

Greenville County, South Carolina

Management's Discussion and Analysis

June 30, 2015

This discussion and analysis of Greenville County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements, financial statements, statistical section and single audit section to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- ⇒ The assets and deferred outflows of resources of Greenville County primary government exceeded its liabilities at the close of the current fiscal year by \$336,468,127 compared to \$499,570,167 for fiscal year 2014. The net position in the governmental activities decreased from \$465,794,953 in 2014 to \$305,719,866 in 2015. The net position in the business-type activities decreased from \$33,775,214 in 2014 to \$30,748,261 in 2015. The decrease in net position for the primary government is mostly due to the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions: an amendment of GASB Statement No. 27" which led to a total decrease in net position of \$168,813,646.
- ⇒ Following the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions: an amendment of GASB Statement No. 27" and the restatement of beginning net position, Greenville County's total net position for the primary government increased by \$5,711,606 due to an increase of \$4,224,507 in net position in the governmental activities and an increase of \$1,487,099 in the business-type activities.
- ⇒ As of the close of the current fiscal year, Greenville County's governmental funds reported combined ending fund balances of \$111,846,947 as compared to \$111,237,904 for fiscal year 2014 resulting in an increase of \$609,043. Less than 1.48 percent of the total fund balance, or \$1,658,985, is restricted for future debt service. Outstanding encumbrances reported in assigned fund balance were \$1,461,648, or 1.3 percent of total fund balance. Nonspendable fund balance consists of prepaid items of \$413,244, or 0.37 percent of total fund balance, land held for resale of \$3,192,000, or .37 percent of total fund balance and long-term receivables of \$113,198, or 0.10 percent of the total fund balance. Approximately 36 percent, or \$40,047,652 is *available for spending* at the discretion of the County (*unassigned fund balance*). However, approximately 2 percent, or \$2,750,931 of the *committed fund balance* has been designated as a contingency to utilize during emergency situations in accordance with the County's current financial policies. About 5 percent, or \$5,879,241, of the total combined fund balance is committed for capital projects and 2 percent, or \$1,834,358 is committed for federal and state grants. Parks, Recreation & Tourism makes up \$6,001,059 of the committed fund balance.
- ⇒ At the end of the current fiscal year, *unassigned fund balance* for Greenville County's General Fund was \$49,773,062 or 35 percent of total general fund expenditures. The *unassigned fund balance* is available for spending at the discretion of the County. Approximately 13 percent of general fund balance, or \$7,541,867, is *nonspendable, committed or assigned*.
- ⇒ Greenville County maintained its triple A bond rating that was assigned in 1999.

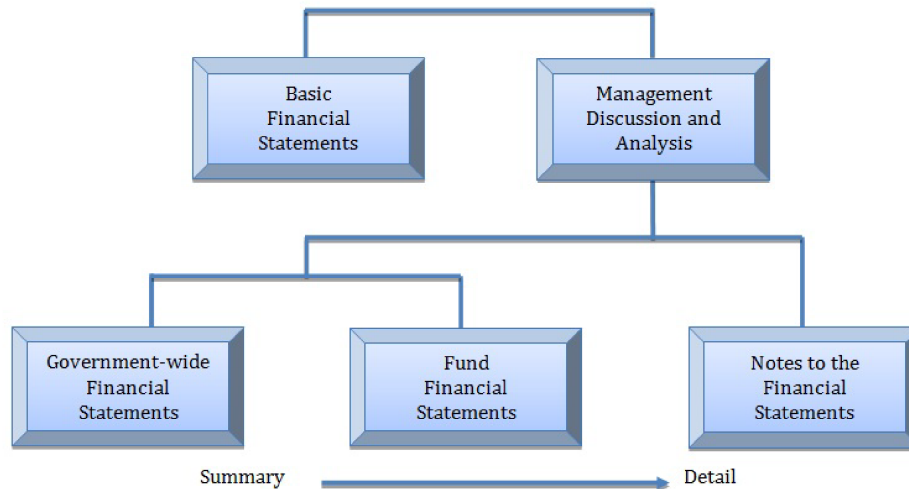
Overview of the Financial Statements

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

Greenville County, South Carolina
Management's Discussion and Analysis
June 30, 2015

Required Components of Annual Financial Report

Figure 1



Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Greenville County’s finances, in a manner similar to a private-sector business.

