

**Greenville County, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2018**

This discussion and analysis of Greenville County's (the "County") financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2018. 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 2018 are as follows:

- ⇒ The assets and deferred outflows of resources of the County's primary government exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by \$320,071,484 compared to \$323,115,887 for fiscal year 2017. The net position in the governmental activities decreased from \$294,856,190 in 2017 to \$294,792,342 in 2018. The net position in the business-type activities decreased from \$28,259,697 in 2017 to \$25,279,142 in 2018. The decrease in net position for the primary government is mostly due to an increase in the net OPEB liability by \$15,662,342.
- ⇒ The County's change in net position before a change in accounting principle for the primary government increased by \$10,304,798 due to an increase of \$13,285,353 in net position in the governmental activities and a decrease of \$2,980,555 in the business-type activities. Overall, the primary government's net position decreased by \$3,044,403 due to the implementation of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" resulting in a change in accounting principle and restatement of beginning net position by (\$13,349,201).
- ⇒ As of the close of the current fiscal year, Greenville County's governmental funds reported combined ending fund balances of \$97,961,537 as compared to \$93,882,506 for fiscal year 2017 resulting in a increase of \$4,079,031. In addition to an overall increase in combined fund balance, both revenues and expenditures increased from the prior fiscal year. The increase in expenditures in the General Fund is mostly due to an increase in Community Development and Planning, Judicial Services and Law Enforcement Services. Revenues increased in the General Fund, Federal and State Grant Fund and Parks, Recreation & Tourism Fund. The increase in the General Fund is due to an increase in property tax revenues, county office revenues, interest income and tax sale revenues (other revenues). The increase in the Federal and State Grant Fund revenues is due to a new \$5,000,000 economic development grant in addition to new restricted grants related to recreation and tourism of approximately \$900,000. Approximately 4.64 percent of the total fund balance, or \$4,542,736, is restricted for future debt service. Nonspendable fund balance consists of prepaid items of \$560, or less than one percent of total fund balance and long-term receivables of \$52,469, or 0.05 percent of the total fund balance. Approximately 50 percent, or \$48,969,993 is *available for spending* at the discretion of the County (*unassigned fund balance*). However, approximately 3 percent, or \$3,119,653 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 and none of the total combined fund balance is committed for capital projects, due to capital projects having a negative fund balance. Approximately 3 percent, or \$2,725,734 is committed for federal and state grants. Parks, Recreation & Tourism makes up \$2,761,254 of the committed fund balance.
- ⇒ As described above, at the end of the current fiscal year, *unassigned fund balance* for the County's General Fund was \$48,969,993 or 31 percent of total General Fund expenditures. The *unassigned fund balance* is available for spending at the discretion of the County. Approximately 6 percent of General Fund balance, or \$3,172,682, is *nonspendable or committed*.
- ⇒ The County maintained its triple A bond rating that was assigned in 1999.

## **Overview of the Financial Statements**

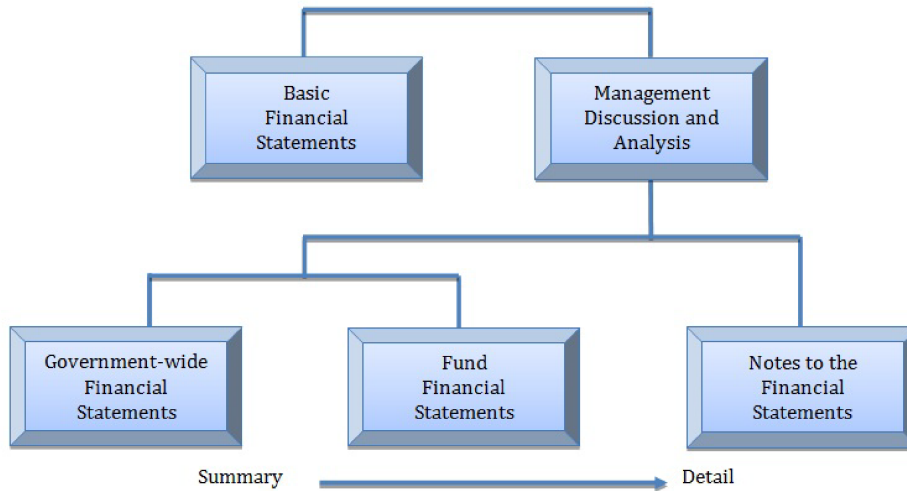
This discussion and analysis serves as an introduction to the County's basic financial statements. The County's basic financial

**Greenville County, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2018**

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 the County.

