

GREENVILLE COUNTY RECREATION DISTRICT

TAYLORS, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION AND ANALYSIS

AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

GREENVILLE COUNTY RECREATION DISTRICT

TAYLORS, SOUTH CAROLINA

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT -----	1
MANAGEMENT'S DISCUSSION AND ANALYSIS -----	i
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET ASSETS -----	2
STATEMENT OF ACTIVITIES -----	3
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET – GOVERNMENTAL FUNDS -----	4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS -----	5
STATEMENT OF NET ASSETS – PROPRIETARY FUND -----	7
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – PROPRIETARY FUND -----	8
STATEMENT OF CASH FLOWS – PROPRIETARY FUND -----	9
NOTES TO BASIC FINANCIAL STATEMENTS -----	10
REQUIRED SUPPLEMENTARY INFORMATION:	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND -----	24
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -----	25
SUPPLEMENTARY INFORMATION:	
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – BUDGET AND ACTUAL – PROPRIETARY FUND -----	26
NOTE TO SUPPLEMENTARY INFORMATION -----	27



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INDEPENDENT AUDITORS' REPORT

To the Executive Director and Commissioners
Greenville County Recreation District
Taylors, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Greenville County Recreation District (the District) as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages -i- through -xiii- and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund on pages 24 and 25, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greenville County Recreation District's basic financial statements. The Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual – Proprietary Fund on pages 26 and 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Bradshaw, Gordon & Clinkscales, LLC

May 26, 2011

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Greenville Rec

GREENVILLE COUNTY RECREATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Greenville County Recreation District's annual financial report presents our discussion and analysis of the Greenville County Recreation District's financial performance during the year that ended December 31, 2010. It should be read in conjunction with the table of contents at the front of this report and the financial statements, which follow this section.

The Greenville County Recreation District is a special purpose district created in 1968 by the South Carolina General Assembly. A seven-member board of commissioners nominated by Greenville County Council governs the District. Operating funds for the Recreation District come from property and hospitality taxes, user fees, donations and grants. Individuals and businesses in the county pay property taxes to the District. Citizens who live within the city limits of Greer, Simpsonville, Mauldin and Greenville pay no taxes to support the District.

The mission of the Greenville County Recreation District is to be a leader in providing diverse, dynamic, ever-improving recreational opportunities in a sustainable manner. Parks and programs offer more than venues for recreation – they create community. Parks improve our quality of life by promoting health and wellness, fostering cultural unity, supporting economic development, and protecting the environment.

The Greenville County Recreation District is the largest provider of public leisure opportunities in the greater Greenville, South Carolina area with fifty-one diverse facilities that range from the new Pleasant Ridge Camp and Retreat Center, with cabins, camping and a lake in the foothills of the Blue Ridge Mountains, to the Pavilion ice arena, home to hockey teams and championship figure skaters. The District provides athletic fields for various sports, tennis courts, indoor and outdoor aquatic facilities, parks and trails, and operates seven community centers. These sites provide the setting for a variety of programs for citizens of all ages.

A countywide Hospitality Tax approved by Greenville County in 2006 has funded the District's recent unprecedented expansion. That investment in our community continues to bring tourists to Greenville County for sporting and cultural activities while providing parks that serve our residents. The District has substantially completed the projects funded in the original plan.

The acquisition of significant property along the Reedy River was made possible by the release of over one million, nine-hundred thousand dollars from the State Mitigation Trust Fund. The fund was established for the benefit of Reedy River restoration to compensate for the environmental damage resulting from the Colonial Pipeline oil spill. The property, which is along the southern section of the river, is being developed as a passive park that will improve public access to the river for bank fishing, boating, and other recreational uses.

The District's growth and success is due to the support of its citizens, patrons, civic partners and elected officials.

FINANCIAL HIGHLIGHTS

Increases and decreases over time are based on amounts collected for and expended on programs and are determined by the availability of funds during the course of the year. Following are the financial highlights for Greenville County Recreation District for the year ended December 31, 2010 and 2009:

SUMMARY OF CHANGES IN STATEMENT OF NET ASSETS

	Governmental Activities		Business-type Activities		Total Primary Government		Amount Change
	2010	2009	2010	2009	2010	2009	
ASSETS:							
Cash and investments	\$ 4,406,655	\$ 7,300,411	\$ -	\$ -	\$ 4,406,655	\$ 7,300,411	\$ (2,893,756)
Receivables	3,199,673	3,032,024	-	-	3,199,673	3,032,024	167,649
Other current assets	3,509	182,610	-	-	3,509	182,610	(179,101)
Total Current assets	7,609,837	10,515,045	-	-	7,609,837	10,515,045	(2,905,208)
Capital assets, net	50,259,373	40,638,943	3,412,710	3,560,201	53,672,083	44,199,144	9,472,939
Total Assets	57,869,210	51,153,988	3,412,710	3,560,201	61,281,920	54,714,189	6,567,731
LIABILITIES:							
Accrued payables and expenses	518,365	460,889	2,415	2,324	520,780	463,213	57,567
Current liabilities	1,358,067	1,102,317	13,655	6,625	1,371,722	1,108,942	262,780
Long-term liabilities	9,950,544	10,529,367	13,119	8,782	9,963,663	10,538,149	(574,486)
Total Liabilities	11,826,976	12,092,573	29,189	17,731	11,856,165	12,110,304	(254,139)
NET ASSETS:							
Invested in capital assets, net of related debt	39,582,772	29,315,445	3,412,710	3,560,201	42,995,482	32,875,646	10,119,836
Restricted	4,076,774	6,895,827	-	-	4,076,774	6,895,827	(2,819,053)
Unrestricted	2,382,688	2,850,143	(29,189)	(17,731)	2,353,499	2,832,412	(478,913)
Total Net Assets	\$ 46,042,234	\$ 39,061,415	\$ 3,383,521	\$ 3,542,470	\$ 49,425,755	\$ 42,603,885	\$ 6,821,870

Decreases from the prior year of \$2,905,208 in current assets are due to receipt of or expenditures of funds for normal operations. Increases from the prior year of net capital assets of \$9,472,939 are due to expenditures for capital improvements of \$13,329,217, net disposals of \$160,195, and an increase of accumulated depreciation of \$3,696,083. Decreases from the prior years in current and long-term liabilities of \$254,139 are the result of the issuance of debt service and regularly scheduled payment of debt service. Overall, net assets increased \$6,821,870.

