

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

Blended Component Units

The Greenville County Public Facilities Corporation and Greenville County Tourism Public Facilities Corporation were established in 1991 and 2008, respectively, for the purpose of holding title, owning, leasing, constructing, acquiring and operating land, buildings, equipment and facilities functionally related thereto and to perform any other lawful purpose related to the furtherance of the governmental powers of Greenville County. These Corporations have a December 31 year-end and all of their financial transactions are processed through the County's financial system and are a part of the County's audit. They operate as departments of the County and exist for its benefit. The two blended component units had no activity during fiscal year 2010.

Discretely Presented Component Units

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

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

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

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

Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are

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clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

The County reports the following major governmental funds:

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

Special Revenue Fund - Federal and State Grants. This fund is used to account for the proceeds of specific federal and state revenue sources (other than major capital projects) that are legally restricted to specified purposes.

The County reports the following major enterprise funds:

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

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

Additionally, the County reports the following fund types:

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

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

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C. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$305,113,149 consists of several elements as follows:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on governmental activities column).	\$ 707,908,791
Less accumulated depreciation	<u>(269,349,701)</u>
Net capital assets (Net of Internal Service Funds of \$358,673)	<u>438,559,090</u>
 Internal service funds are used by management to charge the costs of the vehicle service center, worker’s compensation, and health and dental costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	 19,252,957
 Liabilities for earned but deferred tax revenues recorded in the fund statements.	 9,380,000
 Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Long-term debt	(159,482,901)
Deferred charges	4,412,021
Compensated absences	(5,489,342)
Accrued interest payable	<u>(1,518,676)</u>
Sub total	<u>(162,078,898)</u>
Total adjustment	<u>\$ 305,113,149</u>

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Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. Elements of that total adjustment of \$26,486,660 are as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 13,773,424
Donations of capital assets that increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources	18,367,308
Depreciation expense, the allocation of those assets over their useful lives, which is recorded on the statement of activities but not in the fund statements.	(15,874,005)
Gain on disposal of assets	<u>(53,300)</u>
Sub total (Net of Internal Service Fund)	<u>16,213,427</u>
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual).	(479,840)
Difference in long-term debt and related items.	11,646,839
The internal service fund is used by management to charge the cost of the vehicle service center, worker's compensation, and health and dental cost.	454,234
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Decrease in accrued taxes receivable for year ended June 30, 2010	<u>(1,348,000)</u>
Total adjustment	\$ <u><u>26,486,660</u></u>

Measurement Focus and Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The agency funds, which are fiduciary funds, have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are

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recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

Property tax revenue is recognized in compliance with the National Council on Governmental Accounting (NCGA) Interpretation 3, "Revenue Recognition – Property Taxes". This interpretation states that property tax revenue is recorded when it becomes available. "Available" means when due, or past due and receivable within the current period or expected to be collected soon enough thereafter, not to exceed 60 days, to be used to pay liabilities of the current period. Net receivables estimated to be collectible in more than 60 days subsequent to June 30, 2010 are reported as deferred revenues.

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

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

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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D. BUDGETARY DATA

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

Greenville County’s biennium budget provides the financial framework for the programs and services that the government will be undertaking over the next two years. Approximately 60 days prior to June 30, the County Administrator submits to County Council a proposed detailed, line-item operating budget for the General Fund, Special Revenue Funds (Accommodations Tax, E-911, Home Incarceration, Infrastructure Bank, Charity Hospitalization, Road Maintenance Program and Victim’s Bill of Rights), Capital Project Funds (Information Technology, Ortho Photography) and Debt Service Funds (General Obligation Bonds, Certificates of Participation, Special Source Revenue Bonds, Capital Leases) for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them by function and activity. A public hearing is conducted to obtain citizen comments on the proposed budget, which is later legally adopted through passage of an appropriation ordinance by County Council. The legal level of budgetary control is at the department level. The County Administrator is authorized to transfer budgeted amounts within a department, except for the purchase of non-budgeted equipment and hiring of personnel. County Council must approve any revisions which alter the total expenditures of any department. Unencumbered budget amounts lapse at the end of each year.

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

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

<u>General Fund</u>	<u>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</u>
Net change in fund balances – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (GAAP basis)	\$ 902,069
Prior period encumbrances paid in FY2010	333,641
Outstanding FY2010 encumbrances	(568,928)
Outstanding prior period encumbrances	<u>84,800</u>
	<u>(484,128)</u>
Net change in fund balances – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Major Governmental Funds (Budgetary basis)	<u>\$ 751,582</u>

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

Fund balance – ending – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Subfunds of Federal and State Grant Fund with Legally Adopted Budgets – E-911	\$ 1,310,964
Fund balance – ending – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Subfunds of Federal and State Grant Fund with Legally Adopted Budgets – Accommodations Tax	443,550
Fund balance – ending – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Subfunds of Federal and State Grant Fund with Legally Adopted Budgets – Home Incarceration	-
Fund balance – ending – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Subfunds of Federal and State Grant Fund with Legally Adopted Budgets – Victim’s Bill of Rights	(61,713)
Fund balance – ending of Federal and State Grants without legally adopted budgets	<u>3,190,047</u>
Fund balance – ending – Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – Federal and State Grant Fund	<u>\$ 4,882,848</u>

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

Fund balance – ending – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Nonmajor Funds with Legally Adopted Budgets – Information Technology	\$ 667,524
Fund balance – ending – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budget Basis) – Nonmajor Funds with Legally Adopted Budgets – Ortho Photography	578,422
Fund balance – ending – Capital Projects Funds without legally adopted budgets	<u>12,482,821</u>
Fund balance – ending – Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	<u>\$ 13,728,767</u>

E. ASSETS, LIABILITIES AND FUND EQUITY

1. Deposits and Investments

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

- a) Obligations of the United States and its agencies.
- b) General obligations of the State of South Carolina or any of its political units.

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- c) Savings and loan association deposits to the extent they are insured by the Federal Deposit Insurance Corporation.
- d) Certificates of deposit which are collaterally secured by securities of the type described above held by a third party as escrow agent or custodian, or a market value not less than the amount of certificates of deposit so secured, including interest; provided however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- e) Collateralized repurchase agreements which are collateralized by securities as set forth in (a) and (b) above and held by the County, the Authority, or the Library or a third party as escrow agent or custodian.
- f) South Carolina Pooled Investment Fund established and maintained by the State Treasurer.

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

A portion of the proceeds of the Certificates of Participation and Special Source Revenue Bonds, plus interest, held by escrow agents are shown as restricted in the Debt Service Fund. These funds are designated for interest payments on the Certificates of Participation and Special Source Revenue bond issues.

4. Ad Valorem Taxes Receivable

The County's property tax is levied each September (except automobiles which are annually assessed on the first day of the month the automobiles were registered) on the assessed value as of the prior December 31 for all real and personal property located in the County. Taxes are due in one payment on or before January 15. A three percent penalty is added on January 16. If taxes remain unpaid on February 2, a seven percent penalty is added to the total of taxes plus penalties. If taxes remain unpaid on the March 17 lien date, an additional five percent penalty is added to the total of taxes and penalties plus a \$15 delinquent execution charge. If taxes are not paid prior to the first Monday in November, the property will be sold, at public auction, for taxes due. The County bills and collects its own property taxes and also those for the County School District, seven municipalities and approximately thirty other special taxing authorities and activities which are accounted for in the Property Tax Agency Fund.

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5. Rehabilitation Loans and Advances Receivable

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

6. Allowances for Doubtful Accounts

Management considers all accounts receivable to be fully collectible and accordingly no allowance for doubtful accounts is required.

7. Inventories and Prepaid Items

Inventory is valued at the lower of cost or market (first-in, first-out) and consists of expendable supplies held for consumption. The cost of inventory is recorded as an expense at the time individual inventory items are consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements for the County, the Authority, and the Library.

