

# GREENVILLE COUNTY, SOUTH CAROLINA

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

The County is governed by a 12-member Council, who serve on a part-time basis and are elected to staggered terms of four years. The Council appoints an Administrator who serves as a full-time administrative officer and is responsible for the daily operations of the County.

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

#### A. Reporting Entity

As required by generally accepted accounting principles, these financial statements present Greenville County, South Carolina and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

#### Discretely Presented Component Units

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 Council appoints all board members, approves federal grant requests and is financially accountable for any deficits and as such the County imposes its will on the Authority. The Authority has a June 30 year-end. Separate financial statements for the Authority can be obtained from the Greenville County Administrative Office at 301 University Ridge, Greenville, South Carolina, 29601.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### A. Reporting Entity (Continued)

##### Discretely Presented Component Units (Continued)

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 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. Separate financial statements for the Library can be obtained from the Greenville County Administrative Office at 301 University Ridge, Greenville, South Carolina, 29601.

##### Blended Component Units

The **Greenville County Public Facilities Corporation, Greenville County Tourism Public Facilities Corporation, Greenville County Business Park Public Facilities Corporation, University Ridge Public Facilities Corporation, and Greenville County Redevelopment Corporation** (incorporated as the County Square Redevelopment Corporation) (the “Corporations”) are blended component units that were established in 1991, 2008, 2015, 2018, and 2020, 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, exist for its benefit, and provide services entirely to the County. County Council appoints the board of directors of each Corporation, which consists of two Greenville County Council members and the Greenville County Administrator for all of the corporations noted previously with the exception of the Greenville County Redevelopment Corporation which is governed by a three-member board appointed by the County Council. Separate financial statements are not prepared for any of the Corporations.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. 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. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### B. Government-wide and Fund Financial Statements (Continued)

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 clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements, although the agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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.

The County reports the following major governmental funds:

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

The **CARES Act Fund** is used to account for the proceeds directed to the County by the U.S. Department of the Treasury under the CARES Act.

The **Greenville County Redevelopment Corporation Fund** is used to account for the activities associated with the issuance of debt for the acquisition of the County Square administration facilities.

The **Capital Projects 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.

The County reports the following major business-type funds:

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

The **Stormwater Fund** accounts for all stormwater related costs and is funded through a stormwater fee.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Additionally, the County reports the following fund types:

The **Special Revenue Funds** account for revenue sources that are legally restricted to expenditure for specific purposes.

The **Debt Service Funds** are used to account for the accumulation of resources that are restricted and assigned for the payment of principal and interest on long-term debt.

The **Agency Funds** are used to account for the collection and disbursement of monies by the County on behalf of other governments and individuals. 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, the Family Court Fund, the Master in Equity Fund, the Clerk of Court Fund, the Pre-Trial Intervention Fund, Public Defender, Inmate Fund, and the Special Districts Fund, which accounts for the temporary holding of tax district monies.

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### D. Deposits and Investments

The deposits and investments of the County 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 (FDIC).
- (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 generally 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 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### E. Cash and Cash Equivalents

The County considers investments and demand deposits, with maturities of three months or less at the time of purchase, to be cash and cash equivalents.

#### F. Restricted Resources

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

#### G. 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.

#### H. 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.

#### I. 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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### I. Investment in Augusta Grove, LLC (Continued)

For the fiscal year ended June 30, 2020, the County reported an equity investment in the Augusta Grove - Greenville, LLC of \$2,346,367 at the government-wide level. This represents 40 percent of the total land value of \$5,859,745 recorded on the LLC. An equity investment of \$2,469 was recorded at the fund level.

#### J. 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 County uses the consumption method when accounting for these prepaid items.

#### K. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are \$7,500 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, certain intangibles, and construction in progress are not depreciated. Other capital assets of the County are depreciated or amortized on a straight-line basis over the following estimated useful lives:

	Years
Buildings	20-50
Improvements	20-50
Infrastructure	50
Furniture and equipment	5-12
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 2020.



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. Short-term Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

#### M. Short-term Obligations

From time to time the County issues short-term obligations in the form of bond anticipation notes to finance the acquisition, construction, and installation of equipment relative to certain capital projects. Such short-term obligations are reported as fund liabilities in the County's governmental-type funds as the County's ability to consummate refinancing of the bond anticipation notes has not been demonstrated (1) through the issuance long-term obligations issued for the purpose of refinancing the short-term obligations through June 30, 2020, and (2) a financing agreement that refinances the short-term obligations on a long-term basis had not been entered into as of June 30, 2020.

#### N. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are reported as expenses in the year the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on the issue are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### O. 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, 2020, is reported for the governmental and business-type activities.

No accrual has been established for accumulated sick leave of employees since it is the County's policy to record the cost of sick leave only when it is used.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### P. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has four (4) types of items that qualify for reporting in this category. (1) *Unavailable revenue* is reported only in the Governmental Funds Balance Sheet. The governmental funds report unavailable revenues from property taxes, and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### P. Deferred Outflows/Inflows of Resources (Continued)

The other three (3) items relate to the County's defined benefit pension plans and OPEB plan and are reported in the government-wide and proprietary fund Statements of Net Position, under the heading "Pension" and "Other postemployment benefits". (2) Experience differences result from periodic studies by the County's actuary, which adjust the net pension liability for actual experience for certain trend information that was previously assumed. These experience differences are recorded as deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. (3) Changes in the actuarial assumptions which adjust the total OPEB liability are also recorded as deferred inflows of resources and are amortized into OPEB expense over the expected remaining service lives of plan members. (4) The changes in the County's proportionate share of the collective net pension liability and differences between actual employer contributions and proportionate share of the total plan employer contributions are specific to cost-sharing multiple employer defined benefit pension plans and represent the current period amortized portions of these deferred inflows.