**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 the 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 the 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 the 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 the 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, 2018**

**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. The 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 the 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 the 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 the 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*.

The County has the following major governmental funds: General Fund, Federal and State Grants Fund, Parks, Recreation & Tourism Fund, Capital Projects Fund and Agencies-Greenville Technical College Fund. 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, the 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 with legally adopted budgets 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 28 of this report.

*Proprietary Funds.* The 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. The 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. The 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. The County has one fiduciary type of fund, an Agency Fund, used to account for tax revenues.

**Greenville County, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**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 42 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 the County's general obligation and overlapping debt, post-employment benefits and budget to actual schedules. Supplementary information and required supplementary information can be found beginning on page 84 of this report. Additional trend information about the 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 the County's governmental activities exceeded liabilities and deferred inflows of resources for the governmental activities by \$294,792,342 at June 30, 2018 and by \$294,856,190 at June 30, 2017.

By far the largest portion, \$469,313,899 or 159 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. The 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 126,980,919	\$ 119,250,464	\$ 11,188,456	\$ 16,053,466	\$ 138,169,375	\$ 135,303,930
Capital assets	520,395,277	513,870,632	27,298,321	26,066,629	547,693,598	539,937,261
Total assets	647,376,196	633,121,096	38,486,777	42,120,095	685,862,973	675,241,191
Deferred outflows - unamortized amount on refundings	5,918,525	6,590,458	-	-	5,918,525	6,590,458
Deferred outflows - pensions	39,898,850	36,154,611	1,067,621	1,023,389	40,966,471	37,178,000
Deferred outflows - OPEB	4,508,776	-	-	-	4,508,776	-
<b>Total assets and deferred outflows of resources</b>	697,702,347	675,866,165	39,554,398	43,143,484	737,256,745	719,009,649
Other liabilities	26,664,428	19,993,707	1,928,148	2,717,753	28,592,576	22,711,460
Long-term liabilities	373,454,933	360,678,346	12,319,952	12,154,722	385,774,885	372,833,068
Total liabilities	400,119,361	380,672,053	14,248,100	14,872,475	414,367,461	395,544,528
Deferred inflows - pensions	1,647,918	337,922	27,156	11,312	1,675,074	349,234
Deferred inflows - OPEB	1,142,726	-	-	-	1,142,726	-
<b>Total liabilities and deferred inflows of resources</b>	402,910,005	381,009,975	14,275,256	14,883,787	417,185,261	395,893,762
Net investment in capital assets	469,313,899	456,392,835	27,298,321	26,066,629	496,612,220	482,459,464
Restricted	41,120,694	37,456,323	-	-	41,120,694	37,456,323
Unrestricted (deficit)	(215,642,251)	(198,992,968)	(2,019,179)	2,193,068	(217,661,430)	(196,799,900)
<b>Total net position</b>	\$ 294,792,342	\$ 294,856,190	\$ 25,279,142	\$ 28,259,697	\$ 320,071,484	\$ 323,115,887

**Greenville County, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Greenville County Changes in Net Position**  
**June 30, 2018**  
**(Recapped)**