8. Capital Assets

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

Capital assets of the County are depreciated or amortized on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	20 - 50
Improvements	20 - 50
Infrastructure	50
Furniture and equipment	5 - 12
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 2010.

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

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

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

9. Real Property Held for Programs

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

10. Long-term Obligations

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

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

11. Compensated Absences

It is the County's policy to vest unused annual leave with its employees up to a maximum number of hours and recognize compensated absences as expenditures in the period earned rather than the period such benefit is paid. No payments are anticipated to be made for the governmental and business type funds in the fiscal year ending June 30, 2011. The balance of earned, vested compensated absences not taken at June 30, 2010 was \$5,623,321 for the governmental and business type funds.

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

12. Net Assets and Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt, restricted, and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

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Fund Balances

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The governmental fund types classify fund balances as follows:

Reserved

Encumbrances - portion of fund balance available to pay for any commitments related to purchase orders and contracts that remain unperformed at year-end.

Prepaid items - portion of fund balance not available for expenditure.

Debt Service - portion of fund balance available to pay long-term debt payments.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2010 - 2011 budget ordinance.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

13. Capital Contributions

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

14. Accounting Estimates

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

15. New Pronouncements

The Governmental Accounting Standards Board has issued Statement No. 51 *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009. The County implemented this statement for the current fiscal year.

The Governmental Accounting Standards Board has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this new Statement are effective for financial statements for periods beginning after June 15, 2009. This Statement does not have any impact on the County.

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The Governmental Accounting Standards Board has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement establishes new categories for reporting fund balance and revises the definitions for governmental fund types. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

The Governmental Accounting Standards Board has issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This Statement establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. This Statement does not have any impact on the County.

16. Subsequent Events

In preparing these financial statements, the County's management has evaluated events and transactions for potential recognition or disclosure through November 8, 2010, the date the financial statements were available for issuance.

II. DETAILED NOTES ON ALL FUNDS

A. ASSETS

1. Deposits

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

At June 30, 2010, the County of Greenville's deposits had a carrying value of \$48,654,207 and a bank balance of \$58,298,452. Of the bank balance, \$1,208,183 was covered by federal depository insurance while \$57,090,269 was covered by collateral held under the Dedicated Method.

Deposits for the Authority

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

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it fully. The Authority's policy is that all deposits in excess of federal insurance amounts must be collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name. At June 30, 2010, the Authority's carrying amount of deposits was \$151,973 and the bank balance was \$854,264, of which \$576,045 was not covered by federal depository insurance. However, all deposits were fully collateralized.

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Deposits for the Library

At June 30, 2010, the Library’s deposits have a carrying value of \$7,013,198 and a bank balance of \$7,642,248. Of the bank balance, \$250,000 was covered by federal depository insurance while the remainder of Library deposits were covered by collateral held by the Library’s or County’s agents in the Library’s or County’s name. As of June 30, 2010, cash on hand was \$1,110.

2. Investments

As of June 30, 2010 the County of Greenville had the following investments and maturities.

<u>Instrument Type</u>	<u>Fair Value</u>	<u>Less than 6 months</u>	<u>6-12 months</u>	<u>1-3 years</u>	<u>More than 3 years</u>
Money Markets	\$ 2,925,338	\$ 2,925,338	\$ -	\$ -	\$ -
US Government Treasuries	13,283,795	1,015,900	-	3,035,620	9,232,275
US Government Agencies	52,902,795	5,032,310	1,027,500	15,816,167	31,026,818
SC State Investment Pool	51,778,083	51,778,083	-	-	-
Totals	\$ 120,890,011	\$ 60,751,631	\$ 1,027,500	\$ 18,851,787	\$ 40,259,093

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

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

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

In accordance with the investment policies of the County of Greenville, all investment instruments used by the Treasurer are those authorized by current State statute, or any permissible investment as redefined by the State legislature. The County’s investments in US Agencies including Federal Home Loan Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation, are rated AAA by Standard and Poor’s and Aaa by Moody’s Investors Service. As of June 30, 2010, Greenville County South Carolina owned \$52,902,795 government sponsored agency debt securities. These bonds are the direct obligation of FNMA, FHLMC, FHLB, and FFCB which are rated AAA or the equivalent by all rating agencies. The GSE’s are either directly or indirectly guaranteed by the US Treasury. The South Carolina Local Government Investment Pool is classified as risk category “A”. All money market accounts are rated AAA.

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

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

Following are the components of the County's book and fair values for cash and investments at June 30, 2010:

<u>Cash and Investments</u>	<u>Fair and Carrying Value</u>
Cash	\$ 13,137
Deposit:	
Demand deposits	10,781,665
Certificates of deposits	37,872,542
Investments:	
Government securities	120,890,011
	<u>\$ 169,557,355</u>

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

Carrying amount of deposits	\$ 48,654,207
Cash on hand	13,137
Fair value of investments	120,890,011
	<u>\$ 169,557,355</u>
Statement of Net Assets:	
Cash and cash equivalents (governmental activities)	\$ 108,089,031
Investments (governmental activities)	-
Restricted assets – Investments (governmental activities)	1,425,339
Cash and cash equivalents (business type activities)	10,692,391
Statement of Fiduciary Net Assets:	
Cash and equivalents (all fiduciary funds)	49,350,594
Total cash and investments	<u>\$ 169,557,355</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

Investments for the Library

As of June 30, 2010, the Library has the following investments and maturities:

<u>Instrument Type</u>	Fair Value	Less than 6 months	6-12 months	1-3 years
Money Market	\$ <u>7,344,999</u>	\$ <u>7,344,999</u>	\$ -	\$ -
Totals	\$ <u>7,344,999</u>	\$ <u>7,344,999</u>	\$ -	\$ -

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

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

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

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

Carrying amount of deposits	\$ 7,013,198
Cash on hand	1,110
Fair value of investments	<u>7,344,999</u>
Cash and investments	\$ <u>14,359,307</u>

3. Property Tax

Assessed values are established by the County Assessor and the South Carolina Department of Revenue at various rates between 4 and 10.5 percent of the estimated market value. The assessed value as of June 30, 2010 was \$1,848,987,254. The estimated market value was \$34,751,816,345, making the assessed value approximately 5.3 percent 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, 2010 was 47.6 mills per \$1,000 of assessed valuation. The combined tax rate to finance general services and principal and interest on long-term debt for the Library for the year ended June 30, 2010 was 7.4 mills per \$1,000 of assessed valuation.

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

4. Receivables

Government-wide Financial Statements

Fund Financial Statements

	<u>General Fund</u>	<u>Federal and State Grants Fund</u>	<u>Enterprise Funds</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Adjustments to Full- Accrual</u>	<u>Total</u>
Receivables:							
Taxes receivable	\$ 9,654,039	\$ -	\$ 550,423	\$ 1,983,939	\$ 12,188,401	\$ -	\$ 12,188,401
Other	\$ 1,872,735	\$ 510,510	\$ 309,136	\$ 198,745	\$ 2,891,126	\$ 194,054	\$ 3,085,180
Due from other governments	<u>4,633,696</u>	<u>3,219,296</u>	<u>43,634</u>	<u>-</u>	<u>7,896,626</u>	<u>-</u>	<u>7,896,626</u>
Total receivables	\$ 16,160,470	\$ 3,729,806	\$ 903,193	\$ 2,182,684	\$ 22,976,153	\$ 194,054	\$ 23,170,207

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Adjustments to full-accrual include \$194,054 related to amounts recorded for the internal service funds. Internal Service funds predominately serve the governmental funds, but are included in both the governmental and business-type activities on the accompanying government-wide financial statements.