#### Q. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

**Fund Balance** – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Q. Fund Equity (Continued)

- **Assigned** – Amounts that are constrained by the County's Administrator and/or Deputy County Administrator with the intent to be used for specified purposes. Authorization to assign fund balance is given to these individuals by County Council ordinance. The amounts are neither restricted nor committed.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

**Net Position** – Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the County has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

#### R. Management Estimates

The preparation of 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 financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### S. 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)*.

### NOTE 2. LEGAL COMPLIANCE – BUDGETS

#### A. Budgets and Budgetary Accounting

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 (CARES Act, 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 the Capital Project Fund 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.

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) for the General Fund and CARES Act Fund 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).

The County disallows the carryforward of open purchase orders for the General Fund operating accounts.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

#### A. Budgets and Budgetary Accounting (Continued)

Adjustments necessary to convert the results of operations from the GAAP basis of accounting to the budgetary basis of accounting are as follows. The CARES Act Fund reports a budget to GAAP basis adjustment representing encumbrances of (\$29,400).

#### B. Excess Expenditures Over Appropriations

For the year ended June 30, 2020, the following funds had excess of actual expenditures over appropriations, which were funded by available fund balance:

	<u>Excess</u>
<b>General Fund</b>	
Circuit Solicitor	\$ 14,391
Nondepartmental	1,192,626
<b>Charity Hospitalization</b>	
Public Safety	419,265
<b>Hospitality Tax</b>	
Boards, Commissions and Other	2,081
<b>Interoperable Communications</b>	
Public Safety	304,002
Capital Outlay	191,635
<b>Capital Projects</b>	
Capital Outlay	19,921,086
Debt Service - bond issuance costs	67,643
<b>Special Source Revenue Bonds</b>	
Debt Service - bond issuance costs	75,750
<b>Capital Leases</b>	
Debt Service - interest	11,009
<b>Certificates of Participation</b>	
Debt Service - interest	2
Debt Service - fiscal agent fees	276
<b>General Obligation Bonds</b>	
Debt service - fiscal agent fees	55,578

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 2. LEGAL COMPLIANCE – BUDGETS (CONTINUED)

#### C. Deficit Fund Equity

For the year ended June 30, 2020, the Greenville County Redevelopment Corporation Fund, Capital Projects Fund, Solid Waste Fund, Charity Hospitalization Fund and the Parks, Recreation and Tourism Fund reported deficit fund balances of \$39,598,446, \$3,366,976, \$11,541,777, \$882,795 and \$1,057,880, respectively. These deficits will be eliminated through transfers from other funds, from other future revenues, and, specifically for the Greenville County Redevelopment Corporation Fund, the expected issuance and refunding of the outstanding bond anticipation notes with installment purchase revenue refunding bonds in fiscal year 2021. Additionally, the Health and Dental Fund reported deficit net position at June 30, 2020, of \$4,997,952. This deficit will be eliminated through transfers from other funds and from other future revenues.

### NOTE 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Total cash, cash equivalents, and investments as of June 30, 2020, are summarized as follows:

Amounts as presented on the entity-wide Statement of Net Position:

Cash and cash equivalents	\$ 144,483,001
Restricted cash and cash equivalents	50,966,544
Investments	43,199,334
Restricted investments	909,927

Amounts as presented on the fiduciary Statement of Net Position:

Cash and cash equivalents - Agency Funds	22,991,117
Investments - Agency Funds	57,169,283
Total	<u>\$ 319,719,206</u>

Cash and cash equivalents deposited with financial institutions	\$ 61,482,356
Investments held at financial institutions	101,278,544
Investments held by the State of South Carolina	156,958,306
	<u>\$ 319,719,206</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)

As of June 30, 2020, the County held the following investments (considered cash equivalents):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		<u>Rating</u>
		<u>Less than 1</u>	<u>1 - 5</u>	
S.C. Local Government Investment Pool	\$ 156,958,306	\$ 156,958,306	\$ -	NR
Certificates of deposit	24,993,426	16,044,143	8,949,283	NR
U.S. Government Treasuries	33,428,169	6,942,954	26,485,215	AAA
U.S. Government Agencies	41,849,609	5,044,200	36,805,409	AAA
Municipal Debt Securities	1,007,340	1,007,340	-	AAA
Money Market Funds	50,966,544	50,966,544	-	NR
Total fair value	<u>\$ 309,203,394</u>	<u>\$ 236,963,487</u>	<u>\$ 72,239,907</u>	

**Credit Risk.** This is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's policy is to invest in only those securities allowed by state statutes and that are highly rated. The money market funds and the certificates of deposit were not rated by Standard & Poor's or Moody Investor Services. The South Carolina Local Government Investment Pool (LGIP) is not rated, but generally, investments in this pool are collateralized by debt securities in corporate obligations, state or political subdivision obligations of investment grade or higher quality and in federal agency securities. 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.

**Interest Rate Risk.** This is the risk that the fair value of securities in the portfolio will fall due to changes in the market interest rates. 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.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)

**Fair Value Measurements.** The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The County has the following recurring fair value measurements as of June 30, 2020:

Investment	Level 1	Level 2	Level 3	Fair Value
U.S. Government Treasuries	\$ 33,428,169	\$ -	\$ -	\$ 33,428,169
U.S. Government Agencies	10,701,260	31,148,349	-	41,849,609
Municipal Debt Securities	-	1,007,340	-	1,007,340
 Total investments measured at fair value	 \$ 44,129,429	 \$ 32,155,689	 \$ -	 76,285,118
 Investments not subject to level disclosure:				
S.C. Local Government Investment Pool				156,958,306
Money market funds				50,966,544
Certificates of deposit				24,993,426
Total investments				\$ 309,203,394