Management's Discussion and Analysis
 For the year ended December 31, 2010
 (Unaudited)

SUMMARY OF CHANGES IN STATEMENTS OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total Primary Government		Amount Change
	2010	2009	2010	2009	2010	2009	
PROGRAM REVENUES:							
Charges for services (revenues from operations)	\$ 3,462,535	\$ 2,801,009	\$ 666,210	\$ 732,503	\$ 4,128,745	\$ 3,533,512	\$ 595,233
Operating grants and contributions	2,631,326	436,683	-	-	2,631,326	436,683	2,194,643
Capital grants and contributions	8,186,100	12,286,055	16,840	785,919	8,202,940	13,071,974	(4,869,034)
	<u>14,279,961</u>	<u>15,523,747</u>	<u>683,050</u>	<u>1,518,422</u>	<u>14,963,011</u>	<u>17,042,169</u>	<u>(2,079,158)</u>
GENERAL REVENUES:							
Property taxes, levied for general purpose	6,079,076	7,002,024	-	-	6,079,076	7,002,024	(922,948)
Hospitality taxes	1,184,785	1,026,691	-	-	1,184,785	1,026,691	158,094
Accommodation taxes	50,000	50,000	-	-	50,000	50,000	-
Investment earnings	8,881	34,273	-	-	8,881	34,273	(25,392)
Other income	261,815	77,957	9,015	-	270,830	77,957	192,873
Gain (loss) on disposal of assets	(160,195)	-	-	-	(160,195)	-	(160,195)
	<u>7,424,362</u>	<u>8,190,945</u>	<u>9,015</u>	<u>-</u>	<u>7,433,377</u>	<u>8,190,945</u>	<u>(757,568)</u>
Total Revenues	<u>21,704,323</u>	<u>23,714,692</u>	<u>692,065</u>	<u>1,518,422</u>	<u>22,396,388</u>	<u>25,233,114</u>	<u>(2,836,726)</u>
PROGRAM EXPENSES:							
Administrative Activities	1,541,426	1,794,130	-	-	1,541,426	1,794,130	(252,704)
Facilities	2,605,374	2,352,316	-	-	2,605,374	2,352,316	253,058
The Pavilion	8,682,533	6,233,667	611,950	556,925	9,294,483	6,790,592	2,503,891
Greenways	1,407,257	1,396,692	-	-	1,407,257	1,396,692	10,565
Interest on long-term liabilities	242,670	248,609	-	-	242,670	248,609	(5,939)
	<u>483,308</u>	<u>162,048</u>	<u>-</u>	<u>34,931</u>	<u>483,308</u>	<u>196,979</u>	<u>286,329</u>
Total Expenses	<u>14,962,568</u>	<u>12,187,462</u>	<u>611,950</u>	<u>591,856</u>	<u>15,574,518</u>	<u>12,779,318</u>	<u>2,795,200</u>
TRANSFERS							
	<u>239,064</u>	<u>(812,481)</u>	<u>(239,064)</u>	<u>812,481</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN NET ASSETS	6,980,819	10,714,749	(158,949)	1,739,047	6,821,870	12,453,796	(5,631,926)
NET ASSETS, Beginning of year	39,061,415	28,346,666	3,542,470	1,803,423	42,603,885	30,150,089	12,453,796
NET ASSETS, End of year	<u>\$ 46,042,234</u>	<u>\$ 39,061,415</u>	<u>\$ 3,383,521</u>	<u>\$ 3,542,470</u>	<u>\$ 49,425,755</u>	<u>\$ 42,603,885</u>	<u>\$ 6,821,870</u>

For Total Primary Government Activities, program revenues decreased \$(2,079,158) from the prior year primarily due to the capital grants and contributions from Hospitality tax project reimbursements which began in 2008. General revenues decreased by \$(757,568) from the prior year primarily due to a decrease in amounts collected for property and hospitality taxes. Program expenses increased \$2,795,200 from the prior year primarily due to increased activities and facilities from the expansion of programs. Overall, changes in net assets decreased by \$5,631,926 from the prior year.

SUMMARY OF CHANGES IN STATEMENT
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

	Governmental Funds		Amount change
	2010	2009	
REVENUES:			
Property taxes	\$ 6,079,076	\$ 7,002,024	\$ (922,948)
Hospitality taxes	1,184,785	1,026,691	158,094
Accommodation taxes	50,000	50,000	-
Charges for services (revenues from operations)	3,462,535	2,801,009	661,526
Investment earnings	8,881	34,273	(25,392)
Grants and contributions	2,631,326	2,751,815	(120,489)
Hospitality tax projects reimbursements	8,186,100	9,970,923	(1,784,823)
Other income	261,815	77,957	183,858
Total Revenues	21,864,518	23,714,692	(1,850,174)
EXPENDITURES:			
Administrative	1,465,084	1,653,416	(188,332)
Activities	2,531,100	2,443,033	88,067
Facilities	4,992,637	4,101,363	891,274
The Pavilion	1,319,393	1,300,107	19,286
Greenways	236,025	245,241	(9,216)
Principal payments	969,567	580,851	388,716
Interest on long-term debt	483,308	162,048	321,260
Capital outlays	13,391,822	17,453,875	(4,062,053)
Total Expenditures	25,388,936	27,939,934	(2,550,998)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,524,418)	(4,225,242)	700,824
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of capital leases	322,670	864,500	(541,830)
Proceeds from issuance of revenue bonds	-	6,730,000	(6,730,000)
Transfers in (out)	239,064	(812,481)	1,051,545
Total Other Financing Sources (Uses)	561,734	6,782,019	(6,220,285)
NET CHANGES IN FUND BALANCES	(2,962,684)	2,556,777	(5,519,461)
FUND BALANCES, Beginning of year	10,054,156	7,497,379	2,556,777
FUND BALANCES, End of year	\$ 7,091,472	\$ 10,054,156	\$ (2,962,684)

For the year ended December 31, 2010, the General Fund, Debt Service Fund and Capital Projects fund had a decrease in total revenues of \$1,850,174 from the prior year, primarily due to a decrease in property and hospitality taxes and the hospitality tax projects reimbursements.

For the year ended December 31, 2010, expenditures for the General fund, Debt Service Fund and Capital Projects fund decreased \$2,550,998 from the prior year primarily due to increased expenditures due to increase services and activities provided by the District and a decrease in capital outlays associated with the hospitality tax capital projects. Other financing sources decreased \$6,220,285 primarily due to proceeds from issuance of revenue bonds and capital leases in the prior year. The overall financial position of the governmental funds of the District decreased by a total of \$5,519,461, including financing sources and interfund transfers.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Greenville County Recreation District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The first two statements are government-wide financial statements that provide information about Greenville County Recreation District's overall financial status. The Statement of Net Assets presents information on Greenville County Recreation District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or not improving.