Finally, the Fiduciary fund financial statements include \$51,760,354 in taxes receivable and \$9,516 in other receivables recorded in the agency funds. These amounts are excluded from the forgoing schedule and represent the amount of receivables held in a custody relationship for other governments and individuals.

Receivables for the Library at the government-wide level at June 30, 2010 were as follows:

	<u>Due from other Governments</u>	<u>Property Taxes</u>	<u>Accrued Fines</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities					
General	\$ 147,615	\$ 1,237,588	\$ 1,142,445	\$ -	\$ 2,527,648
Capital Projects	<u>31,288</u>	<u>263,748</u>	<u>-</u>	<u>31,445</u>	<u>326,481</u>
Total receivable	178,903	1,501,336	1,142,445	31,445	2,854,129
Allowance for doubtful accounts	<u>-</u>	<u>(60,804)</u>	<u>(856,148)</u>	<u>-</u>	<u>(916,952)</u>
Total governmental activities	\$ <u>178,903</u>	\$ <u>1,440,532</u>	\$ <u>286,297</u>	\$ <u>31,445</u>	\$ <u>1,937,177</u>

The GCRA has \$14,549,653 in rehabilitation loans, \$326,217 in other accounts receivable and \$2,159,934 in grants receivable at June 30, 2010.

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

5. Capital Assets

Primary Government

Capital asset activity for the governmental activities for the year ended June 30, 2010 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Disposals and Adjustments</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 10,176,240	\$ -	\$ -	\$ -	\$ 10,176,240
Construction in progress	1,641,676	873,661	-	-	2,515,337
Software developed or obtained for internal use	-	464,404	-	-	464,404
Total capital assets not being depreciated	<u>11,817,916</u>	<u>1,338,065</u>	<u>-</u>	<u>-</u>	<u>13,155,981</u>
Capital assets being depreciated:					
Buildings	75,871,110	37,543	-	-	75,908,653
Improvements	16,862,054	13,900	-	-	16,875,954
Equipment	18,933,506	338,112	(204,650)	-	19,066,968
Vehicles	14,989,641	892,884	(610,820)	(19,199)	15,252,506
Infrastructure	539,224,056	29,520,228	-	-	568,744,284
Total capital assets being depreciated	<u>665,880,367</u>	<u>30,802,667</u>	<u>(815,470)</u>	<u>(19,199)</u>	<u>695,848,365</u>
Less accumulated depreciation for:					
Buildings	22,497,918	1,520,486	80	-	24,018,484
Improvements	7,984,913	580,753	(2)	-	8,565,664
Equipment	12,618,935	1,489,668	(214,326)	-	13,894,277
Vehicles	10,557,284	1,970,665	(643,801)	(17,325)	11,866,823
Infrastructure	201,402,697	10,338,638	-	-	211,741,335
Total accumulated depreciation	<u>255,061,747</u>	<u>\$ 15,900,210</u>	<u>\$ (858,049)</u>	<u>\$ (17,325)</u>	<u>270,086,583</u>
Total capital assets depreciated, net	<u>410,818,620</u>				<u>425,761,782</u>
Governmental activities capital assets, net	<u>\$ 422,636,536</u>				<u>\$ 438,917,763</u>

Primary Government

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

Administrative Services	\$ 9,594
General Services	223,409
Public Works	12,619,508
Public Safety	978,209
Judicial Services	38,711
Fiscal Services	20,914
Law Enforcement Services	1,994,392
Boards, Commissions, & Others	15,473
Human Resources	-
Total Depreciation Expense	<u>\$ 15,900,210</u>

Construction contracts of approximately \$192,366,000 exist for various renovation and construction projects for the County. At June 30, 2010, the remaining commitment on these contracts approximated \$13,352,181.

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

Governmental activities donated infrastructure additions for fiscal year 2010 approximated \$18,367,000.

Capital asset activity for the business-type activities for the year ended June 30, 2010 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Disposals and Adjustments</u>	<u>Transfers</u>	<u>Ending Balances</u>
<u>Solid Waste Enterprise Fund</u>					
Capital assets not being depreciated:					
Land	\$ 5,980,755	\$ -	\$ -	\$ -	\$ 5,980,755
Total capital assets not being depreciated	<u>5,980,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,980,755</u>
Capital assets being depreciated:					
Buildings	4,735,981	-	-		4,735,981
Improvements	2,873,254	15,965	-	-	2,889,219
Equipment	8,360,019	93,279	-		8,453,298
Vehicles	887,991	-	(55,835)		832,156
Total capital assets being depreciated	<u>16,857,245</u>	<u>109,244</u>	<u>(55,835)</u>	<u>-</u>	<u>16,910,654</u>
Less accumulated depreciation for:					
Buildings	850,317	155,612	-		1,005,929
Improvements	992,691	87,549	-		1,080,240
Equipment	5,395,556	714,133	-		6,109,689
Vehicles	848,255	31,830	(55,835)		824,250
Total accumulated depreciation	<u>8,086,819</u>	<u>\$ 989,124</u>	<u>\$ (55,835)</u>	<u>\$ -</u>	<u>9,020,108</u>
Total capital assets depreciated, net	<u>8,770,426</u>				<u>7,890,546</u>
Business-type activities capital assets, net	<u>\$ 14,751,181</u>				<u>\$ 13,871,301</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Disposals and Adjustments</u>	<u>Transfers</u>	<u>Ending Balances</u>
Parking Enterprise Fund					
Capital assets not being depreciated:					
Land	\$ 1,060,000	\$ -	\$ -	\$ -	\$ 1,060,000
Total capital assets not being depreciated	<u>1,060,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,060,000</u>
Capital assets being depreciated:					
Buildings	2,000,000	-	-	-	2,000,000
Total capital assets being depreciated	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Less accumulated depreciation for:					
Buildings	273,333	40,000	-	-	313,333
Total accumulated depreciation	<u>273,333</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>313,333</u>
Total capital assets depreciated, net	<u>1,726,667</u>				<u>1,686,667</u>
Business-type activities capital assets, net	<u>\$ 2,786,667</u>				<u>\$ 2,746,667</u>
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Disposals and Adjustments</u>	<u>Transfers</u>	<u>Ending Balances</u>
Stormwater Enterprise Fund					
Capital assets not being depreciated:					
Land	\$ 845,824	\$ 398,508	\$ (18,240)	\$ -	\$ 1,226,092
Total capital assets not being depreciated	<u>845,824</u>	<u>398,508</u>	<u>(18,240)</u>	<u>-</u>	<u>1,226,092</u>
Capital assets being depreciated:					
Improvements	-	228,297			228,297
Equipment	17,672	143,163	-	-	160,835
Vehicles	148,770	17,246	-	19,199	185,215
Infrastructure	1,089,367	659,143	-	-	1,748,510
Total capital assets being depreciated	<u>1,255,809</u>	<u>1,047,849</u>	<u>-</u>	<u>19,199</u>	<u>2,322,857</u>
Less accumulated depreciation for:					
Improvements	-	3,801			3,801
Equipment	13,354	5,712	-	-	19,066
Vehicles	100,808	24,529	-	17,325	142,662
Infrastructure	23,603	22,886	-	-	46,489
Total accumulated depreciation	<u>137,765</u>	<u>\$ 56,928</u>	<u>\$ -</u>	<u>\$ 17,325</u>	<u>212,018</u>
Total capital assets depreciated, net	<u>1,118,044</u>				<u>2,110,839</u>
Business-type activities capital assets, net	<u>\$ 1,963,868</u>				<u>\$ 3,336,931</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

Discretely Presented Component Units

Capital asset activity for the Greenville County Redevelopment Authority for the year ended June 30, 2010 was as follows:

	<u>Beginning Balances</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balances</u>
Capital assets being depreciated:							
Equipment and vehicles	\$ 434,261	\$	42,887	\$	(31,358)	\$	445,790
Total capital assets being depreciated	<u>434,261</u>		<u>42,887</u>		<u>(31,358)</u>		<u>445,790</u>
Less accumulated depreciation for:							
Equipment and vehicles	193,043		18,976		(31,358)		180,661
Total accumulated depreciation	<u>193,043</u>	\$	<u>23,911</u>	\$	<u>-</u>		<u>180,661</u>
Total capital assets being depreciated, net	\$ <u>241,218</u>					\$	<u>265,129</u>

The Authority is committed under various construction contracts for the completion of various ongoing projects in the amount of \$2,239,139.