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

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

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

Both of the government-wide financial statements distinguish functions of Greenville County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Greenville County include general government, public safety, highways and streets, economic development, judicial services, health and welfare, and culture and recreation. The business type activities include solid waste disposal, storm water quality control and a parking garage. The government-wide financial statements begin on page 22 of this report.

Greenville County, South Carolina
Management's Discussion and Analysis
June 30, 2015

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of Greenville County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

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

As required, Greenville County adopts an annual budget for its General Fund. The budget is a legally adopted document of County services and financing. The budget incorporates input from the citizens of the County, the management of the County, and County Council. It authorizes the County to obtain funds from identified sources to finance current period activities. The budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget ordinance. Additionally, budget comparisons for all major funds has been presented as part of the basic financial statements to demonstrate compliance with its legally adopted budgets. The basic governmental fund financial statements begin on page 26 of this report.

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources are not available to support the County's operations. Greenville County has one fiduciary fund, an Agency Fund, used to account for tax revenues.

Greenville County, South Carolina
Management's Discussion and Analysis
June 30, 2015

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 38 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*, as well as, *required supplementary information* concerning Greenville County's general obligation and overlapping debt, other post-employment benefits and budget to actual schedules. Supplementary information and required supplementary information can be found beginning on page 93 of this report. Additional trend information about Greenville County can be found in the Statistical Section of the report and information about federal grants can be found in the Single Audit Section.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial position. The assets and deferred outflows of resources of Greenville County governmental activities exceeded liabilities for the governmental activities by \$305,719,866 at June 30, 2015 and by \$465,794,953 at June 30, 2014.

By far the largest portion, \$440,553,010 or 144 percent of net position reflects the County's investment in capital assets (e.g. land, buildings, machinery, equipment, vehicles and infrastructure), less any related debt still outstanding that was issued to acquire those items. Greenville County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Greenville County Net Position

(Recapped)

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current and other assets | \$ 138,947,842 | \$ 142,018,644 | \$ 17,372,529 | \$ 16,781,662 | \$ 156,320,371 | \$ 158,800,306 |
| Capital assets | 507,682,071 | 512,111,305 | 24,851,078 | 23,456,001 | 532,533,149 | 535,567,306 |
| Total assets | 646,629,913 | 654,129,949 | 42,223,607 | 40,237,663 | 688,853,520 | 694,367,612 |
| Deferred outflow - unamortized amount on refundings | 6,143,546 | 2,594,502 | - | - | 6,143,546 | 2,594,502 |
| Deferred outflow - pensions | 16,062,164 | - | 441,300 | - | 16,503,464 | - |
| Total assets and deferred outflows of resources | 668,835,623 | 656,724,451 | 42,664,907 | 40,237,663 | 711,500,530 | 696,962,114 |
| Other liabilities | 14,607,863 | 14,325,378 | 432,329 | 969,915 | 15,040,192 | 15,295,293 |
| Long-term liabilities | 332,780,957 | 176,604,120 | 11,052,227 | 5,492,534 | 343,833,184 | 182,096,654 |
| Total liabilities | 347,388,820 | 190,929,498 | 11,484,556 | 6,462,449 | 358,873,376 | 197,391,947 |
| Deferred inflow - pensions | 15,726,937 | - | 432,090 | - | 16,159,027 | - |
| Total liabilities and deferred inflows of resources | 363,115,757 | 190,929,498 | 11,916,646 | 6,462,449 | 375,032,403 | 197,391,947 |
| Net Investment in Capital Assets | 440,553,010 | 440,232,747 | 24,851,078 | 23,456,001 | 465,404,088 | 463,688,748 |
| Restricted | 44,343,938 | 42,804,124 | - | - | 44,343,938 | 42,804,124 |
| Unrestricted (Deficit) | (179,177,082) | (17,241,918) | 5,897,183 | 10,319,213 | (173,279,899) | (6,922,705) |
| Total net position | \$ 305,719,866 | \$ 465,794,953 | \$ 30,748,261 | \$ 33,775,214 | \$ 336,468,127 | \$ 499,570,167 |