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 58,256,891	\$ 51,344,193	\$ 14,762,477	\$ 14,820,372	\$ 73,019,368	\$ 66,164,565
Operating grants and contributions	25,427,892	20,176,331	-	-	25,427,892	20,176,331
Capital grants and contributions	11,999,201	14,699,829	-	-	11,999,201	14,699,829
<b>General revenues:</b>						
Property taxes	128,537,830	122,628,060	4,069,302	3,862,734	132,607,132	126,490,794
Intergovernmental revenues	28,603,979	29,049,660	-	-	28,603,979	29,049,660
Hospitality tax	8,754,083	8,370,027	-	-	8,754,083	8,370,027
Other revenue	5,762,935	3,799,257	-	-	5,762,935	3,799,257
Gain on sale	-	855,170	-	-	-	855,170
Interest and investment income	1,838,766	976,774	90,543	153,129	1,929,309	1,129,903
Revenue from donations	-	4,250,417	-	-	-	4,250,417
Change in value of equity investment	-	18,936	-	-	-	18,936
<b>Total revenues</b>	<b>269,181,577</b>	<b>256,168,654</b>	<b>18,922,322</b>	<b>18,836,235</b>	<b>288,103,899</b>	<b>275,004,889</b>
<b>Expenses:</b>						
Administrative services	2,769,996	8,115,891	-	-	2,769,996	8,115,891
General services	25,395,734	30,111,087	-	-	25,395,734	30,111,087
Parks, recreation & tourism	17,032,959	22,166,044	-	-	17,032,959	22,166,044
Emergency medical services	21,556,499	20,399,462	-	-	21,556,499	20,399,462
Public safety	42,112,319	40,696,900	-	-	42,112,319	40,696,900
Judicial services	27,619,180	26,826,780	-	-	27,619,180	26,826,780
Community development and planning	47,365,611	41,722,579	-	-	47,365,611	41,722,579
Fiscal services	3,170,014	3,072,469	-	-	3,170,014	3,072,469
Law enforcement services	54,201,332	55,049,513	-	-	54,201,332	55,049,513
Boards, commissions & others	11,032,722	13,044,724	-	-	11,032,722	13,044,724
Interest and fiscal charges	4,288,178	4,640,872	-	-	4,288,178	4,640,872
Solid waste	-	-	12,934,646	14,157,460	12,934,646	14,157,460
Stormwater	-	-	8,269,682	7,584,263	8,269,682	7,584,263
Parking garage	-	-	50,229	50,039	50,229	50,039
<b>Total expenses</b>	<b>256,544,544</b>	<b>265,846,321</b>	<b>21,254,557</b>	<b>21,791,762</b>	<b>277,799,101</b>	<b>287,638,083</b>
Increase (decrease) in net position before transfers	12,637,033	(9,677,667)	(2,332,235)	(2,955,527)	10,304,798	(12,633,194)
Transfers In/Out	648,320	729,854	(648,320)	(729,854)	-	-
<b>Changes in net position</b>	<b>13,285,353</b>	<b>(8,947,813)</b>	<b>(2,980,555)</b>	<b>(3,685,381)</b>	<b>10,304,798</b>	<b>(12,633,194)</b>
Net position - beginning, as originally reported	294,856,190	303,804,003	28,259,697	31,945,078	323,115,887	335,749,081
Change in accounting principle	(13,349,201)	-	-	-	(13,349,201)	-
Net position - beginning, as restated	281,506,989	303,804,003	28,259,697	31,945,078	309,766,686	335,749,081
<b>Net position - ending</b>	<b>\$ 294,792,342</b>	<b>\$ 294,856,190</b>	<b>\$ 25,279,142</b>	<b>\$ 28,259,697</b>	<b>\$ 320,071,484</b>	<b>\$ 323,115,887</b>

**Greenville County, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2018**

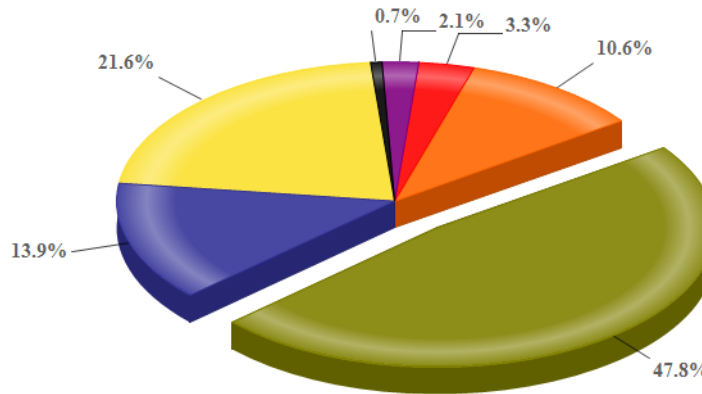
The operations of administrative services and judicial services are the only functions of the governmental activities supported by program revenues. General revenues support all other functions of the governmental activities.

