net	\$ 12,159,101				\$ 12,597,052

	Beginning Balances	Increases	Decreases and Adjustments	Transfers	Ending Balances
Parking Enterprise Fund:					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 1,060,000	\$ -	\$ -	\$ -	\$ 1,060,000
Total capital assets not being depreciated	1,060,000	-	-	-	1,060,000
<b>Capital assets, being depreciated:</b>					
Buildings	2,000,000	-	-	-	2,000,000
Total capital assets being depreciated	2,000,000	-	-	-	2,000,000
<b>Less accumulated depreciation for:</b>					
Buildings	593,333	40,000	-	-	633,333
Total accumulated depreciation	593,333	\$ 40,000	\$ -	\$ -	633,333
Total capital assets depreciated, net	1,406,667				1,366,667
Business-type activities capital assets, net	\$ 2,466,667				\$ 2,426,667

	Beginning Balances	Increases	Decreases and Adjustments	Transfers	Ending Balances
Stormwater Enterprise Fund:					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 2,715,492	\$ 156,960	\$ -	\$ -	\$ 2,872,452
Total capital assets not being depreciated	2,715,492	156,960	-	-	2,872,452
<b>Capital assets being depreciated:</b>					
Buildings	128,040	-	-	-	128,040
Improvements	228,296	-	-	-	228,296
Equipment	1,291,090	9,865	-	-	1,300,955
Vehicles	412,099	115,000	-	-	527,099
Infrastructure	8,373,828	942,650	-	-	9,316,478
Total capital assets being depreciated	10,433,353	1,067,515	-	-	11,500,868
<b>Less accumulated depreciation for:</b>					
Buildings	8,224	4,036	-	-	12,260
Improvements	110,343	15,220	-	-	125,563
Equipment	598,533	149,503	-	-	748,036
Vehicles	271,894	52,927	-	-	324,821
Infrastructure	718,990	169,048	-	-	888,038
Total accumulated depreciation	1,707,984	\$ 390,734	\$ -	\$ -	2,098,718
Total capital assets being depreciated, net	8,725,369				9,402,150
Business-type activities capital assets, net	\$ 11,440,861				\$ 12,274,602

## Discretely Presented Component Units

Capital asset activity for the Authority for the year ended June 30, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital assets, being depreciated:</b>				
Equipment and vehicles	\$ 559,175	\$ -	\$ (128,008)	\$ 431,167
Buildings	2,327,509	722,069	(90,559)	2,959,019
Total capital assets being depreciated	2,886,684	722,069	(218,567)	3,390,186
<b>Less accumulated depreciation for:</b>				
Equipment and vehicles	356,123	86,090	(128,008)	314,205
Buildings	42,072	41,520	-	83,592
Total accumulated depreciation	398,195	\$ 127,610	\$ (128,008)	397,797
Total capital assets being depreciated, net	<u>\$ 2,488,489</u>			<u>\$ 2,992,389</u>

Depreciation expense for the Authority for the fiscal year ended June 30, 2018 was \$127,610, which was all charged to housing services. The Authority is committed under various construction contracts for completion of ongoing projects in the amount of \$383,484 as of June 30, 2018.

Capital asset activity for the Library for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<b>Governmental activities</b>					
<b>Capital assets, not being depreciated:</b>					
Land	\$ 3,432,294	\$ -	\$ -	\$ -	\$ 3,432,294
Art collection	231,342	-	-	-	231,342
Construction in progress	5,509,362	232,594	(5,509,362)	-	232,594
Total capital assets not being depreciated	9,172,998	232,594	(5,509,362)	-	3,896,230
<b>Capital assets, being depreciated:</b>					
Land improvements	516,867	933,718	-	-	1,450,585
Buildings and improvements	33,163,466	6,440,758	-	-	39,604,224
Furniture, equipment, and vehicles	2,417,048	560,920	(42,377)	-	2,935,591
Library materials	7,719,686	1,758,905	(2,088,340)	-	7,390,251
Signs	171,796	33,410	-	-	205,206
Total capital assets being depreciated	43,988,863	9,727,711	(2,130,717)	-	51,585,857
<b>Less accumulated depreciation for:</b>					
Land improvements	480,021	17,586	-	-	497,607
Buildings and improvements	12,069,261	783,821	-	-	12,853,082
Furniture, equipment, and vehicles	1,659,088	201,140	(42,377)	-	1,817,851
Library materials	4,243,646	1,125,995	(2,088,340)	-	3,281,301
Signs	171,796	13	-	-	171,809
Total accumulated depreciation	18,623,812	\$ 2,128,555	\$ (2,130,717)	\$ -	18,621,650
Total capital assets being depreciated, net	25,365,051				32,964,207
Capital assets, net	<u>\$ 34,538,049</u>				<u>\$ 36,860,437</u>

Depreciation expense for the Library for the fiscal year ended June 30, 2018 was \$2,128,555.

## B. LIABILITIES

### 1. Payables

Payables at the government-wide level at June 30, 2018 were as follows:

	Fund Financial Statements						Government-wide Financial Statements		
	General Fund	Federal and State Grant Fund	Parks, Recreation & Tourism Fund	Capital Projects Fund	Nonmajor Governmental Funds	Enterprise Funds	Total	Adjustments to Full-Accrual	Total
<b>Payables:</b>									
Accounts payable	\$ 2,196,969	\$ 1,178,233	\$ 396,074	\$ 336,268	\$ 1,955,746	\$ 1,674,267	\$ 7,737,557	\$ 568,711	\$ 8,306,268
Accrued liabilities	8,340,077	251,744	387,398	-	98,041	133,326	9,210,586	35,166	9,245,752
Due to others	-	-	-	3,519,820	-	-	3,519,820	-	3,519,820
Accrued interest	-	-	-	-	-	-	-	899,242	899,242
Other liabilities	790,085	667	56,379	-	-	120,555	967,686	3,913,000	4,880,686
<b>Total accounts payable and accrued liabilities</b>	<u>\$ 11,327,131</u>	<u>\$ 1,430,644</u>	<u>\$ 839,851</u>	<u>\$ 3,856,088</u>	<u>\$ 2,053,787</u>	<u>\$ 1,928,148</u>	<u>\$ 21,435,649</u>	<u>\$ 5,416,119</u>	<u>\$ 26,851,768</u>

Adjustments to Full-Accrual include \$4,516,877 related to recording internal service funds and \$899,242 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 \$12,134,044 for amounts due to others. These amounts are excluded from the foregoing schedule.