Greenville County, South Carolina
Management's Discussion and Analysis
June 30, 2015

Greenville County Changes in Net Position

(Recapped)

| | Governmental Activities | | Business-Type Activities | | Totals | |
|-------------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 43,600,095 | \$ 44,406,889 | \$ 14,033,869 | \$ 14,326,444 | \$ 57,633,964 | \$ 58,733,333 |
| Operating grants and contributions | 18,394,622 | 17,102,260 | - | - | 18,394,622 | 17,102,260 |
| Capital grants and contributions | 4,719,646 | 5,296,464 | - | - | 4,719,646 | 5,296,464 |
| General Revenues: | | | | | | |
| Property taxes | 107,316,645 | 103,098,556 | 3,624,509 | 3,525,130 | 110,941,154 | 106,623,686 |
| Intergovernmental revenues | 28,436,913 | 28,227,323 | - | - | 28,436,913 | 28,227,323 |
| Hospitality tax | 7,728,443 | 7,604,841 | - | - | 7,728,443 | 7,604,841 |
| Other revenue | 8,555,710 | 2,735,074 | - | - | 8,555,710 | 2,735,074 |
| Interest and investment income | 777,014 | 636,753 | 92,930 | 78,641 | 869,944 | 715,394 |
| Total revenues | 219,529,088 | 209,108,160 | 17,751,308 | 17,930,215 | 237,280,396 | 227,038,375 |
| Expenses: | | | | | | |
| Administrative services | 2,546,428 | 2,442,084 | - | - | 2,546,428 | 2,442,084 |
| General services | 16,539,097 | 16,224,411 | - | - | 16,539,097 | 16,224,411 |
| Parks, recreation & tourism | 15,982,659 | 14,551,645 | - | - | 15,982,659 | 14,551,645 |
| Emergency medical services | 17,907,654 | 17,666,885 | - | - | 17,907,654 | 17,666,885 |
| Public safety | 31,730,942 | 29,787,858 | - | - | 31,730,942 | 29,787,858 |
| Judicial services | 23,822,094 | 23,107,069 | - | - | 23,822,094 | 23,107,069 |
| Community development and planning | 41,236,324 | 37,487,453 | - | - | 41,236,324 | 37,487,453 |
| Fiscal services | 2,801,313 | 2,689,263 | - | - | 2,801,313 | 2,689,263 |
| Law enforcement services | 47,333,376 | 46,260,634 | - | - | 47,333,376 | 46,260,634 |
| Boards, commission & others | 9,722,839 | 9,362,031 | - | - | 9,722,839 | 9,362,031 |
| Interest and fiscal charges | 5,681,855 | 5,697,930 | - | - | 5,681,855 | 5,697,930 |
| Pass through bond funding | - | 2,207,005 | - | - | - | 2,207,005 |
| Solid Waste | - | - | 8,038,341 | 10,785,367 | 8,038,341 | 10,785,367 |
| Stormwater | - | - | 8,097,473 | 6,341,927 | 8,097,473 | 6,341,927 |
| Parking Garage | - | - | 128,395 | 110,873 | 128,395 | 110,873 |
| Total expenses | 215,304,581 | 207,484,268 | 16,264,209 | 17,238,167 | 231,568,790 | 224,722,435 |
| Increase (decrease) in net position | 4,224,507 | 1,623,892 | 1,487,099 | 692,048 | 5,711,606 | 2,315,940 |
| Changes in Net Position | | | | | | |
| Net position - beginning | 465,794,953 | 413,555,437 | 33,775,214 | 33,083,166 | 499,570,167 | 446,638,603 |
| Beginning net position-recreation | - | 52,128,374 | - | - | - | 52,128,374 |
| Change in accounting principle | (164,299,594) | (1,512,750) | (4,514,052) | - | (168,813,646) | (1,512,750) |
| Net position - beginning, restated | 301,495,359 | 464,171,061 | 29,261,162 | 33,083,166 | 330,756,521 | 497,254,227 |
| Net position - ending | \$ 305,719,866 | \$ 465,794,953 | \$ 30,748,261 | \$ 33,775,214 | \$ 336,468,127 | \$ 499,570,167 |