Capital asset activity for the Greenville County Library for the year ended June 30, 2010, was as follows:

	<u>Beginning Balances</u>		<u>Additions</u>		<u>Disposals</u>		<u>Transfers/ Adjustments</u>		<u>Ending Balances</u>
Governmental activities									
Capital assets not being depreciated:									
Land	\$ 2,521,278	\$	-	\$	-	\$	-	\$	2,521,278
Art collections	231,342		-		-		-		231,342
Construction in progress	-		-		-		-		-
Total capital assets not depreciated	<u>2,752,620</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>2,752,620</u>
Capital assets being depreciated:									
Land improvements	516,867		-		-		-		516,867
Buildings	33,156,141		-		-		-		33,156,141
Furniture, equipment and vehicles	1,424,076		200,979		(367,220)		-		1,257,835
Library materials	8,183,925		972,138		(1,357,962)		-		7,798,101
Signs	171,796		-		-		-		171,796
Total capital assets being depreciated	<u>43,452,805</u>		<u>1,173,117</u>		<u>(1,725,182)</u>		<u>-</u>		<u>42,900,740</u>
Less accumulated depreciation for:									
Land improvements	280,002		31,486		-		-		311,488
Buildings	5,834,726		778,733		-		-		6,613,459
Furniture and equipment	1,090,877		85,277		(367,220)		-		808,934
Library materials	4,926,849		1,160,211		(1,357,962)		-		4,729,098
Signs	162,378		4,705		-		-		167,083
Total accumulated depreciation	<u>12,294,832</u>	\$	<u>2,060,412</u>	\$	<u>(1,725,182)</u>	\$	<u>-</u>		<u>12,630,062</u>
Total capital assets being depreciated, net	<u>31,157,973</u>								<u>30,270,678</u>
Capital assets, net	\$ <u>33,910,593</u>							\$	<u>33,023,298</u>

Depreciation expense for the Library for the year ended June 30, 2010 was \$2,060,412.

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

B. LIABILITIES

1. Payables

Payables at the government-wide level at June 30, 2010 were as follows:

	Government-wide Financial Statements							
	Fund Financial Statements						Adjustment s to Full- Accrual	Total
	General Fund	Federal and State Grants	Nonmajor Governmental Funds	Total Enterprise Funds	Total			
Payables:								
Accounts and vouchers	\$ 693,617	\$ 990,846	\$ 1,041,155	\$ 828,314	\$ 3,553,932	\$ 160,612	\$ 3,714,544	
Due to others	-	-	670,071	-	670,071	-	670,071	
Accrued payroll and related liabilities	5,260,341	574,788	186,734	245,368	6,267,231	131,396	6,398,627	
Accrued interest	-	-	-	-	-	1,518,676	1,518,676	
Other	<u>1,228,855</u>	<u>1,379</u>	<u>-</u>	<u>263,675</u>	<u>1,493,909</u>	<u>2,770,500</u>	<u>4,264,409</u>	
Total accounts payable and accrued liabilities	\$ <u>7,182,813</u>	\$ <u>1,567,013</u>	\$ <u>1,897,960</u>	\$ <u>1,337,357</u>	\$ <u>11,985,143</u>	\$ <u>4,581,184</u>	\$ <u>16,566,327</u>	

Adjustments to Full-Accrual include \$3,062,508 related to recording internal service funds and \$1,518,676 related to recording accrued interest on long-term debt. Internal service funds predominately serve the governmental funds, but are included in both the governmental and business-type activities on the accompanying government-wide financial statements.

Finally, the Fiduciary fund financial statements include \$3,324,114 due to others and \$9,516 in matured interest payable. These amounts are excluded from the foregoing schedule.

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

All full-time Greenville County employees participate in the South Carolina Retirement System (SCRS) or the South Carolina Police Officers Retirement System (PORS), both of which are cost-sharing multiple employer public employee retirement systems. Both retirement systems offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available by writing the South Carolina Retirement System, P. O. Box 11960, Columbia, SC 29211-1960.

The payroll for employees covered by the SCRS totaled \$48,773,247 and \$47,680,572 for the year ended June 30, 2010 and 2009, while the payroll for PORS covered employees totaled \$32,309,435 and \$31,802,425, respectively. The County's total payroll, which includes some part-time employees not covered under either retirement system, was \$82,743,989. Total employee salaries for the Library for the period ended June 30, 2010 were \$6,031,702 of which \$6,007,922 was for employees covered by SCRS.

All full-time employees are required to participate in the SCRS or PORS and make contributions as a condition of employment. For SCRS participants, a monthly pension benefit is payable to eligible employees at age 65 or upon attaining 28 years of credited service regardless of age, with reduced pension benefits payable as early as age 55. For PORS participants, monthly pension benefits are payable at age 55 with a minimum 5 years service or 25 years credited service regardless of age, with reduced pension benefits payable as early as age 50. Both SCRS and PORS participants are vested for a deferred annuity after 5 years of service. Additionally, employees who are active members participating in SCRS, and are eligible for service retirement, may participate in the Teacher and Employee Retention Incentive (TERI) program. The TERI program allows employees to retire and begin accumulating their retirement benefit on a deferred basis without terminating employment. This option is available to all SCRS employees at the time of retirement and may defer receipt of retirement benefits for up to sixty months. At the end of the TERI period, employees must terminate their employment.

Employees and the County, the Authority, and the Library are required to contribute to the plans at rates established under authority of Title 9 of the Code of Laws. Employee required contributions to the SCRS are 6.5% of salary. The employee required contributions to PORS Class I is \$21.00 per month of salary and PORS Class II is 6.5% of salary. Greenville County is required to contribute to the SCRS at the rate of 9.24% of salaries and the PORS Class I at the rate of 7.8% and Class II at the rate of 10.65%. In addition to the above rates, participating employers of the SCRS contribute 0.15% of payroll to provide a group life insurance benefit for their participants. Participating employers under the PORS also contribute 0.2% of payroll to provide a group life insurance benefit and 0.2% of payroll to provide an accidental death benefit for their participants. The above percentages apply to the three years discussed below.

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

Year ended	Employer		Employee	
	SCRS	PORS	SCRS	PORS
June 30, 2010	\$ 4,579,808	\$ 3,570,193	\$ 3,156,287	\$ 2,100,113
June 30, 2009	4,477,206	3,514,168	3,074,724	2,067,158
June 30, 2008	4,182,389	3,168,378	2,904,299	1,924,715

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

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

	SCRS	
	Employer	Employee
June 30, 2010	\$ 78,532	52,941
June 30, 2009	72,212	50,798
June 30, 2008	66,803	47,927

The Library's contributions to the SCRS for employer and employee portions expressed as a dollar amount and as a percentage of covered payrolls in 2010 were \$555,496 and 9.24% and \$388,835 and 6.50%, respectively, and the Library's contributions to PORS for employer and employee portions expressed as a dollar amount and as a percentage of covered payrolls in 2010 were \$2,752 and 10.65% and \$1,679 and 6.50%, respectively.

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

	SCRS	
	Employer	Employee
June 30, 2010	\$ 555,496	388,835
June 30, 2009	520,238	363,037
June 30, 2008	484,158	341,386

The Library's contributions to the SCRS and PORS provide a group life insurance benefit for their participants. The contribution expressed as a dollar amount and as a percentage of covered payroll was \$8,973 and 0.06% of annual earnings.