The County's investment in US Government Treasury and Agency securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. The investments in US Government Agency and Municipal Debt securities classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The County has no investments classified in Level 3 of the fair value hierarchy. The South Carolina LGIP is an investment pool, which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the County does not disclose investment in the LGIP within the fair value hierarchy. The County's investments in certificates of deposit and money market funds are valued at amortized cost, which approximates fair value. As a result, the County's certificates of deposit and money market funds are not disclosed within the fair value hierarchy.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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

**Custodial Credit Risk.** 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 deposits and 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. As of June 30, 2020, the carrying amount of the County's deposits was \$61,482,356 and the bank balance was \$70,011,363. All of the County's deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the County's name.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. RECEIVABLES

Receivables consisted of the following at June 30, 2020:

	General	CARES Act	Capital Projects	Nonmajor Governmental Funds
Receivables:				
Taxes	\$ 6,493,988	\$ -	\$ -	\$ 3,049,813
Other	1,834,673	81,498	3,681	1,067,835
Due from other governments	4,651,043	-	-	8,293,993
Gross receivables	<u>12,979,704</u>	<u>81,498</u>	<u>3,681</u>	<u>12,411,641</u>
Less allowance for uncollectibles	(34,879)	-	-	(9,999)
Net total receivable	<u>\$ 12,944,825</u>	<u>\$ 81,498</u>	<u>\$ 3,681</u>	<u>\$ 12,401,642</u>

	Solid Waste	Stormwater Utility	Nonmajor Enterprise Parking	Internal Service Funds	Total
Receivables:					
Taxes	\$ 331,281	\$ -	\$ -	\$ -	\$ 9,875,082
Other	765,606	5,852	184	172,791	3,932,120
Due from other governments	-	-	-	-	12,945,036
Gross receivables	<u>1,096,887</u>	<u>5,852</u>	<u>184</u>	<u>172,791</u>	<u>26,752,238</u>
Less allowance for uncollectibles	(1,779)	-	-	-	(46,657)
Net total receivable	<u>\$ 1,095,108</u>	<u>\$ 5,852</u>	<u>\$ 184</u>	<u>\$ 172,791</u>	<u>\$ 26,705,581</u>

Assessed values are established by the County Assessor and the South Carolina Department of Revenue at various rates between 4 and 10.5 percent of the estimated market value. The assessed value as of June 30, 2020, was \$2,539,093,472. The estimated market value was \$48,986,262,794 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, 2020, was 51.9 mills per \$1,000 of assessed valuation.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS

#### A. Primary Government

Capital asset activity for the Government's governmental activities for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers / Adjustments</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 25,884,775	\$ 7,057,559	\$ -	\$ (232,134)	\$ 32,710,200
Construction in progress	7,632,831	8,418,295	(2,160)	(6,217,469)	9,831,497
Software developed or obtained for internal use	1,853,832	-	-	-	1,853,832
Right-of-way easements	32,287,910	802,678	-	-	33,090,588
Total capital assets, not being depreciated	<u>67,659,348</u>	<u>16,278,532</u>	<u>(2,160)</u>	<u>(6,449,603)</u>	<u>77,486,117</u>
Capital assets, being depreciated:					
Buildings	127,533,516	25,818,833	(616,558)	3,107,663	155,843,454
Improvements	31,991,483	409,936	(28,728)	3,341,940	35,714,631
Equipment	31,104,207	2,610,953	(420,042)	-	33,295,118
Recreation equipment	5,010,398	68,170	(218,108)	-	4,860,460
Vehicles	24,533,376	3,564,798	(299,541)	-	27,798,633
Infrastructure	670,997,723	30,662,169	-	-	701,659,892
Total capital assets, being depreciated	<u>891,170,703</u>	<u>63,134,859</u>	<u>(1,582,977)</u>	<u>6,449,603</u>	<u>959,172,188</u>
Less accumulated depreciation for:					
Buildings	(45,971,975)	(3,539,420)	212,524	-	(49,298,871)
Improvements	(16,352,120)	(1,272,291)	28,728	(69,640)	(17,665,323)
Equipment	(19,753,299)	(2,381,324)	354,377	-	(21,780,246)
Recreation equipment	(2,120,147)	(413,704)	212,561	-	(2,321,290)
Vehicles	(18,444,512)	(2,951,142)	299,542	-	(21,096,112)
Infrastructure	(320,374,954)	(13,471,065)	-	-	(333,846,019)
Total accumulated depreciation	<u>(423,017,007)</u>	<u>(24,028,946)</u>	<u>1,107,732</u>	<u>(69,640)</u>	<u>(446,007,861)</u>
Total capital assets, being depreciated, net	<u>468,153,696</u>	<u>39,105,913</u>	<u>(475,245)</u>	<u>6,379,963</u>	<u>513,164,327</u>
Governmental activities capital assets, net	<u>\$ 535,813,044</u>	<u>\$ 55,384,445</u>	<u>\$ (477,405)</u>	<u>\$ (69,640)</u>	<u>\$ 590,650,444</u>

The above schedule includes the net book value of capital assets related to internal service funds as of June 30, 2020, of \$186,387.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5. CAPITAL ASSETS (CONTINUED)