Greenville County, South Carolina
Management's Discussion and Analysis
June 30, 2015

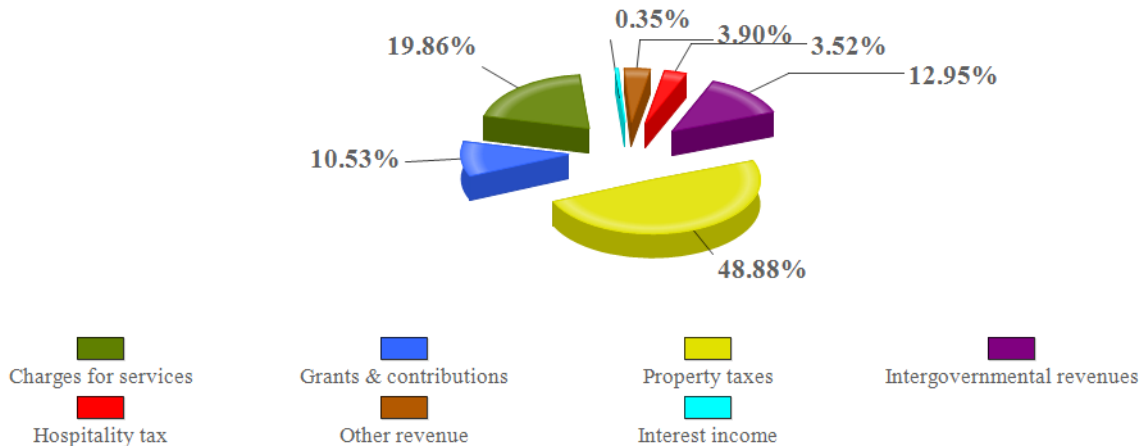
The operations of administrative services and judicial services are the only functions of the governmental activities supported by program revenues. General revenues support all other functions of the governmental activities.

Governmental activities

Following the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions: an amendment of GASB Statement No. 27" and the restatement of beginning net position, governmental activities increased the County's net position by \$4,224,507 for the fiscal year ending June 30, 2015 . Key elements of this increase are as follows:

- ⇒ The increase in net position in the governmental activities is mostly due to an increase in property tax revenues, intergovernmental and county office revenues. The chart above shows the difference in each revenue and expenditure category year over year while the chart below shows the contribution percentages of each revenue type by major category.