The Statement of Activities presents information showing how Greenville County Recreation District's net assets changed during the fiscal year. All changes in net assets are reported when the underlying events giving rise to the changes occur 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.

Both of the government-wide financial statements distinguish functions of Greenville County Recreation District that are principally supported by funds from the Greenville County tax revenues, private donations and other sources. The Government-wide financial statements can be found on pages 2 and 3 of this report.

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 Recreation District uses fund accounting to ensure and demonstrate compliance with stated uses for the funds. Greenville County Recreation District has a General Fund, a Capital Projects Fund, a Debt Service Fund, and an Enterprise Fund. The fund financial statements can be found on pages 4 through 9 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 through 23.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the budgets. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and its related notes represent supplementary information required by the Governmental Accounting Standards Board and can be found on pages 24 and 25. The Schedule of Revenues, Expenses, and Changes in Net Assets – Budget and Actual – Proprietary Fund and its related note represent additional supplementary information and can be found on pages 26 and 27.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statements of Net Assets

The following presents Greenville County Recreation District's condensed Statements of Net Assets at December 31, 2010 and 2009 as derived from the District's government-wide Statements of Net Assets.

The largest components of current assets are cash and investments (both unrestricted and restricted), and amounts due from fiscal agent which are taxes receivable from Greenville County. Total liabilities consist of accounts payable to vendors for normal operating activities and long-term liabilities of accrued compensated absences, bonds payable and capital leases payable. Net assets consist of net assets invested in capital assets, and restricted and unrestricted net assets.

GREENVILLE COUNTY RECREATION DISTRICT'S CONDENSED STATEMENTS OF NET ASSETS

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
ASSETS:						
Current and other assets	\$ 7,609,837	\$ 10,515,045	\$ -	\$ -	\$ 7,609,837	\$ 10,515,045
Capital assets	50,259,373	40,638,943	3,412,710	3,560,201	53,672,083	44,199,144
Total Assets	57,869,210	51,153,988	3,412,710	3,560,201	61,281,920	54,714,189
LIABILITIES:						
Other liabilities	1,876,432	1,563,206	16,070	8,949	1,892,502	1,572,155
Long-term liabilities	9,950,544	10,529,367	13,119	8,782	9,963,663	10,538,149
Total Liabilities	11,826,976	12,092,573	29,189	17,731	11,856,165	12,110,304
NET ASSETS:						
Invested in capital assets, net of related debt	39,582,772	29,315,445	3,412,710	3,560,201	42,995,482	32,875,646
Restricted	4,076,774	6,895,827	-	-	4,076,774	6,895,827
Unrestricted	2,382,688	2,850,143	(29,189)	(17,731)	2,353,499	2,832,412
Total Net Assets	\$ 46,042,234	\$ 39,061,415	\$ 3,383,521	\$ 3,542,470	\$ 49,425,755	\$ 42,603,885

Management's Discussion and Analysis
For the year ended December 31, 2010
(Unaudited)

Condensed Statements of Activities

The following presents Greenville County Recreation District's Condensed Statements of Activities for the years ended December 31, 2010 and 2009, as derived from the District's government-wide Statements of Activities. Over time, increases and decreases in net assets measure whether Greenville County Recreation District's financial position is improving or not improving. From 2009 to 2010, net assets of the government as a whole (the Primary Government) increased \$6,821,870.

GREENVILLE COUNTY RECREATION DISTRICT'S CONDENSED STATEMENTS OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
PROGRAM REVENUES:						
Charges for services (revenues from operations)	\$ 3,462,535	\$ 2,801,009	\$ 666,210	\$ 732,503	\$ 4,128,745	\$ 3,533,512
Operating grants and contributions	2,631,326	436,683	-	-	2,631,326	436,683
Capital grants and contributions	8,186,100	12,286,055	16,840	785,919	8,202,940	13,071,974
GENERAL REVENUES:						
Property taxes, levied for general purpose	6,079,076	7,002,024	-	-	6,079,076	7,002,024
Hospitality taxes	1,184,785	1,026,691	-	-	1,184,785	1,026,691
Accommodation taxes	50,000	50,000	-	-	50,000	50,000
Investment earnings	8,881	34,273	-	-	8,881	34,273
Other income	261,815	77,957	9,015	-	270,830	77,957
Gain (loss) from disposal of assets	(160,195)	-	-	-	(160,195)	-
Total Revenues	21,704,323	23,714,692	692,065	1,518,422	22,396,388	25,233,114
PROGRAM EXPENSES:						
Administrative	1,541,426	1,794,130	-	-	1,541,426	1,794,130
Activities	2,605,374	2,352,316	-	-	2,605,374	2,352,316
Facilities	8,682,533	6,233,667	611,950	556,925	9,294,483	6,790,592
The Pavilion	1,407,257	1,396,692	-	-	1,407,257	1,396,692
Greenways	242,670	248,609	-	-	242,670	248,609
Interest on long-term liabilities	483,308	162,048	-	34,931	483,308	196,979
Total Expenses	14,962,568	12,187,462	611,950	591,856	15,574,518	12,779,318
TRANSFERS	239,064	(812,481)	(239,064)	812,481	-	-
CHANGES IN NET ASSETS	6,980,819	10,714,749	(158,949)	1,739,047	6,821,870	12,453,796
NET ASSETS, Beginning of year	39,061,415	28,346,666	3,542,470	1,803,423	42,603,885	30,150,089
NET ASSETS, End of year	\$ 46,042,234	\$ 39,061,415	\$ 3,383,521	\$ 3,542,470	\$ 49,425,755	\$ 42,603,885

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

The focus of Greenville County Recreation District's governmental funds is to provide information on the near-term inflow, outflow and balances of spendable resources. Such information is useful in assessing financial requirements. At the end of the current fiscal year, Greenville County Recreation District's governmental funds report combined ending fund balances of \$7,091,472.

Greenville County Recreation District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to comply with certain restrictions of the funds. Greenville County Recreation District has presented the following governmental funds:

General Fund

This fund is used as an operating fund for all financial resources not required to be accounted for in another fund and is funded by property tax revenues and fees and charges for services. The General Fund had a balance of \$3,238,448 at December 31, 2010, an increase from the prior year of \$80,117. Increases and decreases are the result of availability of funds from financial resources.

Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. The Debt Service Fund had a balance of \$1,111,374 at December 31, 2010, a decrease of \$2,309,962 from the prior year.

Capital Projects Fund

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Projects Fund had a balance of \$2,741,650 at December 31, 2010, a decrease of \$732,839 from the prior year.

Greenville County Recreation District has presented the following proprietary fund:

- Enterprise Fund

This fund is used to account for the Discovery Island Family Aquatic Center. This fund is used to account for operations of the Center and the repayment of the associated debt service. The Enterprise Fund had a balance of \$3,383,521 at December 31, 2010, a decrease of \$158,949 from the prior year.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

Capital Assets

As of December 31, 2010, the District had a net investment of \$53,672,083 in capital assets, including land, construction-in-progress, buildings, recreational sites and improvements, office furniture and equipment, transportation equipment, and maintenance and recreational equipment. This amount represents a net increase (including additions, disposals, depreciation, and transfers between categories) of \$9,472,939 over the prior year.

CAPITAL ASSETS AT YEAR-END (NET OF ACCUMULATED DEPRECIATION)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Capital assets not being depreciated:						
Land	\$ 11,091,654	\$ 11,160,438	\$ -	\$ -	\$ 11,091,654	\$ 11,160,438
Construction-in-progress	6,170,878	12,985,437	-	-	6,170,878	12,985,437
Total Capital Assets Not Being Depreciated	17,262,532	24,145,875	-	-	17,262,532	24,145,875
Capital assets being depreciated:						
Buildings, recreational sites and improvements	29,004,551	14,593,264	3,412,710	3,560,201	32,417,261	18,153,465
Office furniture and equipment	100,097	12,357	-	-	100,097	12,357
Transportation equipment	514,029	326,049	-	-	514,029	326,049
Maintenance and recreational equipment	3,378,164	1,561,398	-	-	3,378,164	1,561,398
Total Capital Assets Being Depreciated	32,996,841	16,493,068	3,412,710	3,560,201	36,409,551	20,053,269
	\$ 50,259,373	\$ 40,638,943	\$ 3,412,710	\$ 3,560,201	\$ 53,672,083	\$ 44,199,144

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY (CONTINUED):

This years' major additions include:

Governmental activities:
 Purchase of land-recreational projects
 Construction-in-progress
 Buildings, recreational sites and improvements
 Various vehicles for parks and recreation uses
 Various maintenance and recreational equipment

	\$	358,454
		3,715,771
		7,150,941
		488,476
		<u>1,599,660</u>
		13,313,302

Business-type activities:
 Discovery Island Family Aquatic Center

		<u>15,915</u>
	\$	<u><u>13,329,217</u></u>

TOTAL ADDITIONS (GROSS)

See Note 4 to the accompanying basic financial statements for additional information regarding capital assets.

Long-term Debt

At December 31, 2010, the District had \$11,308,611 of accrued compensated absences, bonds and capital leases outstanding versus \$11,631,684 from the prior year, a net decrease of \$323,073.

OUTSTANDING DEBT AT YEAR-END

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Accrued compensated absences	\$ 632,010	\$ 308,186	\$ 26,774	\$ -	\$ 658,784	\$ 308,186
General obligation bonds	1,532,147	1,692,202	-	-	1,532,147	1,692,202
Revenue bonds	6,235,000	6,730,000	-	-	6,235,000	6,730,000
Capital leases	2,909,454	2,901,296	-	-	2,909,454	2,901,296
Total Long-term Debt	<u>\$ 11,308,611</u>	<u>\$ 11,631,684</u>	<u>\$ 26,774</u>	<u>\$ -</u>	<u>\$ 11,335,385</u>	<u>\$ 11,631,684</u>

Capital leases were increased by \$322,670. The capital leases were reduced by a total of regularly scheduled annual or semi-annual payments of \$314,512. The general obligation and revenue bonds were reduced by a total of regularly scheduled annual or semi-annual payments of \$655,055 for governmental activities. See Note 5 to the accompanying basic financial statements for additional information regarding long-term debt.

BUDGET VARIANCES IN THE GENERAL FUND

The District is organized in five major divisions – Administrative, Activities, Special Use Facilities, The Pavilion, and Greenways, Natural and Historic Resources (Greenways). Each division has its own budget. Property and hospitality tax revenues had a negative variance from budgeted amounts of \$118,679, revenues from operations had a positive variance from budgeted amounts of \$106,140 and interest, grants and miscellaneous income had a positive variance of \$222,369 from budgeted amounts, for a total overall positive variance from budgeted amounts of \$209,830 for revenues. The original budget was not amended during the year.

Fees for services positive variances were primarily due to unanticipated increased demand, and service and fee increases which were approved after the budget was adopted.

Administrative expenditures had a negative variance from budgeted amounts of \$71,169, Activities expenditures had a negative variance from budgeted amounts of \$58,930, Facilities expenditures had a positive variance from budgeted amounts of \$30,969, the Pavilion expenditures had a negative variance from budgeted amounts of \$47,973, Greenways had a positive variance from budgeted amounts of \$49,753, and Capital outlays had a positive variance from budgeted amounts of \$19,370, for an overall negative variance from budgeted amounts of \$77,980 for expenditures. Overall, the budget had a positive variance of \$131,850.

The divisions had negative variances from budgeted amounts primarily due to the total amounts for and expended on programs. These amounts are determined by the availability of funds during the course of the year. Actual amounts exceeded budgeted amounts as the funds became available.

CONTACTING GREENVILLE COUNTY RECREATION DISTRICT

This financial report is designed to provide the citizens, taxpayers, and contributors with a general overall view of Greenville County Recreation District's finances and to demonstrate Greenville County Recreation District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Chanell Moore, Deputy Director and Chief Financial Officer with the Greenville County Recreation District at 864-288-6470.