**Governmental Activities**

Governmental activities, before a change in accounting principle, increased the County's net position by \$13,285,353 for the fiscal year ending June 30, 2018. Key elements of this increase are as follows:

- ⇒ The increase in net position in the governmental activities is mostly due to an increase in revenues for charges for services, operating grants and contributions, interest and investment income, property tax revenues, hospitality tax revenues and tax sale revenues (other revenues) and an overall decrease in expenditures. The charts below show each revenue source by type as a percent of total revenues and by amounts.

**Revenues by Source - Governmental Activities**



\* Other, Interest income 0.7%, Gain on sale 0.0%



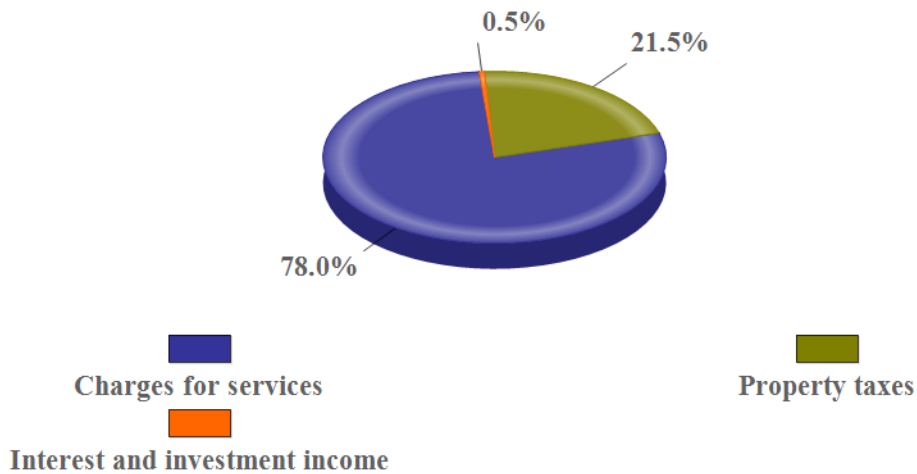
Revenue Type	<u>Amount</u>
Charges for services	\$ 58,256,891
Grants & contributions	37,427,093
Property taxes	128,537,830
Intergovernmental revenues	28,603,979
Hospitality tax	8,754,083
Miscellaneous revenue	5,762,935
Interest income	<u>1,838,766</u>
<b>Total</b>	<u><u>\$ 269,181,577</u></u>

**Greenville County, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Business-type Activities**

Business-type activities decreased the County's net position by \$(2,980,555) for the fiscal year ending June 30, 2018. The decrease in the net position of the business-type activities is primarily due to a decrease in revenues earned from charges for services and interest and investment income and an increase in expenses for the Stormwater Fund as a result of general business operations.

**Revenues by Source - Business-Type Activities**



Revenue Type	<u>Amount</u>
Charges for services	\$ 14,762,477
Property taxes	4,069,302
Interest and investment income	<u>90,543</u>
<b>Total</b>	<b><u><u>\$ 18,922,322</u></u></b>

**Greenville County, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**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 the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the 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 described above, as of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$97,961,537, an increase of almost 4 percent in comparison with the prior fiscal year. This increase is mostly due to an overall increase in revenues from property taxes, county office revenues, interest income and tax sale revenues (i.e. other revenues). During fiscal year 2018, the County recorded \$6,534,499 in transfers out of the General Fund. Of this amount, \$2,504,061 was transferred to Debt Service Funds, \$3,897,860 was transferred to the Health and Dental Fund and the remaining \$132,578 was used as matching grant funds.

As noted above, approximately 50 percent, or \$48,894,062, of the combined ending fund balance is *unassigned* and available for future spending. Approximately 4.64 percent, or \$4,542,736, is restricted for future debt service. Of the ending fund balance, none is committed for ongoing and future capital projects due to Capital Projects Fund having a deficit fund balance, and \$2,725,734 is committed for federal and state grants. The Parks, Recreation & Tourism Fund makes up \$2,761,254 of the committed fund balance. Also, as noted above, three percent of General Fund current revenues, or \$3,119,653, is committed for potential uses as defined in the financial policies of the County.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year 2018, *unassigned fund balance* of the General Fund was \$48,969,993 out of total fund balance of \$52,142,675. 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 31 percent and 33 percent, respectively, of total General Fund expenditures.