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

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

b. Post Employment Benefits Other Than Pensions

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

Medical/Prescription Drug

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

Dental

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

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

Life Insurance

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

Required Monthly Contributions

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

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

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

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

Annual OPEB Cost and Net OPEB Obligation: The County of Greenville’s annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County of Greenville’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes on the County of Greenville’s net OPEB obligation to the postemployment benefit plan:

Normal cost	\$ 470,000
Interest on normal cost	21,000
Amortization payment	446,000
Interest on amortization payment	<u>20,000</u>
Annual Required Contribution	957,000
Interest on Net OPEB Obligation	44,000
Adjustment to Annual Required Contribution	<u>(37,000)</u>
Annual OPEB cost (expense)	964,000
Contributions and payments made	<u>(548,000)</u>
Increase in Net OPEB Obligation	416,000
Net OPEB Obligation – July 1, 2009	<u>971,000</u>
Net OPEB Obligation – June 30, 2010	<u>\$ 1,387,000</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

The County of Greenville’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$964,000	57%	\$1,387,000
June 30, 2009	\$781,000	35%	\$971,000
June 30, 2008	\$737,000	29%	\$465,000

Funded Status and Funding Progress: As of July 1, 2009, the plan was 0% funded. The actuarial accrued liability for benefits was \$11,690,000, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$11,690,000.

OPEB Funding Status and Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Payroll (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2007	\$ -	\$ 8,458,000	\$ 8,458,000	0.0%	\$75,022,395	11.3%
July 1, 2008	-	8,900,000	8,900,000	0.0%	79,482,997	11.2%
July 1, 2009	-	11,690,000	11,690,000	0.0%	81,082,682	14.4%

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

In the July 1, 2009 actuarial valuation (the most recent valuation), projected unit credit method was used. The actuarial assumptions included a 4.5% investment rate of return which is based on the expected long term investment return of the employer’s own investments used to pay plan benefits and an annual healthcare cost trend rate of 11% reduced by decrements of .5% to an ultimate rate of 5%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization of UAAL is done over a period of thirty years.

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

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

cost for the year, the amount actually contributed to the plan, and the changes on the Library's net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	\$ 96,000
Interest on Net OPEB Obligation	3,000
Adjustment to Annual Required Contribution	<u>(2,000)</u>
Annual OPEB Cost (Expense)	97,000
Contributions and payments made	<u>(94,000)</u>
Increase in Net OPEB Obligation	3,000
 Net OPEB Obligation – July 1, 2009	 <u>51,000</u>
Net OPEB Obligation – June 30, 2010	\$ <u>54,000</u>

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$97,000	97%	\$54,000
June 30, 2009	\$93,000	55%	\$51,000
June 30, 2008	\$89,000	36%	\$32,000

Funded Status and Funding Progress: As of July 1, 2009, the most recent valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$1,135,000, and the actuarial value of assets is zero resulting in an unfunded actuarial liability (UAAL) of \$1,135,000.

3. Closure and Postclosure Care Costs – Solid Waste Landfills

On October 9, 1991, Federal regulations issued by the Environmental Protection Agency (EPA) placed specific requirements pertaining to the closing of municipal solid waste landfills as well as postclosure maintenance for a period of thirty years after closure. The \$4.7 million liability reported as landfill closure and postclosure represents total costs to date, as of June 30, 2010. Actual cost for closure and postclosure care may vary due to inflation, developments in technology, or changes in laws and regulations. The following table shows the landfills, which Greenville County owns, and the remaining number of years, out of thirty, each has to be maintained in accordance with the 1991 EPA ruling.

Landfill	Postclosure Years Remaining	% Used	Open/ Close Year	Closure/ Postclosure Costs
Enoree Phase I	14	100	1994	\$ 1,198,000
Enoree Phase II	28	100	2007	1,280,046
Enoree C & D	29	100	2007	319,000
Blackberry Valley	7	100	1987	602,000
Piedmont I & II	1	100	1979	10,000
Piedmont III	11	100	1991	242,000
Simpsonville	1	100	1976	28,000
Twin Chimneys Unit 1	30	21	2007	972,408
Twin Chimneys C & D	30	5	2007	54,473
				\$ <u>4,705,927</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

4. Deferred / Unearned Revenues

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

Primary Government

	Deferred Revenue	Unearned Revenue
Taxes receivable, net (General)	\$ 8,155,000	\$ -
Taxes receivable, net (Special Revenue)	515,000	-
Taxes receivable and deposits received, net (Debt Service)	710,000	-
Grants received, unspent (Special Revenue)	1,621,553	1,621,553
Total	<u>\$ 11,001,553</u>	<u>\$ 1,621,553</u>

Greenville County Redevelopment Authority

	Deferred Revenue	Unearned Revenue
Greenville County Redevelopment Authority	\$ 325,000	\$ -

Greenville County Library System

	Deferred Revenue	Unearned Revenue
Grants-General fund	\$ -	\$ -
Property taxes- General fund	1,067,466	-
Property taxes- Capital projects fund	228,306	-
Total	<u>\$ 1,295,772</u>	<u>\$ -</u>

5. Risk Management

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

The County expended \$21,234,233 for medical and dental claims in fiscal year 2010. The basis for estimating claims not reported at year-end is the monthly average paid in claims. The self-insurance fund collects interfund premiums from insured funds and departments and pays claim settlements. Premiums for employees are based on maximum claim level activity and all other premiums in the fund are based on the expected claim level as provided by the actuarial estimate by the reinsurer. Medical claims exceeding \$300,000 per insured are covered through a private insurance carrier.

The self-insurance program for workers' compensation is also accounted for within the activity of the Internal Service Fund. The Workers' Compensation program serves personnel of Greenville County. The County has contracted with a professional firm to administer this fund. Claims paid during fiscal year 2010 totaled \$1,095,087. IBNR (Incurred But Not Reported) at year-end was shown to be \$1,850,000 according to an analysis

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

of the fund. Premium increases and decreases for both programs are reviewed and recommended annually by the County's contract administrators.

The table below shows the reconciliation of unpaid claims for fiscal year ended June 30, 2010:

	Workers' Compensation		Health and Dental	
	Year Ended June 30, 2010	Year Ended June 30, 2009	Year Ended June 30, 2010	Year Ended June 30, 2009
Unpaid claims, beginning of year	\$ 1,850,000	\$ 1,820,000	\$ 1,600,000	\$ 1,400,000
Claim payments	(1,095,087)	(1,075,654)	(21,234,233)	(20,176,301)
Incurred claims (including IBNR)	1,095,087	1,105,654	21,234,233	20,376,301
Unpaid claims, end of year	\$ 1,850,000	\$ 1,850,000	\$ 1,600,000	\$ 1,600,000
Current Portion	\$ 1,202,500	\$ 1,202,500	\$ 1,568,000	\$ 1,568,000

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

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

The Library participates in the County's health insurance program to provide medical and dental coverage to its full-time employees. Payments are remitted to the County on a monthly basis based on the number of employees participating. In 2010, \$1,263,486 was remitted to the County. The Library also has a purchased workers' compensation policy that is handled by a third-party administrator for a fee based on the salaries of employees employed during the year.

6. Contingent Liabilities

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

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

The Authority has guaranteed a \$300,000 line of credit borrowed by a related party. In the event the party should default, the Authority will receive all of the assets of the related entity.