### 2. Post Employment Benefits

#### a. Pension Plan

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors (the "Board"), appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain Board decisions regarding the funding of the South Carolina Retirement Systems (the "Systems") and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the Board as the Custodian of the Retirement Trust Funds and assigned PEBA and the Retirement Systems Investment Commission (RSIC) as co-trustees of the Retirement Trust Funds.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems' fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the State's CAFR.

#### Plan Descriptions

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

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

subdivisions.

## **Membership**

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

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

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

## **Benefits**

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

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

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

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

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

## **Contributions**

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The Board may increase the percentage rate in SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and the total employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in the statute or the rates last adopted by the Board are insufficient to maintain a thirty year amortization schedule of

the unfunded liabilities of the plans, the Board shall increase the contribution rates in equal percentage amounts for the employer and the employee as necessary to maintain the thirty year amortization period; this increase is not limited to one-half of one percent per year.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the Board, effective on the following July 1st, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9 and 5 percent differentials between the SCRS and PORS employer and employee contribution rates respectively. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July 1st, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90 percent.

The Retirement System Funding and Administration Act increases employer contribution rates to 13.56 percent for SCRS and 16.24 percent for PORS, effective July 1, 2017. It also removes the 2.9 percent and 5 percent differential and increases and establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization schedule. The recent pension reform legislation also changes the long term funded ratio requirement from ninety to eighty-five.

Required employee contribution rates (1) are as follows:

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

Required employer contribution rates (1) are as follows:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>
<b>SCRS</b>		
Employer Class Two	13.41%	11.41%
Employer Class Three	13.41%	11.41%
Employer Incidental Death Benefit	.15%	.15%
<b>State ORP</b>		
Employer Contribution (2)	13.41%	11.41%
Employer Incidental Death Benefit	.15%	.15%
<b>PORS</b>		
Employer Class Two	15.84%	13.84%
Employer Class Three	15.84%	13.84%
Employer Incidental Death Benefit	.20%	.20%
Employer Accidental Death Program	.20%	.20%

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

(2) Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

## Net Pension Liability

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that system's fiduciary net position. Net pension liability totals, as of June 30, 2017, for SCRS and PORS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$48,244,437,494	\$25,732,829,268	\$22,511,608,226	53.3 %
PORS	7,013,684,001	4,274,123,178	2,739,560,823	60.9 %

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

### Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2017, and the accounting and financial reporting actuarial valuation as of June 30, 2017. Additional financial information supporting the preparation of the Schedules of Employer Allocations and Schedules of Pension Amounts by Employer (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' CAFR.

### Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina State statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

The June 30, 2017 total pension liability, net pension liability, and sensitivity information were determined by the Systems' consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year ended June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law on April 25, 2017, and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2017.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return (1)	7.25%	7.25%
Projected salary increases (1)	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

(1) Includes inflation at 2.25%

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems'

mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2017, total pension liability are as follows.

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

### Long-Term Expected Rate of Return

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global Equity	45.00 %		
Global Public Equity	31.00 %	6.72 %	2.08 %
Private Equity	9.00 %	9.60 %	0.86 %
Equity Options Strategies	5.00 %	5.91 %	0.30 %
Real Assets	8.00 %		
Real Estate (Private)	5.00 %	4.32 %	0.22 %
Real Estate (REITs)	2.00 %	6.33 %	0.13 %
Infrastructure	1.00 %	6.26 %	0.06 %
Opportunistic	17.00 %		
GTAA/Risk Parity	10.00 %	4.16 %	0.42 %
Hedge Funds (non-PA)	4.00 %	3.82 %	0.15 %
Other Opportunistic Strategies	3.00 %	4.16 %	0.12 %
Diversified Credit	18.00 %		
Mixed Credit	6.00 %	3.92 %	0.24 %
Emerging Markets Debt	5.00 %	5.01 %	0.25 %
Private Debt	7.00 %	4.37 %	0.31 %
Conservative Fixed Income	12.00 %		
Core Fixed Income	10.00 %	1.60 %	0.16 %
Cash and Short Duration (Net)	2.00 %	0.92 %	0.02 %
Total Expected Real Return	<u>100.00 %</u>		<u>5.31 %</u>
Inflation for Actuarial Purposes			<u>2.25 %</u>
Total Expected Nominal Return			<u>7.56 %</u>

### Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the Systems' fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members.



Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity Analysis**

The following table presents the County's proportionate share of the net pension liabilities of the respective plans calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	\$ 189,471,384	\$ 147,006,655	\$ 121,240,542
PORS	110,392,072	81,760,275	59,207,585

At June 30, 2018, the County reported liabilities of \$147,006,655 and \$81,760,275 for its proportionate shares of the SCRS and PORS net pension liabilities, respectively. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2016 projected forward to June 30, 2017. The County's proportionate shares of the net pension liabilities were based on a projection of the County's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the County's proportionate shares of the SCRS and PORS plans were 0.65303% and 2.98443% respectively.