Total General Fund revenues increased from approximately \$148 million in 2017 to approximately \$156 million in 2018. The General Fund reported an increase of approximately \$4.0 million in property tax revenues, as well as, a slight increase in county office revenues and interest and investment income. Revenues from tax sales were approximately \$2,000,000 in the current fiscal year.

General Fund expenditures increased from approximately \$153 million in 2017 to approximately \$158 million in 2018. This increase in expenditures is mainly attributable to an increase in expenditures in law enforcement services, as well as, slight increases in judicial and fiscal expenditures.

The Federal and State Grant Fund had an ending fund balance of \$16,421,201 for 2018 compared to \$14,595,850 for 2017. This increase in fund balance is primarily the result of a large economic development grant awarded to the County in the amount of \$5,000,000.

The Parks, Recreation & Tourism Fund had an ending fund balance of \$2,788,790 for 2018 compared to \$3,064,601 for 2017. This decrease in fund balance is primarily due to an increase in operating transfers out to cover capital projects related to parks, recreation & tourism.

The Capital Projects Fund had an ending fund deficit of \$(75,931) for 2018 compared to \$323,330 for 2017. The decrease in fund balance is primarily due to a decline in revenues from the sale of real property.



**Greenville County, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2018**

The Agencies-Greenville Technical College Fund had an ending fund balance of zero for 2018 compared to \$1,265,984 for 2017. The current year fund balance decreased as a result of the end of the construction project and final spend down of the bond proceeds.

### **Proprietary Funds**

The 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 (deficit) of the Solid Waste Fund is \$6,397,163 for fiscal year 2018 compared to \$8,967,498 for fiscal year 2017. *Unrestricted* net deficit of the Solid Waste Fund at the end of the current fiscal year amounted to \$(6,199,889), and \$12,597,052 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 a reduction in liquidity, an increase in accounts payable and an increase in general business expenses. Total net position of the Stormwater Fund is \$15,751,135 for fiscal year 2018 compared to \$16,408,701 for fiscal year 2017. *Unrestricted* net position of the Stormwater Fund at the end of the current fiscal year amounted to \$3,476,533, and \$12,274,602 of the total net position was net investment in capital assets. Most of the decrease in the Stormwater Fund can be contributed to a reduction in liquidity, an increase in accounts payable and net pension liability, as well as, an increase general business operating expenses. The Parking Enterprise Fund reported net position of \$2,564,046 for fiscal year 2018 compared to \$2,549,122 for fiscal year 2017.

*Internal Service Funds* - The Internal Service Fund is presented in a separate column in the Statement of Fund Net Position of the Proprietary Funds. The Internal Service Fund reflects total net deficit of \$(20,914,763) for fiscal year 2018 compared to \$(5,576,439) for fiscal year 2017. The decrease in the net deficit is primarily due to the implementation of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" resulting in a change in accounting principle and restatement of beginning net position by (\$13,349,201). The Health and Dental Fund reports net deficit of \$(24,525,055) for 2018 compared to \$(8,269,965) for 2017. The decrease in the Health and Dental Fund deficit is a result of continued increases in both volume and costs associated with prescription drugs and increases in claims, as well as, the implementation of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" resulting in a change in accounting principle and restatement of beginning net position by (\$13,349,201) and a net OPEB liability of \$19,257,204. The Workers' Compensation Fund reported net position of \$2,117,054 for fiscal year 2018 compared to \$1,350,749 for fiscal year 2017. 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 is \$1,493,238 for fiscal year 2018 compared to \$1,342,777 for fiscal year 2017. The Vehicle Service Center reports investment in capital assets of \$174,740 and *unrestricted* net position of \$1,318,498 for fiscal year 2018.