#### A. Primary Government (Continued)

Capital asset activity for the Government's business-type activities for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases and Adjustments	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 10,178,107	\$ 42,000	\$ -	\$ -	\$ 10,220,107
Total capital assets, not being depreciated	10,178,107	42,000	-	-	10,220,107
Capital assets, being depreciated:					
Buildings	6,888,990	-	-	-	6,888,990
Improvements	3,187,283	-	(2,045)	-	3,185,238
Equipment	11,848,693	354,465	(24,371)	-	12,178,787
Vehicles	1,249,944	28,581	-	-	1,278,525
Infrastructure	9,472,614	759,713	-	-	10,232,327
Total capital assets, being depreciated	32,647,524	1,142,759	(26,416)	-	33,763,867
Less accumulated depreciation for:					
Buildings	(3,047,840)	(189,777)	-	-	(3,237,617)
Improvements	(1,943,549)	(82,666)	2,045	-	(2,024,170)
Equipment	(9,059,195)	(503,499)	24,371	-	(9,538,323)
Vehicles	(820,148)	(121,916)	-	-	(942,064)
Infrastructure	(1,074,628)	(190,718)	-	-	(1,265,346)
Total accumulated depreciation	(15,945,360)	(1,088,576)	26,416	-	(17,007,520)
Total capital assets, being depreciated, net	16,702,164	54,183	-	-	16,756,347
Business-type activities capital assets, net	\$ 26,880,271	\$ 96,183	\$ -	\$ -	\$ 26,976,454

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5. CAPITAL ASSETS (CONTINUED)

#### A. Primary Government (Continued)

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

Governmental activities:

Administrative services	\$ 486,909
General services	127,014
Community development and planning	16,367,269
Emergency medical services	1,266,236
Parks, recreation and tourism	2,668,103
Public safety	341,555
Judicial services	115,865
Law enforcement services	2,554,456
Boards, commissions, and others	99,049
Fiscal services	2,490
Total depreciation expense - governmental activities	<u>\$ 24,028,946</u>

Business-type activities:

Solid Waste	\$ 656,617
Stormwater	391,959
Parking	40,000
Total depreciation expense - business-type activities	<u>\$ 1,088,576</u>

Appropriations to date of approximately \$69,067,093 exist for various renovation and construction projects for the County. At June 30, 2020, unspent appropriations related to construction contracts approximated \$9,066,960.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2020:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Special Source Revenue bonds	\$ 9,408,000	\$ 6,889,000	\$ (5,713,000)	\$ 10,584,000	\$ 2,332,000
General obligation bonds	59,310,000	6,000,000	(6,860,000)	58,450,000	7,080,000
Deferred amounts:					
Unamortized discounts	(11,176)	-	11,176	-	-
Unamortized premiums	1,540,387	754,407	(337,110)	1,957,684	-
Total bonds payable	<u>70,247,211</u>	<u>13,643,407</u>	<u>(12,898,934)</u>	<u>70,991,684</u>	<u>9,412,000</u>
Certificates of participation	29,615,000	-	(2,685,000)	26,930,000	2,775,000
Deferred amounts:					
Unamortized discounts	(247,238)	-	30,905	(216,333)	-
Unamortized premiums	1,712,227	-	(172,932)	1,539,295	-
Total certificates of participation	<u>31,079,989</u>	<u>-</u>	<u>(2,827,027)</u>	<u>28,252,962</u>	<u>2,775,000</u>
Capital leases	8,330,458	7,000,000	(3,320,701)	12,009,757	2,895,937
Compensated absences	9,481,727	8,664,865	(7,507,638)	10,638,954	957,506
Claims IBNR payable	4,900,000	25,431,318	(25,931,318)	4,400,000	3,586,000
Debt security deposit agreement	150,930	-	(80,570)	70,360	70,360
Net pension liability	223,481,693	3,435,139	(1,487,084)	225,429,748	-
Total other postemployment benefit liability	<u>34,453,541</u>	<u>5,891,861</u>	<u>(2,214,738)</u>	<u>38,130,664</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 382,125,549</u>	<u>\$ 64,066,590</u>	<u>\$ (56,268,010)</u>	<u>\$ 389,924,129</u>	<u>\$ 19,696,803</u>
Business-type activities:					
Compensated absences	\$ 223,028	\$ 266,348	\$ (233,732)	\$ 255,644	\$ 23,008
Net pension liability	6,905,175	170,507	-	7,075,682	-
Closure/postclosure liability	<u>5,205,601</u>	<u>17,688,307</u>	<u>(234,240)</u>	<u>22,659,668</u>	<u>417,633</u>
Business-type activities long-term liabilities	<u>\$ 12,333,804</u>	<u>\$ 18,125,162</u>	<u>\$ (467,972)</u>	<u>\$ 29,990,994</u>	<u>\$ 440,641</u>

For governmental activities, compensated absences, total OPEB liability, net pension liability are generally liquidated by the General Fund and special revenue funds while the claims IBNR is generally liquidated by the internal service funds. For business-type activities, compensated absences, net pension liability, and landfill closure/post-closure costs are liquidated by the related Proprietary Fund.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### Governmental Activities

The County issues bonds to provide funds for various projects.

#### **Special Source Revenue Bonds**

The special source revenue bonds outstanding as of June 30, 2020, are as follows:

	<u>Interest Rate</u>	<u>Balance at June 30, 2020</u>
Special Source Revenue Refunding Bonds, Series 2007 (8)	3.25%	\$ 475,000
Special Source Revenue Refunding Bonds, Series 2012 (10)	2.53%	3,220,000
Recreation System Revenue Refunding Bonds, Series 2020A (16)	1.48%	1,820,000
Recreation System Revenue Refunding Bonds, Series 2020B (15)	1.63%	1,694,000
Recreation System Revenue Bonds, Series 2020C (14)	1.98%	3,375,000
		<u>\$ 10,584,000</u>

#### **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.

#### **SSRB 14/15/16**

The original principal amount of \$1,820,000 of the Series 2020A Greenville County Recreation System Refunding Revenue Bonds were issued on May 6, 2020. They have annual principal installments and semi-annual interest payments. The interest rate of the Series 2020A refunding bonds is 1.48%. The proceeds of this issue were used to refund the Series 2015A revenue bonds which were issued to refund the Series 2013 revenue bonds. The Series 2015A bonds were currently refunded resulting in no defeased debt. The County also issued in the original principal amount of \$1,694,000 of the series 2020B Greenville County Recreation System Refunding Revenue Bonds were issued on May 6, 2020. They have annual principal installments and semi-annual interest payments. The interest rate of the Series 2020B refunding bonds is 1.63%. The proceeds of this issue were used to refund, in a current refunding transaction, the Series 2015B revenue bonds which were issued 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.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### Governmental Activities (Continued)

##### **Special Source Revenue Bonds (Continued)**

The County also issued in the original principal amount of \$3,375,000 of the series 2020C Greenville County Recreation System Revenue Bonds were issued on May 6, 2020. They have annual principal installments and semi-annual interest payments. The interest rate of the Series 2020C refunding bonds is 1.98%. The proceeds of this issue were used to defray the costs of construction, renovation, expansion, installation, furnishing and equipping of the Pavilion Recreation Complex and related capital improvements and the acquisition of equipment.