At June 30, 2018, the Authority reported a liability of \$1,923,392 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 projected forward to June 30, 2017. The Authority's proportionate share of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2018, the Library reported a liability of \$16,054,552 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 projected forward to June 30, 2017. The Library's proportionate share of the net pension liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

**Pension Expense**

For the fiscal year ended June 30, 2018, the County recognized pension expense for the SCRS and PORS plans of \$14,785,532 and \$9,986,774, respectively. The Authority and the Library recognized pension expense of \$195,434 and \$1,624,373, respectively.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for each of the respective plans:

For the SCRS plan, there were total deferred outflows of resources of \$22,580,299 consisting of differences between expected and actual experience of \$655,355, assumption changes of \$8,605,662, the net difference between projected and actual earnings on pension plan investments of \$4,103,736, changes in proportion and differences between employer contributions and the proportionate share of contributions of \$61,643 and County contributions made subsequent to the measurement date of \$9,153,903. There were total deferred inflows of resources of \$574,341 for the SCRS plan consisting of differences between expected and actual experience of \$81,481 and changes in proportion and differences between employer contributions and the proportionate share of contributions of \$492,860.

For the PORS plan, there were total deferred outflows of resources of \$18,386,172 consisting of differences between expected and actual experience of \$729,070, assumption changes of \$7,759,814, the net difference between projected and actual earnings on pension plan investments of \$2,913,461, changes in proportion and differences between employer contributions and the proportionate share of contributions of \$375,470 and County contributions made subsequent to the measurement date of \$6,608,357. There were deferred inflows of resources consisting of changes in proportion and differences between employer

contributions and the proportionate share of contributions of \$1,100,733.

The \$9,153,903 and \$6,608,357 reported as deferred outflows of resources related to pensions resulting from County contributions made subsequent to the measurement date for the SCRS and PORS plans, respectively, during the fiscal year ended June 30, 2018 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS and PORS plans:

For the SCRS plan \$3,905,150, \$6,059,455, \$4,033,713, and \$(1,146,263) will be recognized in pension expense for the fiscal years ended June 30, 2019, 2020, 2021, and 2022, respectively.

For the PORS plan, \$3,237,599, \$4,500,619, \$2,869,469, and \$69,395 will be recognized in pension expense for the fiscal years ended June 30, 2019, 2020, 2021, and 2022, respectively.

As of June 30, 2018, the Authority reported deferred outflows of resources, \$718,888, and deferred inflows of resources, \$445,473, related to pensions. \$107,220 of deferred outflows of resources resulting from the Authority's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019.

As of June 30, 2018, the Library reported deferred outflows of resources, \$2,311,550, and deferred inflows of resources, \$258,451, related to pensions. \$832,356 of deferred outflows of resources resulting from the Library's contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019.

**Contributions**

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

Year Ended	Employer		Employee	
	Percent	SCRS	PORS	Percent
June 30, 2018	100 %	\$ 9,153,903	\$ 6,608,357	100 %
				\$ 6,077,598
				\$ 4,016,926

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

	SCRS	
	Employer	Employee
June 30, 2018	\$ 107,220	\$ 71,852

The Library's contributions to PORS for employer and employee portions expressed as a dollar amount in 2018 were \$1,998 and \$1,401 respectively.

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

	SCRS	
	Employer	Employee
June 30, 2018	\$ 963,060	\$ 693,890

**b. Post Employment Benefits Other Than Pensions**

The County administers a retiree insurance program. The County Administrator has the authority to establish/amend the plan's provisions and contribution requirements.

**Medical/Prescription Drugs**

Eligible retirees of the County 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 provides a subsidy to offset the full cost of coverage. The County’s contribution (subsidy) will remain constant in the future and is summarized in the following chart:

Retired Date	Years of Service	Medical Benefit		
		<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's 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.

**Membership**

As of June 30, 2016, the valuation date, the total membership of 2,318 consists of 249 inactive employees or beneficiaries receiving benefits and 2,069 active employees.

**Total OPEB liability**

In previous years, the County reported a net OPEB obligation (liability) consisting of the difference between the annual required contribution into the plan and the actual contributions made by the County. New reporting standards (GASB Statement No. 75) require employers to determine the total OPEB liability using the entry age normal actuarial funding method and to report a net OPEB liability consisting of the difference between the total OPEB liability and the plan's fiduciary net position.

The total OPEB liability is based upon an actuarial valuation performed as of the valuation date, June 30, 2016. An expected total OPEB liability is determined as of June 30, 2017, the measurement date, using standard roll forward techniques. The roll forward calculation begins with the total OPEB liability, as of the valuation date, June 30, 2016, adds the annual normal cost (also called the service cost), and subtracts expected benefit payments with interest at the discount rate for the year.

**Implementation of New Accounting Standard**

As a result of the implementation of GASB Statement No. 75 (*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*) during the year ended June 30, 2018, beginning net position for the County’s governmental activities decreased by \$13,349,201. This decrease represents a restatement for the total OPEB liability that was not recognized under previous accounting standards.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following key actuarial assumptions and other inputs: inflation (2.75%), real wage growth (SCRS 0.75% and PORS 1.25%), wage inflation (both SCRS and PORS 2.75%), salary increases, including wage inflation (SCRS 3.5% to 6% and PORS 4 % to 10%), Municipal Bond Index Rate (prior measurement date 3.01% and measurement date 3.56%) and health care cost trends (Pre-medicare 7.75% for 2016 decreasing to an ultimate rate of 5% by 2022 and Medicare (5.75% for 2016 decreasing to an ultimate rate of 5% by

2019).

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly. Mortality rates and other demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2016 valuation were based on the results of the 2011 experience study adopted by SCRS and PORS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

### Sensitivity

A total OPEB liability of \$19,257,204 results from using the health care cost trend rates. Using a 1% decrease in the health care cost trend rate results in a total OPEB liability of \$16,857,169 and a 1% increase results in a total OPEB liability of \$22,177,393.

When calculated using the current discount rate of 3.56%, the total OPEB liability is \$19,257,204. A 1% decrease (2.56%) results in a total OPEB liability of \$21,662,966 and a 1% increase (4.56%) results in a total OPEB liability of \$17,162,494. The following schedule presents the changes in the County's total OPEB liability from the valuation date to the measurement date.