Revenues by Source - Governmental Activities



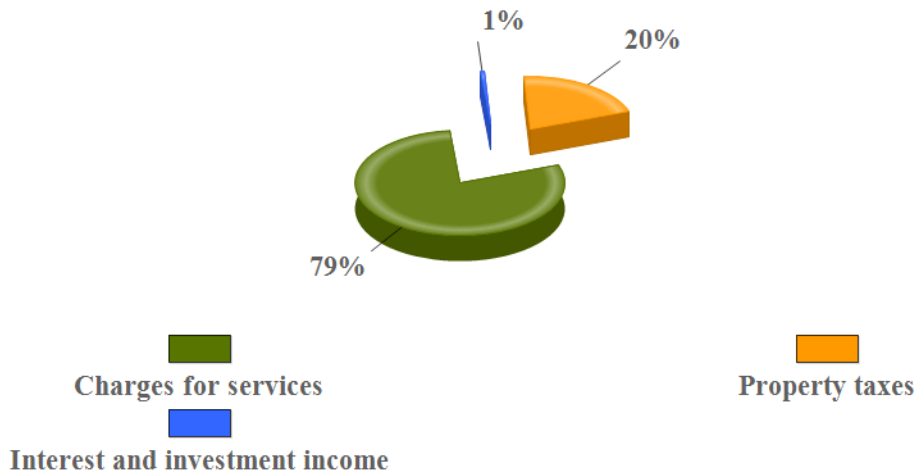
| Revenue Type | Amount |
|----------------------------|-----------------------|
| Charges for services | \$ 43,600,095 |
| Grants & contributions | 23,114,268 |
| Property taxes | 107,316,645 |
| Intergovernmental revenues | 28,436,913 |
| Hospitality tax | 7,728,443 |
| Other revenue | 8,555,710 |
| Interest income | 777,014 |
| Total | \$ 219,529,088 |

Greenville County, South Carolina
Management's Discussion and Analysis
June 30, 2015

Business-type activities

Following the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions: an amendment of GASB Statement No. 27" and the restatement of beginning net position, business-type activities increased Greenville County's net position by \$1,487,099 for the fiscal year ending June 30, 2015. The increase in the net position of the business-type activities is mainly due to a decrease in Solid Waste expenditures and an increase in interest and investment income, as well as, a slight increase in property tax revenues.

Revenues by Source - Business-Type Activities



| Revenue Type | Amount |
|--------------------------------|----------------------|
| Charges for services | \$ 14,033,869 |
| Property taxes | 3,624,509 |
| Interest and investment income | 92,930 |
| Total | \$ 17,751,308 |

Greenville County, South Carolina
Management's Discussion and Analysis
June 30, 2015

Financial Analysis of Greenville County's Funds

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

Governmental funds. The focus of Greenville County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Greenville County's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Greenville County's governmental funds reported combined ending fund balances of \$111,846,947 an increase of almost 1 percent in comparison with the prior year. This increase is mostly due to an increase in property tax and county office and intergovernmental revenues. During fiscal year 2015, the County recorded \$1,611,640 in transfers out of the general fund. Of this amount, \$1,483,841 was transferred to debt service and the remaining \$127,799 was used as matching grant funds.

Approximately 36 percent, or \$40,047,652, of the ending fund balance is *unassigned* and available for future spending. Less than 1.48 percent, or \$1,658,985, is restricted for future debt service. Of the ending fund balance, \$5,879,241 is committed for future capital projects and \$1,834,358 is committed for federal and state grants. Parks, Recreation & Tourism makes up \$6,001,059 of the committed fund balance. Two percent of general fund current revenues, or \$2,750,931, is committed for potential uses as defined in the financial policies of the County.

The general fund is the chief operating fund of Greenville County. At the end of the current fiscal year 2015, *unassigned fund balance* of the general fund was \$49,773,062 out of total fund balance of \$57,314,929. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance each represent almost 35 percent and 40 percent, respectively, of total general fund expenditures.

Total general fund revenues increased from approximately \$133 million in 2014 to approximately \$138 million in 2015. The general fund reported an increase of approximately \$2.5 million in property tax revenues and an increase of approximately \$1.6 million as a result of an increase in tax sales revenue in 2015, as well as, construction permits and other miscellaneous county office revenue.

General fund expenditures increased from \$137 million in 2014 to \$142 million in 2015. This increase in expenditures is mostly attributed to an increase in expenditures in Law Enforcement, Emergency Medical Services and Public Safety.

The Federal and State Grant Fund has an ending fund balance of \$10,616,488 for 2015 compared to \$8,871,151 for 2014. This increase in fund balance resulted from increases in sheriff federal sharing and miscellaneous other grants.