Interest on the 2020A bonds, 2020B, and 2020C bonds is payable semiannually on April 1 and October 1 of each year, commencing on October 1, 2020. The bonds mature on April 1, 2024, April 1, 2025, and April 1, 2032, respectively.

##### **SSRB 10**

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.

Annual debt service requirements to maturity for the special source revenue bonds as of June 30, 2020, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,			
2021	\$ 2,332,000	\$ 210,633	\$ 2,542,633
2022	1,901,000	163,888	2,064,888
2023	1,944,000	123,966	2,067,966
2024	682,000	83,138	765,138
2025	744,000	72,530	816,530
2026-2030	2,088,000	214,078	2,302,078
2030-2032	893,000	26,611	919,611
	<u>\$ 10,584,000</u>	<u>\$ 894,844</u>	<u>\$ 11,478,844</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### Governmental Activities (Continued)

The general obligation bonds outstanding as of June 30, 2020, are as follows:

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	\$ 1,080,000
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%. T-2	2,515,000
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%. EE-1	945,000
\$5,615,000 (2011A General Obligation Bonds, Greenville Technical College, due in annual installments of \$250,000 to \$260,000 through April 1, 2021; interest range from 2% to 4.125%) A67	260,000
\$3,950,000 (2011D General Obligation Refunding Bonds, Road Improvements, due in annual installments of \$420,000 to \$445,000 through April 1, 2022; interest at 2% to 4%) A68	880,000
\$7,770,000 (2012 General Obligation Refunding Bonds, Greenville Technical College, due in annual installments of \$685,000 to \$805,000 through April 1, 2026; interest at 2% to 3%) A69	4,525,000
\$20,115,000 (2013A General Obligation Refunding Bonds, due in annual installments of \$1,265,000 to \$1,940,000 through April 1, 2025; interest at 1% to 2.8%) A70	7,930,000
\$2,445,000 (2013B General Obligation Refunding Bonds, due in annual installments of \$405,000 to \$410,000 through April 1, 2021; interest at 1% to 2.25%) A71	410,000
\$25,000,000 (2014 General Obligation Bonds, Greenville Technical College, due in annual installments of \$1,055,000 to \$1,690,000 through April 1, 2034; interest at 2.75% to 4.00%) A72	19,170,000
\$8,880,000 (2014A General Obligation Refunding Bonds, due in annual installments of \$29,000 to \$950,000 through April 1, 2028; interest at 2% to 4%) A73	6,320,000
\$10,080,000 (2016A General Obligation Refunding Bonds, due in annual installments of \$345,000 to \$1,025,000 through April 1, 2032; interest at 2% to 4%) A74	8,745,000
\$6,000,000 (2019A General Obligation Bonds, due in annual installments of \$330,000 to \$400,000 through April 1, 2020; interest at 2.375% to 5.0%) T3	5,670,000
	58,450,000
Add: Unamortized premiums	1,957,684
	\$ 60,407,684

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### Governmental Activities (Continued)

#### **General Obligation Bonds (Continued)**

Annual debt service requirements to maturity for the general obligation bonds as of June 30, 2020, are as follows:

Special Assessment General Obligation Bonds			
	Principal	Interest	Total
Year ending June 30,			
2021	\$ 850,000	\$ 380,281	\$ 1,230,281
2022	880,000	343,882	1,223,882
2023	905,000	306,031	1,211,031
2024	850,000	267,131	1,117,131
2025	885,000	229,481	1,114,481
2026-2030	3,720,000	622,131	4,342,131
2031-2035	1,125,000	185,681	1,310,681
2036-2039	995,000	58,001	1,053,001
	\$ 10,210,000	\$ 2,392,619	\$ 12,602,619

General Obligation Bonds			
	Principal	Interest	Total
Year ending June 30,			
2021	\$ 6,230,000	\$ 1,464,153	\$ 7,694,153
2022	5,515,000	1,283,677	6,798,677
2023	5,240,000	1,097,138	6,337,138
2024	5,395,000	941,101	6,336,101
2025	5,165,000	786,694	5,951,694
2026-2030	13,555,000	2,000,713	15,555,713
2031-2035	7,140,000	481,464	7,621,464
	\$ 48,240,000	\$ 8,054,940	\$ 56,294,940

At June 30, 2020, 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, 2020, 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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### Governmental Activities (Continued)

##### Certificates of Participation

The certificates of participation outstanding as of June 30, 2020, are as follows:

	Interest Rate	Balance at June 30, 2020
Certificates of participation, series 2014 (13)	2.00% to 4.00%	\$ 18,470,000
Certificates of participation, series 2016 (15)	2.00% to 4.00%	8,460,000
		26,930,000
Less: Unamortized discounts		(216,333)
Add: Unamortized premiums		1,539,295
		\$ 28,252,962

##### COPS 15

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.

##### COPS 13

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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### Governmental Activities (Continued)

##### **Certificates of Participation (Continued)**

Annual debt service requirements to maturity for the certificates of participation as of June 30, 2020, are as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2026-2030	11,995,000	993,788	12,988,788
	<u>\$ 26,930,000</u>	<u>\$ 5,071,988</u>	<u>\$ 32,001,988</u>

##### **Defeased Debt**

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, 2020.