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

7. Long-Term Obligations

a. Changes in Long-term Obligations

The following is a summary of the changes in the County's long-term obligations as of June 30, 2010:

Governmental Activities:	General Obligation Bonds	Certificates of Participation	Special Source Revenue Bonds	Debt Security Deposit Agreement	Capital Lease Payable	Compensated Absences Payable	Total
Balance at June 30, 2009	\$ 72,150,000	\$ 71,000,000	\$ 24,815,000	\$ 956,630	\$ 2,364,856	\$ 5,947,788	\$ 177,234,274
Additions	-	-	-	-	750,000	4,285,882	5,035,882
Adjustments	-	-	-	-	-	-	-
Retirements	(4,110,000)	(5,640,000)	(2,015,000)	(80,570)	(708,015)	(4,744,328)	(17,297,913)
Balance at June 30, 2010	<u>\$ 68,040,000</u>	<u>\$ 65,360,000</u>	<u>\$ 22,800,000</u>	<u>\$ 876,060</u>	<u>\$ 2,406,841</u>	<u>\$ 5,489,342</u>	<u>\$ 164,972,243</u>
Current Portion of Long-term Obligations	<u>\$ 4,245,000</u>	<u>\$ 5,860,000</u>	<u>\$ 2,100,000</u>	<u>\$ 80,570</u>	<u>\$ 833,438</u>	<u>\$ 549,333</u>	<u>\$ 13,668,341</u>

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

	Accrued Closure and Postclosure Costs	Compensated Absences Payable	Total
Business-type activities:			
Balance at June 30, 2009	\$ 4,563,803	\$ 126,169	\$ 4,689,972
Additions	300,624	93,071	393,695
Retirements	(158,500)	(85,261)	(243,761)
Balance at June 30, 2010	<u>\$ 4,705,927</u>	<u>\$ 133,979</u>	<u>\$ 4,839,906</u>
Current portion of Long-term Obligations	<u>\$ 253,182</u>	<u>\$ -</u>	<u>\$ 253,182</u>

In prior years, the County defeased several outstanding debt issues by issuing new debt, and has deposited with escrow agents in irrevocable trusts amounts sufficient to meet the debt service requirements of these bonds. For financial reporting purposes, the trust account assets and the liabilities for the in-substance defeased bonds are not part of the financial statements. Debt considered defeased consists of the following as of June 30, 2010:

Governmental activities:	
General obligation bond, series 2002, Greenville Tech (pays 2012)	\$ 3,980,000
General obligation bond, series 2001, Infrastructure (pays 2011)	3,670,000
Special Source Revenue Bond, series 2001, Roads Project (pays 2011)	<u>3,865,000</u>
Balance at June 30, 2010	<u>\$ 11,515,000</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

b. General Obligation Bonds

General obligation bonds payable at June 30, 2010 are comprised of the following individual issues:

\$6,915,000 (1999 General Purpose serial bonds, Greenville County Facilities; due in annual installments of \$515,000 through April 1, 2011; interest at 5%) <i>Bond# A54</i>	\$ 515,000
\$6,100,000 (2001 General Purpose serial bonds, Roads, Bridges and other Infrastructure Improvements; due in annual installments of \$285,000 through April 1, 2011; interest at 4.7%; partially refunded with GOB, Series 2004A) <i>Bond# A56</i>	285,000
\$7,935,000 (2002 General Purpose serial bonds partially refunded with 2005A GOB; Greenville Technical College; payments due in annual installments of \$235,000 to \$245,000 through April 1, 2012; interest at 4%) <i>Bond# A57</i>	480,000
\$7,570,000 (2002 General Purpose serial bonds, Road Improvements; due in annual installments of \$380,000 to \$480,000 through April 1, 2022; interest at 3.5% to 4.63%) <i>Bond# A58</i>	4,840,000
\$16,660,000 (2004 General Purpose serial bonds, Library, due in annual installments of \$810,000 to \$1,350,000 through April 1, 2025; interest at 3.0% to 4.75%) <i>Bond# A59</i>	15,500,000
\$4,000,000 (2004A General Obligation Refunding Bonds, Roads, due in annual installments of \$35,000 to \$445,000 through April 1, 2021; interest at 3% to 5%) <i>Bond# A60</i>	3,840,000
\$11,565,000 (2005 General Obligation Bonds, Greenville Technical College, due in annual installments of \$470,000 to \$805,000 through April 1, 2026; interest at 3.5% to 4.4%) <i>Bond# A61</i>	9,805,000
\$7,430,000 (2005A General Obligation Bonds, Greenville Technical College, due in annual installments of \$300,000 to \$700,000 through April 1, 2024; interest at 3.5% to 4.125%) <i>Bond# A62</i>	6,640,000
\$5,065,000 (2005B General Obligation Bonds, Road Improvements; due in annual installments of \$300,000 to \$425,000 through April 1, 2021; interest at 3.75% to 4.125%) <i>Bond# A63</i>	3,945,000
\$10,085,000 (2006 General Obligation Bonds, Road Improvements; due in annual installments of \$385,000 to \$715,000 through April 1, 2027; interest at 4% to 5%) <i>Bond# A64</i>	9,000,000
\$4,200,000 (2007 General Obligation Bonds, Greenville Technical College Building Project; due in annual installments of \$155,000 to \$300,000 through April 1, 2028; interest at 4% to 4.5%) <i>Bond# A65</i>	3,915,000
\$10,000,000 (2008C General Obligation Bonds, Road Improvements, due in annual installments of \$375,000 to \$715,000 through April 1, 2028; interest at 3% to 5%) <i>Bond# A66</i>	9,275,000
	<u>\$ 68,040,000</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

In fiscal year 2010, Greenville County completed debt service payments for the general obligation bond, series 2002 which provided funding for the Library.

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

Year Ending June 30	Principal	Interest	Total
2011	\$ 4,245,000	\$ 2,783,828	\$ 7,028,828
2012	3,840,000	2,624,326	6,464,326
2013	3,885,000	2,482,332	6,367,332
2014	4,025,000	2,332,234	6,357,234
2015	4,170,000	2,171,859	6,341,859
2016-2020	22,480,000	8,247,180	30,727,180
2021-2025	20,275,000	3,609,394	23,884,394
2026-2028	5,120,000	383,368	5,503,368
	<u>\$ 68,040,000</u>	<u>\$ 24,634,522</u>	<u>\$ 92,674,522</u>

At June 30, 2010, 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, 2010, the County was within the limits of this requirement. (Refer to the statistical section.)

c. Certificates of Participation

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

	<u>Governmental Activities</u>		
Year Ending June 30	Principal	Interest	Total
2011	\$ 5,860,000	\$ 2,948,302	\$ 8,808,302
2012	6,110,000	2,700,692	8,810,692
2013	4,640,000	2,463,069	7,103,069
2014	4,840,000	2,262,179	7,102,179
2015	5,045,000	2,058,041	7,103,041
2016-2020	20,795,000	6,862,586	27,657,586
2021-2025	10,470,000	3,478,350	13,948,350
2026-2028	7,600,000	772,500	8,372,500
	<u>\$ 65,360,000</u>	<u>\$ 23,545,719</u>	<u>\$ 88,905,719</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

Individual Issuances

COPS #4

In February 1999, the County issued \$12,575,000 Series 1998 Refunding Certificates of Participation (Greenville Technical College Project), interest rate 4.15% to 5.03%, to partially refund 1995 Certificates of Participation. Interest is payable semi-annually on April 1 and October 1 of each year commencing April 1, 1999. The annual requirements to amortize the County's series 1998 Certificates of Participation are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 785,000	\$ 404,850	\$ 1,189,850
2012	820,000	370,310	1,190,310
2013	860,000	333,410	1,193,410
2014	895,000	293,850	1,188,850
2015	940,000	251,337	1,191,337
2016	985,000	206,688	1,191,688
2017	1,035,000	157,438	1,192,438
2018	1,085,000	105,688	1,190,688
2019	1,140,000	54,150	1,194,150
	<u>\$ 8,545,000</u>	<u>\$ 2,177,721</u>	<u>\$ 10,722,721</u>