The Parks, Recreation & Tourism Fund has an ending fund balance of \$5,768,245 for 2015 compared to \$5,625,018 for 2014. This change in fund balance resulted from a slight increase in recreation fees.

The Agencies-Greenville Technical College capital project fund has an ending fund balance of \$19,708,360 for 2015 compared to a \$22,613,199 fund balance for 2014. The current year fund balance decreased as a result of ongoing construction costs for Greenville Technical College.

Greenville County, South Carolina
Management's Discussion and Analysis
June 30, 2015

Proprietary Funds

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

Enterprise Funds - Total net position of the Solid Waste Fund was \$10,675,304 compared to \$11,132,529 for fiscal year 2014. *Unrestricted* net position of the Solid Waste Fund at the end of the fiscal year amounted to \$(1,680,442), and \$12,355,746 of the total net position was net investment in capital assets. The decrease in net position for the Solid Waste fund can be contributed to the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions: an amendment of GASB Statement No. 27" that reduced net position by \$2,344,027. This decrease was partially offset by a decrease in expenditures related to the closure and post-closure costs of various landfills. Total net position of the Stormwater Fund was \$17,197,939 for the current year compared to \$19,761,999 for fiscal year 2014. *Unrestricted* net position of the Stormwater Fund at the end of the fiscal year amounted to \$7,249,274, and \$9,948,665 of the total net position was net investment in capital assets. Most of the decrease in the Stormwater fund can be contributed to an increase in spending related to the flood plain mitigation program, as well as, to the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions: an amendment of GASB Statement No. 27" that reduced net position by \$2,170,025. The Parking Enterprise Fund reported net position of \$2,540,642 compared to \$2,546,310 for 2014.

Internal Service Funds - The Internal Service Fund is presented in a separate column in the Statement of Net Position of the Proprietary Funds. The Internal Service Fund reflects total net position of \$5,007,333 for the current year compared to \$8,952,198 for fiscal year 2014. The decrease in total net position can be contributed to an excess of claims and administrative costs over employee premiums. The Health and Dental Fund reports net position of \$3,357,906 for 2015 as compared to \$7,404,253 for 2014. The Workers' Compensation Fund currently reports net position of \$589,592 as compared to net position of \$709,393 for 2014. A few years ago, the County began including additional funding in the budget to allow the County to properly account for workers' compensation costs by department thus allowing the fund to become solvent. Total net position of the Vehicle Service Center was \$1,059,835 for 2015 compared to \$838,552 for 2014. The Vehicle Service Center Fund reports investment in capital assets of \$216,353 and *unrestricted* net position of \$843,482.

General Fund Budgetary Highlights

During the current fiscal year, revenues were under the budget estimate by \$680,579. Intergovernmental revenues were under budget by \$1,013,836 due to lower than anticipated intergovernmental revenues during the year. County office revenues were under budget by \$150,176. Although, these two classes of revenues were under budget in 2015 they both increased year over year. The shortages in intergovernmental and county office revenues were partially offset by property tax revenues which were \$344,931 over budget. Interest and investment income were under budget by \$555,630. This category as well, although under budget for 2015 increased year over year. Expenditures were under budget by \$1,053,817. A few years ago, the County implemented efficiencies for the purpose of reducing costs. These efficiencies allowed departments to maintain budgeted expenditures at previous years' levels during the current year.

Capital Asset and Debt Administration

Capital assets

Greenville County's investment in capital assets for its governmental and business-type activities as of June 30, 2015, totals \$532,533,149 (net of accumulated depreciation). The investment in capital assets for its governmental and business-type activities as of June 30, 2014 was \$535,567,306 (net of accumulated depreciation). The County's assets include buildings, improvements, equipment, recreation equipment, vehicles, intangible assets, construction in progress and infrastructure. Additions to the capital assets of the governmental activities are mostly related to increases in infrastructure from the road maintenance program. The capital assets of the business-type activities increased by \$1,395,077 in the current fiscal year. The increases are mostly due to increases in capital assets in the Stormwater fund as a result of the increase in infrastructure assets.