##### **Governmental activities:**

General Obligation Bond, series 2011A, Greenville Technical College (pays 2021)	\$ 3,555,000
Balance of defeased debt at June 30, 2020	<u>\$ 3,555,000</u>

##### **Conduit Debt/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, 2020, there were 22 Industrial Revenue Bonds outstanding, with an estimated principal balance of \$1,490,772,557.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### Governmental Activities (Continued)

##### Capital Leases

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-four (24) leases have been issued under the Master Lease Agreement, twenty-three (23) of which were for the acquisition of vehicles and heavy equipment. Of the twenty-four (24) issues, four (4) remain outstanding. Additionally, the Greenville County Department of Parks, Recreation & Tourism has a total of one outstanding lease which was used for equipment lease financings and real estate lease financings.

The following is an analysis of equity leased under capital leases as of June 30, 2020:

	<b>Governmental Activities</b>
Equipment	\$ 32,703,304
Less: Accumulated depreciation	(23,498,869)
	\$ 9,204,435

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments as of June 30, 2020:

	<b>Governmental Activities</b>
Fiscal year ending June 30,	
2021	\$ 3,117,470
2022	2,670,374
2023	2,211,274
2024	1,546,781
2025	1,156,794
2026-2028	2,006,322
Total minimum lease payments	12,709,015
Less amount representing interest	(699,258)
Present value of future minimum lease payments	\$ 12,009,757

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

#### Governmental Activities (Continued)

##### **Debt Security Deposit Agreement**

In March 2008, the County entered into a Debt Security Deposit Agreement with certain financial institutions which provides for the County to receive \$463,000 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 year 2010 and ending in 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.

#### Business-Type Activities

##### **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 \$22.7 million liability reported as landfill closure and postclosure represents total costs to date, as of June 30, 2020. Actual cost for closure and postclosure care may vary due to inflation, developments in technology, or changes in laws and regulations. The liability recognized in the current fiscal year for the Twin Chimneys landfills 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 Years Remaining	Percent Used	Open/Close Year	Closure/ Postclosure Cost
Enoree Phase I	19	100%	2007	\$ 1,204,600
Enoree Phase II	19	100%	2007	1,695,808
Enoree C&D	19	100%	2007	285,000
Piedmont	2	100%	1991	82,000
Twin Chimneys Unit 1	30	95%	2007	16,424,299
Twin Chimneys Unit 4	30	3%	2007	1,118,077
Twin Chimneys C&D	30	23%	2007	1,849,884
				\$ 22,659,668

## NOTES TO FINANCIAL STATEMENTS

### NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2020, is as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Projects Fund	\$ 1,471,247
General	Nonmajor Governmental Funds	3,816,798
		<u>\$ 5,288,045</u>

**Advances to/from other funds:**

Receivable Fund	Payable Fund	Amount
General Fund	Health & Dental Internal Service Fund	\$ 2,913,956
		<u>\$ 2,913,956</u>

These balances resulted from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Advances to/from other funds represent amounts not expected to be repaid within one year from the date of the financial statements.

The composition of interfund transfers during the year ended June 30, 2020, were as follows:

Transfer To	Transfer From							Total
	General	Greenville Co. Redevelopment Corporation	Capital Projects	Solid Waste	Stormwater Utility	Nonmajor Governmental Funds	Internal Service Funds	
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,899,633	\$ 2,000,000	\$ 14,899,633
Capital Projects		38,954,294	-	-	-	5,722,000	-	44,676,294
Nonmajor								
Governmental Funds	3,402,958	-	44,593	135,975	353,999	7,942,033	-	11,879,558
Internal Service Funds	-	-	-	101,322	147,662	393,597	81,837	724,418
Total	<u>\$ 3,402,958</u>	<u>\$ 38,954,294</u>	<u>\$ 44,593</u>	<u>\$ 237,297</u>	<u>\$ 501,661</u>	<u>\$ 26,957,263</u>	<u>\$ 2,081,837</u>	<u>\$ 72,179,903</u>

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



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. PENSION PLANS

#### *Overview*

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

For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement System's Pension Trust Funds. The CAFR is publically 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 comprehensive annual financial report of the state.

#### *Plan Description*

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. PENSION PLANS (CONTINUED)

#### *Plan Description (Continued)*

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

#### *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/current annual salary. A brief summary of the benefit terms for each system is presented on the following page.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 8. PENSION PLANS (CONTINUED)

#### *Benefits (Continued)*

SCRS -A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty. The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

#### *Contributions*

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLANS (CONTINUED)

#### *Contributions (Continued)*

The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent. For the year ended June 30, 2020, the County contributed \$11,523,414 to the SCRS plan and \$8,977,636 to the PORS plan.

Required employee contribution rates for the year ended June 30, 2020, are as follows:

#### **South Carolina Retirement System**

Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation

#### **South Carolina Police Officers Retirement System**

Employee Class Two	9.75% of earnable compensation
Employee Class Three	9.75% of earnable compensation

Required employer contribution rates for the year ended June 30, 2020, are as follows:

#### **South Carolina Retirement System**

Employee Class Two	15.41% of earnable compensation
Employee Class Three	15.41% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

#### **South Carolina Police Officers Retirement System**

Employee Class Two	17.84% of earnable compensation
Employee Class Three	17.84% of earnable compensation
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLANS (CONTINUED)