GREENVILLE COUNTY RECREATION DISTRICT

STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash – unrestricted	\$ 1,333,508	\$ -	\$ 1,333,508
Cash – restricted	3,073,147	-	3,073,147
Due from fiscal agent	2,189,742	-	2,189,742
Due from Greenville County	779,877	-	779,877
Grant receivable	223,750	-	223,750
Other receivables	6,304	-	6,304
Inventory	3,509	-	3,509
Capital assets, net of accumulated depreciation	50,259,373	3,412,710	53,672,083
Total Assets	57,869,210	3,412,710	61,281,920
LIABILITIES:			
Accounts payable	62,071	-	62,071
Accrued expenses	456,294	2,415	458,709
Long-term liabilities:			
Due within one year:			
Accrued compensated absences	322,325	13,655	335,980
Capital leases payable	352,536	-	352,536
Bonds payable	683,206	-	683,206
Due in more than one year:			
Accrued compensated absences	309,685	13,119	322,804
Capital leases payable	2,556,918	-	2,556,918
Bonds payable	7,083,941	-	7,083,941
Total Liabilities	11,826,976	29,189	11,856,165
NET ASSETS:			
Invested in capital assets, net of related debt	39,582,772	3,412,710	42,995,482
Restricted for capital projects	2,965,400	-	2,965,400
Restricted for debt service	1,111,374	-	1,111,374
Unrestricted	2,382,688	(29,189)	2,353,499
Total Net Assets	\$ 46,042,234	\$ 3,383,521	\$ 49,425,755

The accompanying notes are an integral part of these financial statements.

GREENVILLE COUNTY RECREATION DISTRICT

STATEMENT OF ACTIVITIES

FOR YEAR ENDED DECEMBER 31, 2010

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Functions/Programs:							
PRIMARY GOVERNMENT:							
Governmental Activities:							
Administrative Activities	\$ 1,541,426	\$ -	\$ -	\$ -	\$ (1,541,426)	\$ -	\$ (1,541,426)
Facilities	2,605,374	1,038,267	-	-	(1,567,107)	-	(1,567,107)
The Pavilion	8,682,533	1,144,816	-	-	(7,537,717)	-	(7,537,717)
Greenways	1,407,257	1,279,452	-	-	(127,805)	-	(127,805)
Interest on long-term liabilities	242,670	-	-	-	(242,670)	-	(242,670)
Hospitality tax project reimbursements	483,308	-	-	-	(483,308)	-	(483,308)
Grants	-	-	-	8,186,100	8,186,100	-	8,186,100
			2,631,326	-	2,631,326	-	2,631,326
Total Governmental Activities	14,962,568	3,462,555	2,631,326	8,186,100	(682,607)	-	(682,607)
Business-type Activities:							
Discovery Island Family Aquatic Center	611,950	666,210	-	16,840	-	71,100	71,100
Total Business-type Activities	611,950	666,210	-	16,840	-	71,100	71,100
TOTAL PRIMARY GOVERNMENT	\$ 15,574,518	\$ 4,128,745	\$ 2,631,326	\$ 8,202,940	(682,607)	71,100	(611,507)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					6,079,076		6,079,076
Hospitality taxes					1,184,785		1,184,785
Accommodation taxes					50,000		50,000
Unrestricted investment earnings					8,881		8,881
Other income					261,815	9,015	270,830
Gain (loss) on disposal of assets					(160,195)		(160,195)
Transfers					239,064	(239,064)	-
Total General Revenues and Transfers					7,663,426	(230,049)	7,433,377
CHANGES IN NET ASSETS					6,980,819	(158,949)	6,821,870
NET ASSETS, Beginning of year					39,061,415	3,542,470	42,603,885
NET ASSETS, End of year					\$ 46,042,234	\$ 3,383,521	\$ 49,425,755

The accompanying notes are an integral part of these financial statements.

GREENVILLE COUNTY RECREATION DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	<u>ASSETS</u>			
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and cash equivalents	\$ 1,333,508	\$ 1,111,374	\$ 1,961,773	\$ 4,406,655
Due from fiscal agent	2,189,742	-	-	2,189,742
Due from Greenville County	-	-	779,877	779,877
Grant receivable	223,750	-	-	223,750
Other receivables	6,304	-	-	6,304
Inventory	3,509	-	-	3,509
TOTAL ASSETS (All Current)	<u>\$ 3,756,813</u>	<u>\$ 1,111,374</u>	<u>\$ 2,741,650</u>	<u>\$ 7,609,837</u>

LIABILITIES AND FUND BALANCES

LIABILITIES:				
Accounts payable	\$ 62,071	\$ -	\$ -	\$ 62,071
Accrued expenses	456,294	-	-	456,294
TOTAL LIABILITIES	<u>518,365</u>	<u>-</u>	<u>-</u>	<u>518,365</u>
 FUND BALANCES				
Reserved for:				
Inventory	3,509	-	-	3,509
Unreserved	3,234,939	1,111,374	2,741,650	7,087,963
TOTAL FUND BALANCES	<u>3,238,448</u>	<u>1,111,374</u>	<u>2,741,650</u>	<u>7,091,472</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,756,813</u>	<u>\$ 1,111,374</u>	<u>\$ 2,741,650</u>	

Amounts reported for governmental activities in the Statement of Net Assets (page 2) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land, construction-in-progress, buildings, recreational sites and improvements, office furniture and equipment, transportation equipment, maintenance and recreational equipment, net of accumulated depreciation of \$17,882,723.

50,259,373

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Those liabilities consist of:

Accrued compensated absences
Capital leases payable
Bonds payable

(632,010)
(2,909,454)
(7,767,147)

Net Assets of Governmental Activities

\$ 46,042,234

The accompanying notes are an integral part of these financial statements.

GREENVILLE COUNTY RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR YEAR ENDED DECEMBER 31, 2010

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:				
Property taxes	\$ 5,941,321	\$ 137,755	\$ -	\$ 6,079,076
Hospitality taxes	1,184,785	-	-	1,184,785
Accommodation taxes	-	50,000	-	50,000
Charges for services (revenues from operations):				
Activities	1,038,267	-	-	1,038,267
Facilities	1,144,816	-	-	1,144,816
The Pavilion	1,279,452	-	-	1,279,452
Interest	4,582	3,037	1,262	8,881
Hospitality tax project reimbursements	-	-	8,186,100	8,186,100
Donations – unrestricted	-	-	4,500	4,500
Grants – restricted	484,030	-	1,752,820	2,236,850
Grants – unrestricted	289,898	-	53,400	343,298
Sponsorships	3,750	-	-	3,750
Events	42,928	-	-	42,928
Other income	251,890	-	9,925	261,815
Total Revenues	11,665,719	190,792	10,008,007	21,864,518
EXPENDITURES:				
Current:				
Administrative	1,465,084	-	-	1,465,084
Activities	2,531,100	-	-	2,531,100
Facilities	4,992,637	-	-	4,992,637
The Pavilion	1,319,393	-	-	1,319,393
Greenways	236,025	-	-	236,025
Debt service:				
Principal payments	-	969,567	-	969,567
Interest and fiscal charges	-	483,308	-	483,308
Capital outlays:				
Administrative	31,630	-	-	31,630
Facilities	-	-	13,360,192	13,360,192
Total Expenditures	10,575,869	1,452,875	13,360,192	25,388,936
Excess (Deficiency) of Revenues over Expenditures	1,089,850	(1,262,083)	(3,352,185)	(3,524,418)
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of capital leases	-	322,670	-	322,670
Transfers in	5,857,877	1,667,665	4,852,728	12,378,270
Transfers out	(6,867,610)	(3,038,214)	(2,233,382)	(12,139,206)
Total Other Financing Sources (Uses)	(1,009,733)	(1,047,879)	2,619,346	561,734

The accompanying notes are an integral part of these financial statements.