Greenville County, South Carolina
Management's Discussion and Analysis
June 30, 2015

Greenville County's Capital Assets
(net of depreciation)

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | \$ 22,669,984 | \$ 21,215,540 | \$ 9,455,827 | \$ 9,035,847 | \$ 32,125,811 | \$ 30,251,387 |
| Construction in progress | 187,367 | - | - | - | 187,367 | - |
| Software | 476,335 | 476,335 | - | - | 476,335 | 476,335 |
| Buildings | 84,122,331 | 86,868,048 | 4,562,517 | 4,755,021 | 88,684,848 | 91,623,069 |
| Improvements | 14,045,062 | 15,005,556 | 1,540,700 | 1,636,947 | 15,585,762 | 16,642,503 |
| Equipment | 5,699,109 | 4,101,434 | 2,417,924 | 1,994,757 | 8,117,033 | 6,096,191 |
| Recreation equipment | 2,320,543 | 2,687,378 | - | - | 2,320,543 | 2,687,378 |
| Vehicles | 4,420,851 | 4,016,603 | 371,016 | 430,011 | 4,791,867 | 4,446,614 |
| Infrastructure | 373,740,489 | 377,740,411 | 6,503,094 | 5,603,418 | 380,243,583 | 383,343,829 |
| Total | \$ 507,682,071 | \$ 512,111,305 | \$ 24,851,078 | \$ 23,456,001 | \$ 532,533,149 | \$ 535,567,306 |

Please refer to pages 56 of the notes to the financial statements (Note II. A.5.) for additional information on the County's capital assets.

Long-term Debt

As of June 30, 2015, Greenville County had total bonded debt outstanding of \$146,870,363. Of this amount, \$78,045,363 are general obligation bonds, which are backed by the full faith and credit of the County. Certificates of participation total \$51,750,000 and special source revenue bonds total \$17,075,000. Revenues from various fee-in-lieu-of-tax agreements secure the special source revenue bonds.

Greenville County's
Outstanding Long-Term Debt

| | Governmental Activities | |
|-------------------------------|-------------------------|-----------------------|
| | 2015 | 2014 |
| General obligation bonds | \$ 78,045,363 | \$ 84,034,034 |
| Certificates of participation | 51,750,000 | 56,165,000 |
| Special source revenue bonds | 17,075,000 | 19,290,000 |
| Total | \$ 146,870,363 | \$ 159,489,034 |

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

South Carolina statutes limit the amount of general obligation debt that a unit of government may issue (without referendum) to 8 percent of the total assessed value of taxable property located within that government's boundaries. The County's debt limit and debt margin were \$156,132,000 and \$74,325,000 respectively, for the current fiscal year. Please refer to pages 77 - 90 of the notes to the financial statements (Note II.B.7.) for additional information on the County's long-term debt.

Greenville County, South Carolina
Management's Discussion and Analysis
June 30, 2015

Economic Factors

The unemployment rate for Greenville County at 5.6 percent continues to lag behind the state level of 6.8 percent. The County has seen some positive trends in the local economy. Construction permit fee revenue increased by \$241,918 in fiscal year 2015 also contributing to the overall increase in property tax revenues.

A few years ago, Greenville County government took steps to mitigate, as much as possible, adverse effects of a downward trend in the economy by limiting and/or suspending certain nonessential expenditures. The County remains committed to maintaining a strong fund balance while meeting the needs of its citizens.

Fiscal Year 2016 General Fund Budget

The 2016 fiscal year budget for Greenville County was prepared as part of the biennium budget process during fiscal year 2015. The budgeted revenues are projected to increase by approximately 3.90 percent and expenditures are projected to increase by 6.80 percent from fiscal year 2015. The budget does anticipate the use of the *unassigned* fund balance. The fiscal year 2016 budget requires no additional tax millage.

Contact Information

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