### **General Fund Budgetary Highlights**

During the current fiscal year, revenues were under the budget estimate by \$1,572,897. Intergovernmental revenues and county office revenues were under budget estimates by \$2,003,033 combined. County office revenues make up the bulk of additional revenues due to increases in building permits and other fees. Interest and investment income were over budget estimates by \$629,540 due to the rise in interest rates. Expenditures were under budget estimates by \$4,633,706.

**Greenville County, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2018**

**Capital Asset and Debt Administration**

**Capital Assets**

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2018, totals \$547,693,598 (net of accumulated depreciation). The investment in capital assets for its governmental and business-type activities as of June 30, 2017 was \$539,937,261 (net of accumulated depreciation). The County's capital assets include land, buildings, improvements, construction in progress, equipment, vehicles, infrastructure, right-of-way easements, software, and recreation equipment. Additions to the capital assets of the governmental activities are primarily related to the purchase of new fleet vehicles and equipment related to law enforcement, public safety, and infrastructure. The capital assets of the business-type activities increased by \$1,231,692 in the current fiscal year. The increase is primarily due to increases in buildings, equipment, and infrastructure in both the Stormwater and Solid Waste Funds.

**Greenville County's Capital Assets**  
**(Net of Accumulated Depreciation)**

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 25,920,000	\$ 25,738,500	\$ 9,913,207	\$ 9,756,247	\$ 35,833,207	\$ 35,494,747
Construction in progress	2,211,085	3,475,007	-	-	2,211,085	3,475,007
Software	1,853,832	1,853,832	-	-	1,853,832	1,853,832
Buildings	84,333,522	84,584,227	4,031,004	4,220,966	88,364,526	88,805,193
Improvements	13,247,869	14,172,303	1,328,373	1,415,116	14,576,242	15,587,419
Equipment	8,708,397	5,464,013	3,243,686	2,690,321	11,952,083	8,154,334
Recreation equipment	2,613,254	1,702,142	-	-	2,613,254	1,702,142
Vehicles	5,828,702	5,109,607	353,611	329,141	6,182,313	5,438,748
Right-of-way easements	31,832,438	31,332,060	-	-	31,832,438	31,332,060
Infrastructure	343,846,178	340,438,941	8,428,440	7,654,838	352,274,618	348,093,779
<b>Total</b>	<b>\$ 520,395,277</b>	<b>\$ 513,870,632</b>	<b>\$ 27,298,321</b>	<b>\$ 26,066,629</b>	<b>\$ 547,693,598</b>	<b>\$ 539,937,261</b>

Please refer to pages 58-59 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, 2018, the County had a total principal amount of bonded debt outstanding of \$112,215,000. Of this amount, \$65,670,000 are general obligation bonds, which are backed by the full faith and credit of the County. Certificates of participation total \$34,520,000 and special source revenue bonds total \$12,025,000. Revenues from various fee-in-lieu-of-tax agreements secure the special source revenue bonds.

**Greenville County's**  
**Outstanding Long-Term Debt**

	Governmental Activities	
	2018	2017
General obligation bonds	\$ 65,670,000	\$ 72,245,000
Certificates of participation	34,520,000	39,300,000
Special source revenue bonds	12,025,000	14,772,000
<b>Total</b>	<b>\$ 112,215,000</b>	<b>\$ 126,317,000</b>

**Greenville County, South Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2018**

As described in the financial highlights section of this document, the 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 the 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 eight percent of the total assessed value of taxable property located within that government's boundaries. The County's debt limit and debt margin were \$168,729,000 and \$105,538,000 respectively, for the current fiscal year. Please refer to page 73 of the notes to the financial statements (Note II.B.7.) for additional information on the County's long-term debt.

### **Economic Factors**

The unemployment rate for the County at 3.3 percent for fiscal year 2018 continues to lag behind the state level of 3.8 percent. The County has seen some positive trends in the local economy and seen increases in various categories of fees and service revenue due to a continued robust economy in fiscal year 2018.

### **Fiscal Year 2019 General Fund Budget**

The 2019 fiscal year budget for the County was prepared as part of the biennium budget process during fiscal year 2017. The budgeted revenues are projected to increase by approximately 2.75 percent and expenditures are projected to increase by 3.23 percent from fiscal year 2018. The budget does anticipate the use of the *unassigned* fund balance. The fiscal year 2019 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 Systems, 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>.