COPS #6

In April 2001, the County issued \$13,380,000 Series 2001 Refunding Certificates of Participation (Courthouse Project), interest 4.10% to 5.00%, to advance refund a portion of the 1995 Certificates of Participation. Interest is payable semi-annually on April 1 and October 1 of each year commencing October 1, 2001 until the 2001 Certificates mature. The annual requirements to amortize the County's 2001 refunding series COPS are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 1,290,000	\$ 487,510	\$ 1,777,510
2012	1,345,000	432,040	1,777,040
2013	1,405,000	371,515	1,776,515
2014	1,475,000	306,885	1,781,885
2015	1,540,000	237,560	1,777,560
2016	1,610,000	163,640	1,773,640
2017	1,695,000	84,750	1,779,750
	<u>\$ 10,360,000</u>	<u>\$ 2,083,900</u>	<u>\$ 12,443,900</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

COPS #8

In January 2005, Greenville County issued \$13,290,000 Series 2005 Refunding Certificates of Participation (Courthouse Project and Detention Center Facilities Project), interest 3% to 3.5%, to refund the outstanding 1995 Certificates of Participation. The proceeds of the 2005 Certificates will be used to refund all of the outstanding 1995 Certificates, except for those due on April 1, 2005. The 1995 Certificates of Participation were used to refund a portion of the Certificates of Participation Series 1991 which were issued to pay for the costs of certain detention facilities and to provide funds to renovate the County's courthouse facilities. The annual requirements to amortize the County's 2005 refunding series COPS are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 1,565,000	\$ 135,135	\$ 1,700,135
2012	1,650,000	56,885	1,706,885
	<u>\$ 3,215,000</u>	<u>\$ 192,020</u>	<u>\$ 3,407,020</u>

COPS #5

In February 2005, the County issued \$11,740,000 Series 2005 Refunding Certificates of Participation (University Center Project), interest rate 2.5% to 5%, to advance refund a portion of the 1999A Certificates of Participation and a portion of the 1999B Certificates of Participation. The Series 1999 Certificates were issued to provide funds to acquire, construct and equip certain classroom and laboratory facilities for the University Center (an association of institutions of higher learning). Interest on the Series 2005 Certificates is payable on each April 1 and October 1 commencing October 1, 2005. The annual requirements to amortize the County's 2005 University Center refunding series COPS are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 945,000	\$ 403,838	\$ 1,348,838
2012	970,000	375,488	1,345,488
2013	1,000,000	345,175	1,345,175
2014	1,040,000	303,475	1,343,475
2015	1,075,000	268,375	1,343,375
2016	1,120,000	225,375	1,345,375
2017	1,180,000	169,375	1,349,375
2018	1,230,000	110,375	1,340,375
2019	1,285,000	64,250	1,349,250
	<u>\$ 9,845,000</u>	<u>\$ 2,265,726</u>	<u>\$ 12,110,726</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

COPS #9

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

Year Ending June 30	Principal	Interest	Total
2011	\$ 1,275,000	\$ 1,516,969	\$ 2,791,969
2012	1,325,000	1,465,969	2,790,969
2013	1,375,000	1,412,969	2,787,969
2014	1,430,000	1,357,969	2,787,969
2015	1,490,000	1,300,769	2,790,769
2016	1,555,000	1,236,169	2,791,169
2017	1,615,000	1,173,969	2,788,969
2018	1,680,000	1,109,369	2,789,369
2019	1,755,000	1,037,969	2,792,969
2020	1,825,000	963,381	2,788,381
2021	1,910,000	881,256	2,791,256
2022	1,995,000	795,306	2,790,306
2023	2,085,000	703,038	2,788,038
2024	2,185,000	604,000	2,789,000
2025	2,295,000	494,750	2,789,750
2026	2,410,000	380,000	2,790,000
2027	2,530,000	259,500	2,789,500
2028	2,660,000	133,000	2,793,000
	<u>\$ 33,395,000</u>	<u>\$ 16,826,352</u>	<u>\$ 50,221,352</u>

d. Special Source Revenue Bonds

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2011	\$ 2,100,000	\$ 989,634	\$ 3,089,634
2012	2,210,000	894,989	3,104,989
2013	1,645,000	794,159	2,439,159
2014	1,755,000	724,951	2,479,951
2015	1,865,000	650,461	2,515,461
2016-2020	9,505,000	1,976,908	11,481,908
2021-2023	3,720,000	314,884	4,034,884
	<u>\$ 22,800,000</u>	<u>\$ 6,345,986</u>	<u>\$ 29,145,986</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

Individual Issuances

SSRB #8

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

Year Ending June 30	Principal	Interest	Total
2011	\$ 320,000	\$ 272,519	592,519
2012	640,000	261,319	901,319
2013	665,000	237,319	902,319
2014	690,000	212,381	902,381
2015	715,000	186,506	901,506
2016	740,000	160,588	900,588
2017	765,000	132,838	897,838
2018	800,000	103,194	903,194
2019	830,000	71,194	901,194
2020	460,000	37,994	497,994
2021	475,000	19,594	494,594
	<u>\$ 7,100,000</u>	<u>\$ 1,695,446</u>	<u>\$ 8,795,446</u>

SSRB #7

In October 2003, Greenville County issued \$8,990,000 Series 2003 Special Source Revenue Bonds, interest 2% to 4.5%. Proceeds of the Series 2003 Bonds are issued to finance the costs of constructing certain roads, bridges and such other infrastructure as permitted. Interest on the Series 2003 Bonds is payable initially on April 1, 2004, and semi-annually on each April 1 and October 1 thereafter until maturity or early redemption. The annual requirements to amortize the 2003 Special Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 175,000	\$ 338,060	\$ 513,060
2012	195,000	332,460	527,460
2013	250,000	325,830	575,830
2014	300,000	317,080	617,080
2015	350,000	306,205	656,205
2016	400,000	292,905	692,905
2017	450,000	276,905	726,905
2018	700,000	258,905	958,905
2019	1,000,000	230,205	1,230,205
2020	1,005,000	188,205	1,193,205
2021	1,035,000	144,990	1,179,990
2022	1,080,000	99,450	1,179,450
2023	1,130,000	50,850	1,180,850
	<u>\$ 8,070,000</u>	<u>\$ 3,162,050</u>	<u>\$ 11,232,050</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

SSRB #5

In October 2001, the County issued \$6,265,000 in Special Source Revenue Bonds Series 2001, interest 3% to 5.5%, to provide funding for the construction of certain roads, bridges and such other infrastructure as permitted (Roads Improvement Project). Interest is payable semi-annually on April 1 and October 1 of each year commencing April 1, 2002, until the Series 2001 Bonds mature. The annual requirements to amortize the 2001 Special Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 295,000	\$ 12,390	\$ 307,390
	<u>\$ 295,000</u>	<u>\$ 12,390</u>	<u>\$ 307,390</u>

SSRB #3

In July 1998, the County issued \$8,315,000 in Special Source Revenue Bonds, interest 4% to 5%, to provide funding for construction of county roads and bridges, completion of the County's radio communication system, the extension of and improvements to the Donaldson Industrial Park's runways and taxiways and such other infrastructure as permitted. Interest is payable semi-annually on April 1 and October 1 of each year commencing April 1, 1999, until the Bonds mature. The annual requirements to amortize the County's series 1998 Special Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 445,000	\$ 207,495	\$ 652,495
2012	465,000	186,580	651,580
2013	490,000	164,260	654,260
2014	510,000	140,740	650,740
2015	535,000	115,750	650,750
2016	565,000	89,000	654,000
2017	595,000	60,750	655,750
2018	620,000	31,000	651,000
	<u>\$ 4,225,000</u>	<u>\$ 995,575</u>	<u>\$ 5,220,575</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