GREENVILLE COUNTY RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS (CONTINUED)
FOR YEAR ENDED DECEMBER 31, 2010

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
NET CHANGES IN FUND BALANCES	80,117	(2,309,962)	(732,839)	(2,962,684)
FUND BALANCES, Beginning of year	<u>3,158,331</u>	<u>3,421,336</u>	<u>3,474,489</u>	<u>10,054,156</u>
FUND BALANCES, End of year	<u>\$ 3,238,448</u>	<u>\$ 1,111,374</u>	<u>\$ 2,741,650</u>	<u>\$ 7,091,472</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (page 3) for the year ended December 31, 2010:

Net changes in fund balances – total governmental funds	\$ (2,962,684)
Governmental funds report capital outlays as expenditures. However, in the government-wide Statement of Activities, the cost of assets that meet the District's capitalization limit is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays that met the District's capitalization limit (\$13,313,302) exceeded depreciation (\$3,532,677) in the current year.	9,780,625
In the Statement of Activities, only the gain (loss) on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the changes in net assets differ from the changes in fund balances by the net book values of the assets disposed.	(160,195)
Some compensated absences expenses reported on the Statement of Activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds.	(323,824)
Bond proceeds, capital leases and other liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal and payments on capital leases are expenditures in the governmental funds, but the repayments reduce the long-term liabilities in the Statement of Net Assets. This is the amount by which the repayments (\$969,567) exceeded the proceeds (\$322,670).	<u>646,897</u>
Changes in Net Assets of Governmental Activities	<u>\$ 6,980,819</u>

The accompanying notes are an integral part of these financial statements.

GREENVILLE COUNTY RECREATION DISTRICT

STATEMENT OF NET ASSETS – PROPRIETARY FUND
DECEMBER 31, 2010

ASSETS

	<u>Enterprise Fund</u>
ASSETS:	
Noncurrent assets:	
Capital assets, net of accumulated depreciation	\$ 3,412,710
TOTAL ASSETS	<u>3,412,710</u>
LIABILITIES:	
Current liabilities:	
Accrued expenses	2,415
Accrued compensated absences	<u>13,655</u>
Total Current Liabilities	<u>16,070</u>
Noncurrent liabilities:	
Accrued compensated absences	<u>13,119</u>
Total Noncurrent Liabilities	<u>13,119</u>
TOTAL LIABILITIES	<u>29,189</u>
NET ASSETS:	
Invested in capital assets, net of related debt	3,412,710
Unrestricted	<u>(29,189)</u>
TOTAL NET ASSETS	<u>\$ 3,383,521</u>

The accompanying notes are an integral part
of these financial statements.

GREENVILLE COUNTY RECREATION DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS – PROPRIETARY FUND
FOR YEAR ENDED DECEMBER 31, 2010

	<u>Enterprise Fund</u>
OPERATING REVENUES:	
Charges for services	\$ 666,210
OPERATING EXPENSES:	
Salaries and related expenses	275,715
Administrative expenses	172,829
Depreciation	163,406
Total Operating Expenses	<u>611,950</u>
OPERATING INCOME	<u>54,260</u>
NONOPERATING REVENUES (EXPENSES):	
Hospitality tax project reimbursements	16,840
Other income	9,015
Total Nonoperating Revenues (Expenses)	<u>25,855</u>
NET INCOME (LOSS) BEFORE TRANSFERS	80,115
TRANSFERS IN	453,001
TRANSFERS OUT	<u>(692,065)</u>
CHANGES IN NET ASSETS	(158,949)
NET ASSETS, Beginning of year	<u>3,542,470</u>
NET ASSETS, End of year	<u>\$ 3,383,521</u>

The accompanying notes are an integral part
of these financial statements.

GREENVILLE COUNTY RECREATION DISTRICT

STATEMENT OF CASH FLOWS – PROPRIETARY FUND
FOR YEAR ENDED DECEMBER 31, 2010

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 666,210
Payments to employees for services	(264,257)
Payments to vendors for goods and services	<u>(172,829)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>229,124</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from hospitality tax project reimbursements	16,840
Purchases of capital assets	(15,915)
Proceeds from other income	<u>9,015</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>9,940</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers in	453,001
Transfers out	<u>(692,065)</u>
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>(239,064)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS, Beginning of year	<u>-</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ -</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income	\$ 54,260
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	163,406
Changes in assets and liabilities:	
Accrued expenses	91
Accrued compensated absences	<u>11,367</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 229,124</u></u>

The accompanying notes are an integral part
of these financial statements.

GREENVILLE COUNTY RECREATION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Greenville County Recreation District (the District) was created by state law on June 24, 1968, as an independent special purpose district to fulfill the recreational needs of the public of Greenville County. The District is governed by a Board of Commissioners appointed by the Governor upon recommendation of the Greenville County Council.

For the purpose of applying accounting principles generally accepted in the United States of America to its activities, the District's management has determined that it is a governmental entity. The Governmental Accounting Standards Board (GASB), which has jurisdiction over accounting and financial reporting standards applicable to governmental entities, and the Financial Accounting Standards Board (FASB), which has jurisdiction over such standards applicable to nongovernmental entities, have agreed on a definition of a governmental entity that is to be used when determining whether governmental accounting principles are applicable. Since (a) the District is a public benefit corporation, (b) the members of the District are appointed by the Governor and (c) upon dissolution of the District, all of the District's net assets will revert to the State of South Carolina, the District meets the criteria set forth in the definition of a governmental entity. Accordingly, the accompanying financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental entities.

Generally accepted accounting principles for local governments include those principles prescribed by the GASB, the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governments (GASB 34 Edition)* and by the FASB when applicable.