Total OPEB liability as of June 30, 2016	\$ 19,456,881
Changes for the year:	
Service cost at the end of the year (includes interest)	948,706
Interest on total OPEB liability and cash flows	548,115
Change in benefit terms	-
Difference between expected and actual experience	2,098,403
Changes of assumptions or other inputs	(1,282,083)
Benefit payments	<u>(2,512,818)</u>
Net changes	<u>(199,677)</u>
Total OPEB liability as of June 30, 2017	<u>\$ 19,257,204</u>

### OPEB Expense and Deferred Outflows/Inflows of Resources

Since certain expense items are recognized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts will increase OPEB expense, they are labeled deferred outflows of resources. If they serve to reduce OPEB expense, they are labeled deferred inflows of resources. The recognition of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period.

During fiscal year 2018, the County recognized deferred outflows of resources of \$4,508,776 resulting from differences between expected and actual experience of \$1,870,316 and benefit payments made subsequent to the measurement date of \$2,638,460. Deferred inflows of resources of \$1,142,726 were recognized resulting from changes of assumptions or other inputs.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows: \$88,730 per year for the measurement periods ending June 30, 2018 through June 30, 2022. A total of \$283,940 will be recognized thereafter. The calculation of OPEB expense for the fiscal year ended June 30, 2018 is presented in the following table:

Service cost at end of year	\$ 948,706
Interest on the total OPEB liability and cash flows	548,115
Current-period benefit changes	-
Expensed portion of current-period difference between expected and actual experience in the total OPEB liability	228,087
Expensed portion of current-period changes of assumptions or other inputs	(139,357)
Administrative costs	-
Other	-
Recognition of beginning deferred outflows of resources as OPEB expense	-
Recognition of beginning deferred inflows of resources as OPEB expense	-
OPEB expense	<u>\$ 1,585,551</u>

The Library's total OPEB liability was determined using the entry age normal actuarial funding method. The most recent actuarial valuation was dated June 30, 2016. For the fiscal year ended June 30, 2018, the Library recognized OPEB expense of \$64,749. Deferred outflows of resources of \$38,997 were recognized resulting from differences between expected and actual experience of \$11,223 and benefit payments and administrative costs made subsequent to the measurement date of \$27,774. At June 30, 2018, the Library also reported deferred inflows of resources of \$59,351 resulting from changes of assumptions or other inputs.

The changes in the Library's total OPEB liability are as follows:

Total OPEB liability as of June 30, 2016	\$ 979,715
Changes for the year:	
Service cost at the end of the year (includes interest)	41,446
Interest on total OPEB liability and cash flows	28,979
Change in benefit terms	-
Difference between expected and actual experience	12,546
Changes of assumptions or other inputs	(66,350)
Benefit payments	(34,161)
Other	-
Net changes	<u>\$ (17,540)</u>
Total OPEB liability as of June 30, 2017	<u>\$ 962,175</u>

### 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 \$5.2 million liability reported as landfill closure and postclosure represents total costs to date, as of June 30, 2018. Actual cost for closure and postclosure care may vary due to inflation, developments in technology, or changes in laws and regulations. The landfill closure and postclosure cost of \$829,171, related to the Twin Chimneys will be recognized in future years' financial statements. The liability recognized in the current fiscal year is based on landfill capacity used to date. The following table shows the landfills, which the County owns, and the remaining number of years, out of thirty, each has to be maintained in accordance with the 1991 EPA ruling.

Landfill	Postclosure	% Used	Open/Close	Closure/Postclosure Costs
	Years		Year	
	Remaining			
Enoree Phase I	6	100	1994	\$ 240,000
Enoree Phase II	20	100	2007	894,800
Enoree C & D	21	100	2007	283,500
Blackberry Valley	1	100	1987	70,000
Piedmont I & II	1	100	1979	10,000
Piedmont III	3	100	1991	84,000
Simpsonville	1	100	1976	28,000
Twin Chimneys Unit 1	30	94	2007	3,124,726
Twin Chimneys C & D	30	42	2007	446,103
				<u>\$ 5,181,129</u>

#### 4. Deferred Inflows of Resources/Unearned Revenues

The balance of deferred inflows of resources and unearned revenues on the governmental fund financial statements at year-end is comprised of the following elements:

Primary Government	Deferred	Unearned
	Inflows of Resources	Revenue
Taxes receivable, net (General)	\$ 4,571,000	\$ -
Taxes receivable, net (Parks, Recreation & Tourism Fund)	349,000	-
Taxes receivable, net (Special Revenue)	476,000	-
Taxes receivable, net (Debt Service)	239,000	-
Unearned revenue (Federal and State Grant Fund)	-	1,740,808
Total	<u>\$ 5,635,000</u>	<u>\$ 1,740,808</u>

Greenville County Redevelopment Authority	Deferred	Unearned
	Inflows of Resources	Revenue
General Fund	\$ 445,473	\$ 300,000
Total	<u>\$ 445,473</u>	<u>\$ 300,000</u>

Greenville County Library System	Deferred	Unearned
	Inflows of Resources	Revenue
General Fund	\$ 589,970	\$ -
Capital Projects Fund	106,248	-
Total	<u>\$ 696,218</u>	<u>\$ -</u>

#### 5. Risk Management

The County operates 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 expenses for the self-insured program for health are accounted for in the Internal Service Funds 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 \$34,130,871 for medical and dental claims in fiscal year 2018. 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 the County. The County has contracted with a professional firm to administer this fund. Claims paid during the current fiscal year totaled \$1,028,052. Premium increases and decreases for both programs are reviewed and recommended annually by the County's contract administrators.