*Net Pension Liability*

The June 30, 2019, (the measurement date) total pension liability, net pension liability, and sensitivity information were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on the July 1, 2018, actuarial valuations, as adopted by the PEBA Board and Budget and Control Board, which utilized membership data as of July 1, 2018. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ended June 30, 2019, using generally accepted actuarial principles. Information included in the following schedules is based on the certification provided by GRS. The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position. As of June 30, 2020, (measurement date of June 30, 2019), the net pension liability amounts for the County's proportionate share of the collective net pension liabilities associated with the SCRS and PORS plans are as follows:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employer's Net Pension Liability</u>	<u>Plan Fiduciary Net Position as a percentage of the Total Pension Liability</u>	<u>County's Proportionate Share of the Collective Net Pension Liability</u>
SCRS	\$ 328,116,246	\$ 178,489,810	\$ 149,626,436	54.4%	0.655275%
PORS	\$ 222,145,449	\$ 139,266,455	\$ 82,878,994	62.7%	2.89186%

*Actuarial Assumptions and Methods*

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLANS (CONTINUED)

*Actuarial Assumptions and Methods (Continued)*

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2018 valuations for SCRS and PORS.

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

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumption, the 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.

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

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2019 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLANS (CONTINUED)

*Actuarial Assumptions and Methods (Continued)*

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
<b>Global equity</b>	<b>51.0%</b>		
Global public equity	35.0%	7.29%	2.55%
Private equity	9.0%	7.67%	0.69%
Equity options strategies	7.0%	5.23%	0.37%
<b>Real assets</b>	<b>12.0%</b>		
Real estate (private)	8.0%	5.59%	0.45%
Real estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (private)	2.0%	5.03%	0.10%
Infrastructure (public)	1.0%	6.12%	0.06%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocatio	7.0%	3.09%	0.22%
Other opportunistic strategies	1.0%	3.82%	0.04%
<b>Credit</b>	<b>15.0%</b>		
High yield bonds / bank loans	4.0%	3.14%	0.13%
Emerging markets debt	4.0%	3.31%	0.13%
Private debt	7.0%	5.49%	0.38%
<b>Rate sensitive</b>	<b>14.0%</b>		
Core fixed income	13.0%	1.62%	0.21%
Cash and short duration (net)	1.0%	0.31%	0.00%
	100%		
			Total expected real return
			5.41%
			Inflation for actuarial purposes
			2.25%
			Total expected nominal return
			7.66%

*Discount Rate*

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLANS (CONTINUED)

*Discount Rate (Continued)*

The following table presents the sensitivity of the net pension liabilities to changes in the discount rate.

<b>Sensitivity of the Net Position Liability to Changes in the Discount Rate</b>				
		<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
		<b>(6.25%)</b>	<b>Discount Rate</b>	<b>(8.25%)</b>
			<b>(7.25%)</b>	
SCRS	\$	188,497,998	\$ 149,626,436	\$ 117,185,865
PORS	\$	112,320,688	\$ 82,878,994	\$ 58,758,810

*Pension Expense*

For the year ended June 30, 2020, the County recognized its proportionate share of collective pension expense of \$17,075,701 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of (\$39,920) for a total of \$17,035,781 for the SCRS plan. Additionally, for the year ended June 30, 2020, the County recognized its proportionate share of collective pension expense of \$12,312,228 and recognition of deferred amounts from changes in proportionate share and differences between employer contributions and the proportionate share of total plan employer contributions of (\$699,945) for a total of \$11,612,283 for the PORS plan. Total pension expense for both plans was \$28,648,064.



## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLANS (CONTINUED)

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

<b>SCRS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 102,854	\$ 1,074,890
Changes of assumptions	3,015,189	-
Net difference between projected and actual earnings on pension plan investments	1,324,694	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	566,756	298,310
Employer contributions subsequent to the measurement date	<u>11,523,414</u>	<u>-</u>
Total	<u>\$ 16,532,907</u>	<u>\$ 1,373,200</u>
<b>PORS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 1,704,165	\$ 612,537
Changes of assumptions	3,286,569	-
Net difference between projected and actual earnings on pension plan investments	1,050,847	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,194,294
Employer contributions subsequent to the measurement date	<u>8,977,636</u>	<u>-</u>
Total	<u>\$ 15,019,217</u>	<u>\$ 2,806,831</u>
Totals	<u>\$ 31,552,124</u>	<u>\$ 4,180,031</u>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 8. PENSION PLANS (CONTINUED)

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)*

County contributions subsequent to the measurement date of \$11,523,414 and \$8,977,636 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	SCRS	PORS
2021	\$ 4,017,415	\$ 2,967,634
2022	(1,180,867)	259,050
2023	286,469	(223,886)
2024	513,276	231,952

### NOTE 9. OTHER POSTEMPLOYMENT BENEFITS

#### Plan Description

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. The County Administrator has the authority to establish/amend the plan's provisions and contribution requirements. Separate publicly available financial statements are not issued for the OPEB Plan.

#### *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.

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### Plan Description (Continued)

##### *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.

#### Funding Policy

The County currently pays for other post-employment benefits on a pay-as-you-go basis. For the year ended June 30, 2020, the County paid \$1,098,506 toward the cost of retiree health and dental insurance for eligible retired employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

#### Membership

At June 30, 2019, (the measurement date), there were 2,597 participants as follows:

Active participants	2,354
Retirees and beneficiaries currently receiving benefits	243
Total	2,597

#### Total OPEB Liability

The County's total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

#### Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate:	3.50% as of June 30, 2019
Healthcare cost trend rate:	7.25% - 4.75%, Ultimate Trend by 2029 for Pre-Medicare 5.38% - 4.75%, Ultimate Trend by 2023 for Pre-Medicare
Inflation rate:	2.25%
Salary increase:	3.50% - 9.50% for PORS eligible employees and 3.00% - 7.00% for SCRS eligible employees per annum
Participation rate:	30.00% of all eligible employees and 50% for spouse coverage

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### Actuarial Assumptions

Mortality rates were based on the RP-2014 Mortality Table for Employees with a 95% multiplier to better reflect the anticipated experience and provide margin for future improvements. The demographic assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study adopted by SCRS and PORS. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

#### Discount Rate

The discount rate used to measure the total OPEB liability was 3.50% as of June 30, 2019. This rate was determined using an index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA or higher – which was 3.50% as determined by the Bond Buyer 20-Bond GO Index Rate as of June 30, 2019.