The government-wide and proprietary fund financial statements of the District follow provisions of the FASB's Accounting Standards Codification (formerly known as FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins) issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements.

Reporting Entity: Pursuant to governmental accounting principles generally accepted in the United States of America, in evaluating the District as a reporting entity, management must consider all potential component units. The decision to include any potential component units in the District's reporting entity was based on the following criteria:

- The District's financial accountability for the potential component unit was considered. The District is financially accountable if it appoints a voting majority of the governing board of the potential component unit and (1) it is able to impose its will on the potential component unit or (2) a financial benefit/burden relationship exists between the District and the potential component unit.
- The potential component unit's fiscal dependence on the District was considered.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The nature and significance of the relationship between the District and the potential component unit was considered to determine whether exclusion of the potential component unit would render the District's financial statements misleading or incomplete.

Based on the above criteria, management has determined that there are no potential component units eligible for inclusion in the District's financial statements.

Basis of Presentation: The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the District. The effect of interfund activity within governmental and business-type activities columns has been removed from these statements. Governmental activities, which normally are supported by taxes and charges for services, are reported separately from business-type activities, which have a pricing policy designed to recover their cost.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include (1) charges to customers who purchase, use, or directly benefit from privileges, services or goods provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not classified as program revenues are reported as general revenues.

The fund financial statements report transactions related to certain functions or activities in separate funds in order to aid financial management and to comply with certain restrictions of the funds. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

The District has presented the following major governmental funds:

- General Fund – This fund is used as an operating fund for all financial resources not required to be accounted for in another fund and is funded by property taxes from Greenville County and revenues from operations.
- Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.
- Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The District has presented the following major proprietary fund:

- Enterprise Fund – This fund is used to account for business-type activities related to the Discovery Island Family Aquatic Center.

Proprietary fund operating revenues and expenses are those that 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. Nonoperating revenues and expenses result from nonexchange transactions or ancillary activities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus/Basis of Accounting: Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets and the operating statements present increased (revenues) and decreased (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liabilities are incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, or when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers funds received from property taxes as available if they are collected within 60 days of year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, any claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The revenues susceptible to accrual include funds received from Greenville County property taxes, amounts due from other funds and pledged donations. All other fund revenues are recognized when received.

In the accompanying Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund, the District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District’s principal ongoing operations. Operating expenses for the District include the cost of providing services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash, Cash Equivalents and Investments: For the purposes of the District’s government-wide and fund financial statements, the headings for “Cash” and “Cash and Cash Equivalents”, whether unrestricted or restricted, include petty cash funds, demand accounts, savings accounts and certificates of deposit with original maturities of three months or less.

Inventory: Inventories are valued at the lower of cost (determined on a first-in, first-out basis) or market and consist of concession items that are held for resale. The cost of inventory is recorded as an expense at the time individual inventory items are consumed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets: Capital assets, which include land, construction-in-progress, buildings, recreational sites and improvements, office furniture and equipment, transportation equipment, and maintenance and recreational equipment are reported in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost and depreciated over the estimated useful lives of the related assets. The District's capitalization limit is \$5,000. Depreciation is computed by the straight-line method.

Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. When property and equipment are sold or otherwise disposed of, the asset cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the change in net assets on the government-wide Statement of Activities, and on the Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund, if applicable.

Estimated useful lives are as follows:

Buildings	40 years
Recreational sites and improvements	15 – 40 years
Office furniture and equipment	5 – 7 years
Transportation equipment	5 – 7 years
Maintenance and recreational equipment	5 – 7 years

Accrued Compensated Absences: The District allows full-time employees to accumulate up to 936 hours of paid leave as of the close of the calendar year. Paid leave accrues at a rate of 8 to 20 or more hours per month dependent on length of service. Accrued paid leave exceeding 936 hours is forfeited. Upon resignation in good standing, accrued paid leave will be paid at 50% of the employee's base rate of pay.

The aggregate amount of accumulated general leave has been reflected in long-term liabilities on the Statement of Net Assets.

Net Assets: Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation and any related debt. Net assets are reported as restricted when there are limitations imposed on their use.

Restricted Assets/Net Assets: Restricted assets include cash and investments that are restricted to use in specific District programs either through enabling legislation or through external restrictions imposed by donors, grantors, creditors, or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District first applies restricted assets and then unrestricted assets.

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

NOTE 2 – INVESTMENTS AND CASH

As of December 31, 2010, the District had the following investments and cash:

<u>Investments:</u>	<u>Maturities</u>	<u>Fair Value</u>
County of Greenville, SC Investment Pool	less than one year	\$ 168,714
Total Investments		<u>168,714</u>
 <u>Cash:</u>		
Petty cash and cash and cash equivalents in national banks		<u>4,237,941</u>
Total Cash		<u>4,237,941</u>
Total Investments and Cash		<u>\$ 4,406,655</u>

These amounts are presented in accompanying government-wide Statement of Net Assets as follows:

Cash – unrestricted	\$ 1,333,508
Cash – restricted	<u>3,073,147</u>
Total Cash and Investments	<u>\$ 4,406,655</u>

Credit Risk: State laws authorize investments by political subdivisions in instruments including but not limited to (a) obligations of the United States of America or its related agencies, (b) obligations of the State of South Carolina or (c) deposits in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Any amounts on deposit that exceed the FDIC limit must be collateralized by obligations described in (a) or (b) above. The District has no investment policy that would further limit its investment choices.

The District's investments in the County of Greenville, SC Investment Pool were not rated.

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. One hundred percent of the District's investments were included in County of Greenville, SC Investment Pool at December 31, 2010.

NOTE 2 – INVESTMENTS AND CASH (CONTINUED)

Cash equivalents reported in the Debt Service Fund of \$1,111,374 represent funds on deposit with the local banks that are restricted for debt service on the District’s general obligation bonds and capital leases payable. These funds are included in cash and cash equivalents of the Debt Service Fund on the Balance Sheet – Governmental Funds.

Custodial Credit Risk Related to Deposits: Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. South Carolina State law requires banks to collateralize deposits for governmental entities that exceed the amount of insurance coverage provide by the Federal Deposit Insurance Corporation. The District has no additional deposit policy for custodial credit risk.