The table below shows the reconciliation of unpaid claims for fiscal year ended June 30, 2018:

	Workers' Compensation		Health and Dental	
	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2018	Year Ended June 30, 2017
Unpaid claims, beginning of year	\$ 2,600,000	\$ 2,600,000	\$ 2,400,000	\$ 2,300,000
Claim payments	(1,028,052)	(1,871,894)	(34,130,871)	(34,249,124)
Incurred claims (including IBNR)	528,052	1,871,894	34,330,871	34,349,124
Unpaid claims, end of year	\$ 2,100,000	\$ 2,600,000	\$ 2,600,000	\$ 2,400,000
Current Portion	\$ 1,365,000	\$ 1,690,000	\$ 2,548,000	\$ 2,352,000

The Authority participates in the self-insurance fund of the 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 expenses for the self-insured plan are accounted for in the internal service fund of the 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 the current fiscal year, \$1,745,838 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.

**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, 2018:

	General Obligation Bonds	Certificates of Participation	Special Source Revenue Bonds	Debt Security Deposit Agreement	Unamortized Premiums/ Discounts (1)	Capital Lease Payable	Compensated Absences Payable	Total
<b>Governmental Activities</b>								
Balance at June 30, 2017	\$ 72,245,000	\$ 39,300,000	\$ 14,772,000	\$ 312,070	\$ 3,704,735	\$ 7,412,943	\$ 8,043,388	\$145,790,136
Additions	-	-	-	-	-	4,000,000	6,180,711	10,180,711
Adjustments	-	-	-	-	-	(18,952)	-	(18,952)
Retirements	(6,575,000)	(4,780,000)	(2,747,000)	(80,570)	(371,689)	(3,809,195)	(5,994,007)	(24,357,461)
Balance at June 30, 2018	<u>\$ 65,670,000</u>	<u>\$ 34,520,000</u>	<u>\$ 12,025,000</u>	<u>\$ 231,500</u>	<u>\$ 3,333,046</u>	<u>\$ 7,584,796</u>	<u>\$ 8,230,092</u>	<u>\$131,594,434</u>
Current Portion of Long-term Obligations	<u>\$ 6,360,000</u>	<u>\$ 4,905,000</u>	<u>\$ 2,617,000</u>	<u>\$ 80,570</u>	<u>\$ 340,000</u>	<u>\$ 2,961,673</u>	<u>\$ 740,708</u>	<u>\$ 18,004,951</u>

(1) This column includes unamortized premiums and discounts for general obligation bonds, certificates of participation and special source revenue bonds.

The General Fund and Special Revenue Funds have typically been used in prior periods to liquidate compensated absences.

	Accrued Closure and Postclosure Costs	Compensated Absences Payable	Total
<b>Business-type Activities:</b>			
Balance at June 30, 2017	\$ 5,018,840	\$ 178,817	\$ 5,197,657
Additions	288,528	132,001	420,529
Retirements	(126,239)	(122,628)	(248,867)
Balance at June 30, 2018	<u>\$ 5,181,129</u>	<u>\$ 188,190</u>	<u>\$ 5,369,319</u>
Current Portion of Long-term Obligations	<u>\$ 234,240</u>	<u>\$ 16,937</u>	<u>\$ 251,177</u>

In prior fiscal 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, 2018.

<b>Governmental Activities:</b>	
General Obligation Bond, series 2011A, Greenville Technical College (pays 2021)	\$ 3,555,000
Certificates of Participation Greenville Technical College 2005 (pays 2019)	5,890,000
Certificates of Participation Hospitality Tax 2010 (pays 2020)	<u>8,720,000</u>
Balance at June 30, 2018	<u>\$ 18,165,000</u>



**b. General Obligation Bonds**

General obligation bonds payable at June 30, 2018 are comprised of the following individual issues:

Special Assessment Debt: Fountain Inn Fire Service Area, General Obligation Refunding Bond Series 2016B, General Obligation Bond Series 2010A due in annual installments of \$45,000 to \$130,000 through April 2027; interest ranging from 2% to 6%. EE1/BB2	\$ 1,375,000
Special Assessment Debt: Simpsonville Fire Service Area, General Obligation Bond Series 2015B, due in annual installments of \$180,000 to \$310,000 through April 2030; interest ranging from 3% to 5%.	2,885,000
Special Assessment Debt: Mauldin Fire Service Area, General Obligation Bond Series 2016, due in annual installments of \$85,000 to \$165,000 through April 2028; interest ranging from 2% to 4.35%.	1,240,000
\$10,080,000 (2016A Greenville County General Obligation Refunding Bonds due in annual installments of \$335,000 to \$1,025,000 through April 2032; interest ranging from at 2% to 4%) A74	9,885,000
\$5,615,000 (2011A General Obligation Bonds, Greenville Technical College, due in annual installments of \$245,000 to \$260,000 through April 1, 2021; interest ranging from at 2.5% to 4.125%) A67	755,000
\$3,950,000 (2011D General Obligation Refunding Bonds, due in annual installments of \$405,000 to \$445,000 through April 1, 2022; interest ranging from at 2% to 4%) A68	1,705,000
\$7,770,000 (2012 General Obligation Refunding Bonds, due in annual installments of \$665,000 to \$805,000 through April 1, 2026; interest ranging from at 2% to 3%) A69	5,875,000
\$20,115,000 (2013A General Obligation Refunding Bonds due in annual installments of \$1,265,000 to \$2,940,000 through April 1, 2025; interest ranging from at 1.0% to 2.8%) A70	11,695,000
\$2,445,000 (2013B General Obligation Refunding Bonds, due in annual installments of \$400,000 to \$410,000 through April 1, 2021; interest ranging from at 1% to 2.25%) A71	1,215,000
\$25,000,000 (2014 General Obligation Bonds, Greenville Technical College, due in annual installments of \$1,020,000 to \$1,690,000 through April 2034; interest ranging from at 2.75% to 4.00%) A72	21,245,000
\$8,880,000 (2014A General Obligation Refunding Bonds, due in annual installments of \$290,000 to \$950,000 through April 1, 2028; interest ranging from at 2% to 4.00%) A73	7,795,000
	<u>7,795,000</u>
	<u><u>\$ 65,670,000</u></u>

The annual requirements to amortize the General Obligation Bonds described above can be found in the Supplementary Data section of this 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.