SSRB #2

In September 1997, the County issued \$3,860,000 Series 1997 Special Source Revenue Bonds, interest rate 3.75% to 5%, to provide funding for the construction of certain county roads, bridges and such other infrastructure as permitted. Interest is payable semi-annually on April 1 and October 1 of each year commencing April 1, 1998, until the 1997 Bonds mature. The annual requirements to amortize the County's series 1997 Special Source Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 220,000	\$ 89,250	\$ 309,250
2012	230,000	78,250	308,250
2013	240,000	66,750	306,750
2014	255,000	54,750	309,750
2015	265,000	42,000	307,000
2016	280,000	28,750	308,750
2017	295,000	14,475	309,475
	<u>\$ 1,785,000</u>	<u>\$ 374,225</u>	<u>\$ 2,159,225</u>

SSRB #1

In December 1996, the County issued \$7,805,000 Series 1996 Special Source Revenue Bonds, interest 3.6% to 5.35%, to provide funding for the constructing and equipping of certain parking facilities of the County in downtown Greenville, South Carolina, and acquiring a communications system to enhance public safety services in all areas of the County. Interest is payable semi-annually on April 1 and October 1 of each year commencing April 1, 1997, until the 1996 Bonds mature. The annual requirements to amortize the County's series 1996 Special Source Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 645,000	\$ 69,920	\$ 714,920
2012	680,000	36,380	716,380
	<u>\$ 1,325,000</u>	<u>\$ 106,300</u>	<u>\$ 1,431,300</u>

e. Capital Lease Payable

Greenville County's capital leases payable are a culmination of various contracts with a broad range of terms for machinery and equipment. In 1997, the County adopted a Master Lease Agreement. A total of fourteen leases have been issued under the Master Lease Agreement, thirteen of which were for the acquisition of vehicles and heavy equipment. Of the fourteen issued, three remain outstanding. The annual requirements to amortize capital lease agreements outstanding as of June 30, 2010 are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2011	\$ 833,438	\$ 80,136	\$ 913,574
2012	680,858	49,455	730,313
2013	490,961	25,962	516,923
2014	224,948	11,953	236,901
2015	107,973	5,707	113,680
2016-2017	68,663	2,161	70,824
	<u>\$ 2,406,841</u>	<u>\$ 175,374</u>	<u>\$ 2,582,215</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

Assets acquired under capital leases recorded in the accompanying government-wide statement of net assets at June 30, 2010 were as follows: Vehicles and Equipment \$15,350,285. Accumulated depreciation associated with these assets is approximately \$12,105,695 resulting in net assets of approximately \$3,244,590.

f. Debt Security Deposit Agreement

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

g. Industrial Revenue Bonds

Greenville County issues limited-obligation revenue bonds (Industrial Revenue Bonds) to private sector entities for the purpose of providing financing assistance for acquisitions and construction of industrial and/or commercial facilities. The County only extends Industrial Revenue Bonds to private sector entities that are public interest driven. Upon full repayment of the bonds, Greenville County transfers ownership of the facilities to the designated private sector entity. Under no circumstances would Greenville County, the state, or any subdivision be obligated to repay the bonds. All Industrial Revenue Bonds are omitted from the accompanying financial statements. As of June 30, 2010, there were 21 Industrial Revenue Bonds outstanding, with an estimated principal payable of \$507,359,000.

h. Long-term Obligations (The Library)

The following is a summary of changes in long-term obligations at the government-wide level for the year ended June 30, 2010:

<u>Long-term Obligations</u>	<u>Accrued General Leave</u>
Balance at July 1, 2009	\$ 231,252
Additions to general leave	378,759
Retirements	<u>(231,252)</u>
	378,579
Less: current portion	<u>(118,654)</u>
Balance at June 30, 2010	<u>\$ 260,105</u>

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

i. Long-Term Obligations (The Authority)

The following is a summary of the changes in long-term obligations at the government-wide level for the year ended June 30, 2010:

		Accrued General Leave
Balance at July 1, 2009	\$	<u>46,529</u>
Net change in compensated absences		<u>3,481</u>
Balance at June 30, 2010		<u>50,010</u>
Current portion of long-term obligation	\$	<u><u>28,170</u></u>

C. Interfund Balances and Activity

		<u>Payable Fund</u>			
			Non-major		
		Federal and State Grant Fund	Enterprise	Governmental Funds	Total
<u>Receivable Fund</u>					
General Fund	\$	-	\$ 5,951,790	\$ 969,443	\$ 6,921,233
Enterprise		<u>377,876</u>	-	-	<u>377,876</u>
	\$	<u>377,876</u>	\$ 5,951,790	\$ 969,443	\$ <u>7,299,109</u>

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

		<u>Transfers In:</u>			
			Federal and State Grants Fund	Nonmajor Governmental Funds	Total
<u>Transfers out:</u>		General Fund			
General fund	\$	-	\$181,858	\$ 6,800,000	\$ 6,981,858
Nonmajor governmental		<u>7,224,000</u>	-	<u>13,970,450</u>	<u>21,194,450</u>
		<u>\$7,224,000</u>	<u>\$181,858</u>	<u>\$20,770,450</u>	<u>\$ 28,176,308</u>

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

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

D. Fund Deficits

The financial statements reflect negative fund balances as follows: Real Property (\$51,124), Victim's Bill of Rights (\$61,713) and Capital Leases (\$962,398). The County is developing a plan to make these funds solvent in the future.

E. Commitments Under Operating Leases

The County has commitments for periodic payments under various equipment and office space leases, various landfill leases, equipment maintenance agreements and data processing service contracts. All the agreements are cancelable or have remaining terms of less than one year. During the year ended June 30, 2010, total expenditures under these agreements amounted to \$3,279,113.

The Authority leases office space and certain equipment under noncancelable operating leases. The Authority renewed its lease agreement for office space through June, 2012. Lease expense under noncancelable leases for the year ended June 30, 2010 was \$76,860.

F. Designation of Fund Balance

Financial policy - These funds are set aside, in the general fund, as a contingency to utilize during short periods of economic decline and to meet emergency conditions and to secure and maintain the "AAA" County credit rating and to meet seasonal cash flow shortfalls. The County's financial policy sets the designated funds to be 2% of the general fund current revenues.

G. Economic Dependency

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

H. Contingent Liabilities

Federal and State Assisted Programs

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

I. Prior Period Adjustment

The County entered into a grant agreement with the Federal Emergency Management Agency (FEMA) regarding the purchase of certain properties in connection with the County's Flood Mitigation Program. During fiscal year 2009, the properties purchased were recorded on the stormwater fund but should have been recorded as part of the special revenue fund. The net assets at June 30, 2009 for the stormwater fund were previously reported as \$12,632,926. A prior period adjustment of \$377,876 was recorded to arrive at restated net assets of \$13,010,802 for the stormwater fund at June 30, 2009.

During fiscal year 2010, it was discovered that taxes receivable and due to other taxing units were overstated by \$11,762,378 at June 30, 2009 as reported in the Agency funds.

GREENVILLE COUNTY, SOUTH CAROLINA

Notes to the Financial Statements

J. Subsequent Events

In August 2010, the County issued \$14,680,000 in Certificates of Participation, series 2010, to provide funding for certain hospitality tax tourism projects in Greenville County. Interest and principal are payable semi-annually beginning in April 2011.

In October 2010, the County issued \$8,290,000 in Refunding Certificates of Participation, series 2010, to refund the remaining portion of Greenville Technical College Certificates of Participation, series 1998. Additionally, in October 2010, the County issued \$6,770,000 in Refunding Special Source Revenue Bonds, series 2010, to refund the remaining portions of outstanding debt for Special Source Revenue Bonds, series 1996, series 1997 and series 1998.