#### Changes in the Total OPEB Liability

The changes in the total OPEB liability of the County for the year ended June 30, 2020, were as follows:

	<b>Total OPEB Liability</b>
<b>Balances beginning of year</b>	<b>\$ 34,453,541</b>
<b>Changes for the year:</b>	
Service cost	1,687,966
Interest	1,290,904
Difference between actual and expected experience	1,382,334
Assumption changes	1,530,657
Benefit payments and implicit subsidy	(2,214,738)
<b>Net changes</b>	<b>3,677,123</b>
<b>Balances end of year</b>	<b>\$ 38,130,664</b>

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

The following presents the total OPEB liability of the County as of June 30, 2020, (June 30, 2019 measurement date), as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

<b>Sensitivity of the Total OPEB Liability to Changes in the Discount Rate</b>		
<b>1% Decrease (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
\$ 42,639,551	\$ 38,130,664	\$ 34,153,841

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

The following presents the total OPEB liability of the County as of June 30, 2020 (June 30, 2019 measurement date), as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<b>Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate</b>		
<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
\$ 33,181,550	\$ 38,130,664	\$ 44,137,204

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2019, and the current sharing pattern of costs between employer and inactive employees.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 9. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the County recognized OPEB expense as follows:

Description		
Service cost (annual cost of current service)	\$	1,687,966
Interest on the total OPEB liability		1,290,904
Recognition of current year amortization - difference between expected and actual experience & assumption changes		149,280
Recognition of current year amortization - assumption changes		165,298
Recognition of beginning deferred outflows and inflows or resources as OPEB expense, net		1,773,469
 Total aggregate OPEB expense	 \$	 <u><u>5,066,917</u></u>

At June 30, 2020, the County reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,668,135	\$ -
Changes of assumptions	1,575,625	864,012
Employer contributions subsequent to the measurement date	1,098,506	-
Total	\$ 17,342,266	\$ 864,012

County contributions subsequent to the measurement date of \$1,098,506 are deferred outflows of resources and will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

#### Retiree Health Insurance Plan

Year ended June 30:

2021	\$	2,088,047
2022		2,088,047
2023		2,088,047
2024		2,088,047
2025		2,088,047
Thereafter		4,939,513

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 10. RISK MANAGEMENT**

There were no significant reductions of insurance coverage compared to the prior year. Settled claims in the past three years have not exceeded the coverages.

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 \$24,105,772 for medical and dental claims in fiscal year 2020. 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 \$1,825,546. Premium increases and decreases for both programs are reviewed and recommended annually by the County's contract administrators.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. RISK MANAGEMENT (CONTINUED)

Changes in the balances of claims liabilities during the last two years ended June 30, are as follows:

	Workers' Compensation		Health and Dental	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Unpaid claims, beginning of fiscal year	\$ 2,300,000	\$ 2,100,000	\$ 2,600,000	\$ 2,600,000
Incurred claims and changes in estimates	1,725,546	2,421,404	23,705,772	28,680,715
Claim payments	<u>(1,825,546)</u>	<u>(2,221,404)</u>	<u>(24,105,772)</u>	<u>(28,680,715)</u>
Unpaid claims, end of fiscal year	<u>\$ 2,200,000</u>	<u>\$ 2,300,000</u>	<u>\$ 2,200,000</u>	<u>\$ 2,600,000</u>
Current portion	<u>\$ 1,430,000</u>	<u>\$ 1,495,000</u>	<u>\$ 2,156,000</u>	<u>\$ 2,548,000</u>

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 County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance through the State Fiscal Accountability Authority Insurance Reserve Fund (the "Fund"). The County pays premiums to the Fund for its general insurance coverage. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event. The County continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

### NOTE 11. COMMITMENTS AND CONTINGENCIES

#### Litigation

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



## NOTES TO FINANCIAL STATEMENTS

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### NOTE 11. COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### Grant Contingencies

The County has received Federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, County management believes such disallowances, if any, will not be significant.

#### 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 \$191,039.

### NOTE 12. TAX ABATEMENTS

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 claw back 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.

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 12. TAX ABATEMENTS (CONTINUED)**

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, 2020, the County abated property tax revenues of approximately \$7,241,328 under FILOT agreements entered into by the County.

### **NOTE 13. SHORT-TERM OBLIGATIONS**

In March 2020, the County Square Redevelopment Corporation acting on behalf of Greenville County issued \$86,505,000 installment purchase revenue bond anticipation notes, Series 2020. The notes mature and are due and payable on March 24, 2021 including principal and interest. The notes bear interest at 2.00%. The Series 2020 Notes were issued for the purpose of providing funds to acquire, construct, renovate, install, furnish and equip County administration facilities and facilities to be used for various State and County governmental offices and court facilities, to acquire certain real property, to defray the costs of various public improvements, including but not limited to roads, sidewalks and utility improvements adjacent to and in the vicinity of the administration facilities, and for the acquisition and up-fitting of an emergency operations center and related facilities. The Series 2020 Notes were issued resulting in an original issue premium in the amount of \$1,115,915 to be amortized over the life of the notes. There are pledged for the repayment of the principal of, and interest on the Series 2020 Notes the anticipated future proceeds of the bonds of the County to be issued for the purpose of discharging the Series 2020 Notes. The Series 2020 Notes are also secured by the Trust Estate created under the issuing ordinance which consists primarily of amounts to be paid by the County pursuant to the Base Lease and Facilities Agreement.