The total of Greenville County General Obligation Bonds (GCGOB) and Special Assessment General Obligation Bonds (SAGOB) is summarized as follows:

Year Ending June 30	<u>Governmental Activities</u>		
	Principal	Interest	Total
<b>GCGOB</b>			
2019	\$ 5,890,000	\$ 1,832,909	\$ 7,722,909
2020	6,040,000	1,653,409	7,693,409
2021	6,230,000	1,464,153	7,694,153
2022	5,515,000	1,283,678	6,798,678
2023	5,240,000	1,097,140	6,337,140
2024	5,395,000	941,100	6,336,100
2025	5,165,000	786,695	5,951,695
2026	3,995,000	603,175	4,598,175
2027	3,285,000	474,125	3,759,125
2028	2,695,000	376,075	3,071,075
2029	1,760,000	298,287	2,058,287
2030	1,820,000	249,050	2,069,050
2031	1,880,000	198,137	2,078,137
2032	1,940,000	145,550	2,085,550
2033	1,630,000	91,300	1,721,300
2034	1,690,000	46,475	1,736,475
	<u>60,170,000</u>	<u>11,541,258</u>	<u>71,711,258</u>
<b>SAGOB</b>			
2019	470,000	191,725	661,725
2020	490,000	175,825	665,825
2021	505,000	159,225	664,225
2022	530,000	140,075	670,075
2023	550,000	119,725	669,725
2024	485,000	98,575	583,575
2025	515,000	79,175	594,175
2026	475,000	58,550	533,550
2027	490,000	41,400	531,400
2028	385,000	28,950	413,950
2029	295,000	18,150	313,150
2030	310,000	9,300	319,300
	<u>\$ 5,500,000</u>	<u>\$ 1,120,675</u>	<u>\$ 6,620,675</u>

At June 30, 2018, 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, 2018, the County was within the limits of this requirement. (Refer to the statistical section.)

The County also serves as guarantor for various bonds issued by the County on behalf of special taxing fire districts. Please refer to the direct and overlapping governmental activities debt schedule in the statistical section for detailed information.

**c. Certificates of Participation**

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

Year Ending June 30	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,905,000	\$ 1,241,425	\$ 6,146,425
2020	2,685,000	1,109,675	3,794,675
2021	2,775,000	1,025,650	3,800,650
2022	2,880,000	922,400	3,802,400
2023	2,975,000	827,800	3,802,800
2024	3,095,000	708,800	3,803,800
2025	3,210,000	593,550	3,803,550
2026	3,365,000	441,850	3,806,850
2027	3,495,000	301,050	3,796,050
2028	3,625,000	180,488	3,805,488
2029	1,010,000	55,400	1,065,400
2030	500,000	15,000	515,000
	<u>\$ 34,520,000</u>	<u>\$ 7,423,088</u>	<u>\$ 41,943,088</u>

**Individual Issuances**

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In October 2010, the 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 is 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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,025,000	\$ 25,010	\$ 1,050,010
	<u>\$ 1,025,000</u>	<u>\$ 25,010</u>	<u>\$ 1,050,010</u>

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In November 2016, the County advance refunded and defeased a portion of the Series 2010 Hospitality Tax Refunding Certificates of Participation. The County issued Series 2016 certificates in the aggregate principal amount of \$8,635,000. The Series 2016 certificates are dated as of November 1, 2016 and bear interest at 2.00% to 4.00% payable semi-annually on April 1 and October 1 of each year, commencing April 1, 2017. The issuance of the 2016 refunding bonds resulted in no economic gain or loss. The annual requirements to amortize the County's Series 2016 Refunding Certificates of Participation are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 50,000	\$ 293,300	\$ 343,300
2020	50,000	292,300	342,300
2021	775,000	290,800	1,065,800
2022	800,000	267,550	1,067,550
2023	825,000	243,550	1,068,550
2024	855,000	210,550	1,065,550
2025	880,000	184,900	1,064,900
2026	915,000	149,700	1,064,700
2027	930,000	131,400	1,061,400
2028	970,000	94,200	1,064,200
2029	1,010,000	55,400	1,065,400
2030	500,000	15,000	515,000
	<u>\$ 8,560,000</u>	<u>\$ 2,228,650</u>	<u>\$ 10,788,650</u>

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In July 2014, the Greenville County Tourism Public Facilities Corporation advance refunded and defeased the callable maturities of the Series 2008 Greenville County Tourism Public Facilities Corporation Hospitality Tax Certificates of Participation equaling \$23,330,000 which are maturing or subject to mandatory redemption on April 1, 2018 through April 1, 2028. The County issued Series 2014 Certificates in the aggregate principal amount of \$24,815,000. The Series 2014 Certificates are dated as of July 8, 2014 and bear interest at 2.00% to 4.00% payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2014. The proceeds of the Series 2014 Certificates will be used to advance refund and defease the Refunded Certificates, to fund the 2014 Reserve Fund through the purchase of a surety bond and to defray the costs of issuance of the Series 2014 Certificates, including a municipal bond insurance premium. The annual requirements to amortize the County's series 2011 Refunding Certificates of Participation are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 1,890,000	\$ 849,750	\$ 2,739,750
2020	1,940,000	793,050	2,733,050
2021	2,000,000	734,850	2,734,850
2022	2,080,000	654,850	2,734,850
2023	2,150,000	584,250	2,734,250
2024	2,240,000	498,250	2,738,250
2025	2,330,000	408,650	2,738,650
2026	2,450,000	292,150	2,742,150
2027	2,565,000	169,650	2,734,650
2028	2,655,000	86,288	2,741,288
	<u>\$ 22,300,000</u>	<u>\$ 5,071,738</u>	<u>\$ 27,371,738</u>

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In February 2015, the Greenville County Public Facilities Corporation advance refunded and defeased the callable maturities of the Series 2005 Greenville County Public Facilities Corporation University Center Certificates of Participation equaling \$5,890,000 which were maturing on April 1, 2019. The County issued Series 2015 Certificates in the aggregate principal amount of \$4,955,000. The Series 2015 Certificates are dated as of February 5, 2015 and bear interest at 1.76% payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2015. The proceeds of the Series 2015 Certificates will be used to advance refund and defease the Refunded Certificates and to defray the costs of issuance. The annual requirements to amortize the County’s 2005 University Center refunding series COPS are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 1,275,000	\$ 22,440	\$ 1,297,440
	<u>\$ 1,275,000</u>	<u>\$ 22,440</u>	<u>\$ 1,297,440</u>

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 ranging from 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 of each year, commencing April 1, 2011. In November 2016, the County advance refunded and defeased a portion of the Series 2010 Hospitality Tax Refunding Certificates of Participation. The annual requirements to amortize the County’s 2010 Hospitality Tax series COPS are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 665,000	\$ 50,925	\$ 715,925
2020	695,000	24,325	719,325
	<u>\$ 1,360,000</u>	<u>\$ 75,250</u>	<u>\$ 1,435,250</u>

**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
2019	\$ 2,617,000	\$ 330,908	\$ 2,947,908
2020	2,257,000	252,641	2,509,641
2021	2,303,000	188,924	2,491,924
2022	1,883,000	123,232	2,006,232
2023	1,934,000	75,754	2,009,754
2024	680,000	26,997	706,997
2025	351,000	9,653	360,653
	<u>\$ 12,025,000</u>	<u>\$ 1,008,109</u>	<u>\$ 13,033,109</u>

**Individual Issuances**

SSRB 8

In March 2007, the 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
2019	\$ 830,000	\$ 71,194	\$ 901,194
2020	460,000	37,994	497,994
2021	475,000	19,594	494,594
	<u>\$ 1,765,000</u>	<u>\$ 128,782</u>	<u>\$ 1,893,782</u>

SSRB 12/13 Recreation System Revenue Bonds

The original principal amount of \$5,330,000 of the Series 2011 Greenville County Recreation District (the District) Refunding Revenue Bonds were issued on October 20, 2011. They have annual principal installments and semi-annual interest payments. The interest rate of the Series 2011 refunding bonds is 3.02%. The proceeds of this issue were used to refund the Series 2009 revenue bonds which was issued to build the Pleasant Ridge Camp and Retreat Center and the Staunton Bridge Road Community Center. The Series 2009 bonds were currently refunded resulting in no defeased debt. The County agreed to execute and deliver to the lender a substitute bond with respect to the 2011 Revenue Bond, issued as the Greenville County Recreation System Revenue Bond, Series 2013. The principal amount of \$4,685,000 is due in annual principal installments, bears an interest rate of 3.02%, and matures on April 1, 2024. Interest is payable semi-annually.

In September 2015, the County issued \$3,733,000 Recreation System Revenue Refunding Bonds, Series 2015A to currently refund all of the Series 2013 (Recreation System Revenue Bonds) and also issued \$3,113,000 Series 2015B Recreation System Revenue Bonds for the purpose of defraying the costs of improvements, including operating costs and paying costs and expenses relating to the issuance of the Series 2015B bonds. Interest on the 2015A bonds is 2.35% and interest on the 2015B bonds is 2.75% and is payable semiannually on April 1 and October 1 of each year, commencing on April 1, 2016. The bonds mature on April 1, 2024 and April 1, 2025, respectively. The annual requirements to amortize the County’s series 2015A Recreation System Revenue Refunding Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
<b>Series 2015A</b>			
2019	\$ 444,000	\$ 63,309	\$ 507,309
2020	456,000	52,875	508,875
2021	468,000	42,159	510,159
2022	485,000	31,162	516,162
2023	502,000	19,763	521,763
2024	339,000	7,967	346,967
	<u>2,694,000</u>	<u>217,235</u>	<u>2,911,235</u>
<b>Series 2015B</b>			
2019	\$ 298,000	\$ 62,315	\$ 360,315
2020	306,000	54,120	360,120
2021	315,000	45,705	360,705
2021	323,000	37,042	360,042
2023	332,000	28,160	360,160
2024	341,000	19,030	360,030
2025	351,000	9,653	360,653
	<u>2,266,000</u>	<u>256,025</u>	<u>2,522,025</u>
	<u>\$ 4,960,000</u>	<u>\$ 473,260</u>	<u>\$ 5,433,260</u>

In January 2012, the County issued \$7,835,000 Series 2012, Special Source Revenue Refunding Bonds, interest at 2.53%. Proceeds of the Series 2012 bonds were used to advance refund a portion of the Series 2003, Special Source Revenue Bonds. The reacquisition 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 2012 Refunding Special Source Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
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
	<u>\$ 5,300,000</u>	<u>\$ 406,066</u>	<u>\$ 5,706,066</u>

**e. Capital Lease Payable**

The County's capital leases payable are a culmination of various contracts with a broad range for machinery and equipment. In 1997, the County adopted a Master Lease Agreement. A total of twenty-two leases have been issued under the Master Lease Agreement, twenty-one of which were for the acquisition of vehicles and heavy equipment. Of the twenty-two issues, five remain outstanding. Additionally, the Greenville County Department of Parks, Recreation & Tourism has a total of five outstanding leases which were used for equipment lease financings and real estate lease financings.

The annual requirements to amortize all of the lease agreements outstanding as of June 30, 2018 are as follows:

Governmental Activities			
Year Ending June 30	Principal	Interest	Total
2019	\$ 2,961,673	\$ 103,315	\$ 3,064,988
2020	2,050,622	64,390	2,115,012
2021	1,018,246	38,449	1,056,695
2022	578,616	24,661	603,277
2023	326,082	16,535	342,617
2024-2026	649,557	16,822	666,379
	<u>\$ 7,584,796</u>	<u>\$ 264,172</u>	<u>\$ 7,848,968</u>

Assets acquired under capital leases recorded in the accompanying Government-wide Statement of Net Position at June 30, 2018 were as follows: Vehicles and Equipment \$25,887,538. Accumulated depreciation associated with these assets is \$18,289,055 resulting in net book value of approximately \$7,598,483.

**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**

The 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. Under no circumstances would the 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, 2018 there were 15 Industrial Revenue Bonds outstanding, with an estimated principal balance of \$356,322,433 .

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

The following is a summary of changes in long-term obligations at the government-wide level for the fiscal year ended June 30, 2018:

<u>Long-term Obligations</u>	<u>Accrued General Leave</u>
Balance at June 30, 2017	\$ 283,408
Additions to general leave	515,278
Retirements	<u>(283,408)</u>
Balance at June 30, 2018	515,278
Less: current portion	<u>(185,080)</u>
Long-Term Balance at June 30, 2018	<u>\$ 330,198</u>

**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 fiscal year ended June 30, 2018 which are included in accrued liabilities in the financial statements.

	<u>Accrued</u>	
	<u>Notes Payable</u>	<u>General Leave</u>
Balance at June 30, 2017	\$ 1,049,141	\$ 33,946
Net change in compensated absences	-	3,491
Net change in notes payable	<u>133,725</u>	-
Balance at June 30, 2018	<u>\$ 1,182,866</u>	<u>\$ 37,437</u>
Current Portion of Long-term Obligations	<u>\$ 105,679</u>	<u>\$ 37,437</u>

**C. Interfund Balances and Activity**

<u>Receivable Fund</u>	<u>Payable Fund</u>		
	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 5,908,299	\$ 5,908,299
	<u>\$ -</u>	<u>\$ 5,908,299</u>	<u>\$ 5,908,299</u>

A loan made from the General Fund to the Health and Dental Fund to cover the negative cash balance resulted in a balance of \$5,908,299.



Transfers Out:	Transfers In:						Total
	General Fund	Federal and State Grant Fund	Parks, Recreation & Tourism Fund	Capital Projects Fund	Internal Service Funds	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 132,578	\$ -	\$ -	\$ 3,897,860	\$ 2,504,061	\$ 6,534,499
Federal and State Grant Fund	42,860	-	-	-	18,942	-	61,802
Parks, Recreation & Tourism Fund	-	-	-	1,750,000	284,130	1,290,502	3,324,632
Nonmajor Governmental Funds	9,100,000	-	1,884,784	3,000,000	-	12,693,387	26,678,171
Enterprise Funds	-	-	-	-	162,270	486,050	648,320
Internal Service Funds	500,000	-	-	-	59,532	-	559,532
	<u>\$ 9,642,860</u>	<u>\$ 132,578</u>	<u>\$ 1,884,784</u>	<u>\$ 4,750,000</u>	<u>\$ 4,422,734</u>	<u>\$ 16,974,000</u>	<u>\$ 37,806,956</u>

The total \$6,534,499 General Fund transfers out are \$2,504,061 to Debt Service Funds for capital lease debt service payments, \$3,897,860 to the Health and Dental Fund to cover employer insurance premiums, and \$132,578 to the Federal and State Grant Fund to cover matching grants. Transfers out of the Parks, Recreation and Tourism Fund totaling \$3,324,632 were made to cover debt service payments of \$1,290,502, capital projects of \$1,750,000, and employer insurance premiums of \$284,130. Transfers of \$61,802 were made from the Federal and State Grant Fund, with \$42,860 to the General Fund for reimbursement of matching funds and \$18,942 to the Health and Dental Fund to cover employer insurance premiums. Transfers out of Nonmajor Governmental Funds totaling \$26,678,171 include: \$6,600,000 from the Infrastructure Bank Fund to the Road Maintenance Fund, \$3,795,838 from the Hospitality Tax Fund to cover Hospitality Tax Certificates of Participation debt service payments, \$2,500,000 from the Hospitality Tax Fund to the General Fund to cover tourism related public safety expenses, \$6,600,000 from the Road Maintenance Fund to the General Fund, \$2,297,549 from the Infrastructure Bank Fund to cover debt service, \$1,884,784 from the Hospitality Tax Fund to the Parks, Recreation and Tourism Fund for quarterly operating expenses, and \$3,000,000 from the Infrastructure Fund to the Capital Projects Fund to fund various capital projects. Also, \$648,320 was transferred from the Stormwater Fund for capital lease payments of \$486,050 and employer insurance premiums of \$162,270.

#### D. Fund Balance and Net Position Deficits

The financial statements reflect a negative fund balance and negative net position in the Capital Projects Fund of (\$75,931) and the Health and Dental Fund of (\$24,525,055), respectively. The net position in the Health and Dental Fund was negatively impacted by the implementation of GASB Statement No. 75. An additional OPEB liability of about \$16 million was recorded during the current year. The County is developing plans 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 and recreational and community centers. All the agreements are cancelable or have remaining terms of less than one year, except for the leases related to recreation and community centers, which have lease terms that range from ten through ninety-nine years. During the current fiscal year, total expenditures under these agreements amounted to \$272,246.

The Authority leases office space and certain equipment under noncancelable operating leases. The Authority renewed its lease agreement for office space through June 2018 and anticipates continuing this lease agreement on a year by year basis. Lease expense under noncancelable leases for the current fiscal year was \$76,904.

#### F. Economic Dependency

The 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**

At June 30, 2018, current outstanding encumbrances were \$4,071,815 for the federal and state grant fund, \$149,125 for Parks, Recreation & Tourism Fund, \$3,383,337 for Capital Projects Fund and \$5,471,178 for Nonmajor Special Revenue Funds. Outstanding encumbrances for the General Fund can be found on the Balance Sheet for Governmental Funds, as well as, in Note I. D. 1.