As of December 31, 2010, \$2,844,220 of the District’s cash and cash equivalent bank balances of \$4,455,594 was exposed to custodial credit risk as follows:

Collateralized with securities held by the pledging institution	<u>\$ 2,588,402</u>
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NOTE 3 – INTERFUND TRANSFERS

Interfund transfers during the year ended December 31, 2010, consisted of the following:

	Transfers Out				Total
	General Fund	Capital Projects Fund	Debt Service Fund	Enterprise Fund	
Transfers In:					
General Fund	\$ -	\$ 4,835,888	\$ 1,595,561	\$ 436,161	\$ 6,867,610
Debt Service Fund	3,038,214	-	-	-	3,038,214
Capital Projects Fund	2,144,438	-	72,104	16,840	2,233,382
Enterprise Fund	675,225	16,840	-	-	692,065
Total Transfers In	<u>\$ 5,857,877</u>	<u>\$ 4,852,728</u>	<u>\$ 1,667,665</u>	<u>\$ 453,001</u>	<u>\$ 12,831,271</u>

These funds were transferred to provide resources for capital projects or debt service and to provide funds for operational expenditures.

NOTE 4 – CAPITAL ASSETS

The following is a summary of capital assets activities for the year ended December 31, 2010:

	January 1, 2010	Transfers	Additions	Disposals	December 31, 2010
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 11,160,438	\$ (427,238)	\$ 358,454	\$ -	\$ 11,091,654
Construction-in-progress	12,985,437	(10,530,330)	3,715,771	-	6,170,878
Total Capital Assets	24,145,875	(10,957,568)	4,074,225	-	17,262,532
Capital assets being depreciated:					
Buildings, recreational sites and improvements	27,008,785	10,060,306	7,150,941	(1,132,448)	43,087,584
Office furniture and equipment	444,947	-	115,447	(55,214)	505,180
Transportation equipment	1,115,668	-	373,029	-	1,488,697
Maintenance and recreational equipment	3,906,304	897,262	1,599,660	(605,123)	5,798,103
Total Capital Assets	32,475,704	10,957,568	9,239,077	(1,792,785)	50,879,564
Less accumulated depreciation:					
Buildings, recreational sites and improvements	12,415,521	(39,376)	2,779,040	(1,072,152)	14,083,033
Office furniture and equipment	432,590	-	25,423	(52,930)	405,083
Transportation equipment	789,619	-	185,049	-	974,668
Maintenance and recreational equipment	2,344,906	39,376	543,165	(507,508)	2,419,939
Total Accumulated Depreciation	15,982,636	-	3,532,677	(1,632,590)	17,882,723
Capital assets being depreciated, net	16,493,068	10,957,568	5,706,400	(160,195)	32,996,841
Governmental Activities Capital Assets, Net	\$ 40,638,943	\$ -	\$ 9,780,625	\$ (160,195)	\$ 50,259,373

NOTES 4 – CAPITAL ASSETS (CONTINUED)

	January 1, 2010	Transfers	Additions	Disposals	December 31, 2010
Business-type activities:					
Capital assets being depreciated:					
Buildings, recreational sites and improvements	\$ 4,057,228	-	\$ 15,915	\$ -	\$ 4,073,143
Office furniture and equipment	24,557	-	-	-	24,557
Total Capital Assets Being Depreciated	4,081,785	-	15,915	-	4,097,700
Less accumulated depreciation:					
Buildings, recreational sites and improvements	497,027	-	163,406	-	660,433
Office furniture and equipment	24,557	-	-	-	24,557
Total Accumulated Depreciation	521,584	-	163,406	-	684,990
Capital assets being depreciated, net	3,560,201	-	(147,491)	-	3,412,710
Business-type Activities, net	\$ 3,560,201	\$ -	\$ (147,491)	\$ -	\$ 3,412,710

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

Governmental activities:	
Administrative	\$ 60,291
Facilities	3,423,290
The Pavilion	49,096
Total Governmental Activities	\$ 3,532,677

Depreciation expense was charged as direct expense to the business-type activities as follows:

Business-type activities:	
Enterprise Fund (Discovery Island Family Aquatic Center)	\$ 163,406
Total Business-type Activities	\$ 163,406

Amounts shown under the "Transfers" column above represent reclassifications of assets between capital asset categories.

NOTE 5 – LONG-TERM LIABILITIES

Long-term liability transactions for governmental activities for the year ended December 31, 2010, were as follows:

	January 1, 2010	Additions	Reductions	December 31, 2010	Amounts due in one year
Governmental Activities:					
Bonds and leases payable:					
Capital leases payable	\$ 2,901,296	\$ 322,670	\$ (314,512)	\$ 2,909,454	\$ 352,536
General Obligation and Revenue Bonds	8,422,202	-	(655,055)	7,767,147	683,206
	11,323,498	322,670	(969,567)	10,676,601	1,035,742
Other liabilities:					
Compensated absences	308,186	480,999	(157,175)	632,010	322,325
Governmental activities long-term liabilities	<u>\$ 11,631,684</u>	<u>\$ 803,669</u>	<u>\$ (1,126,742)</u>	<u>\$ 11,308,611</u>	<u>\$ 1,358,067</u>

Payments on bonds included both General Obligation Bonds and a Revenue Bond that pertain to the district's governmental activities are made by the Debt Service Fund.

The General Obligation bonds consist of: 1) the General Obligation Bond of 2003, which is payable annually on April 1 in incrementally increasing installments of principal through 2017, and interest payable in semi-annual installments on April 1 and October 1 through 2017, at an interest rate of 4.06%, and 2) the General Obligation Bond of 2005 which is payable in quarterly installments of principal and interest totaling \$12,500 on February 15, May 15, August 15, and November 15, at an interest rate of 4.52% through 2025.

The Revenue Bonds consists of Revenue Bond of 2010 for \$6,370,000, payable on two schedules, both payable on April 1 in incrementally increasing installments of principal through 2013 and 2022, and interest is payable semi-annually on April 1 and October 1 through 2013 and 2022, with interest rates of 3.01% and 4.40%. The bond is secured by the District's revenues.

The capital leases payable are for buildings, park renovations, equipment, furniture and fixtures and land purchases, and are payable annually and semi-annually on various dates in incrementally increasing installments of principal and interest through 2023, with interest rates ranging from 2.92% to 4.03%.

The District's policy regarding compensated absences is described in Note 1. In prior years, compensated absences have been liquidated primarily by the General Fund.

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

Long-term liability transactions for business type activities for the year ended December 31, 2010, were as follows:

	January 1, 2010	Additions	Reductions	December 31, 2010	Amounts due in one year
Business-type Activities					
Other liabilities:					
Compensated absences	15,407	16,846	(5,479)	26,774	13,655
Business-type Activities					
long-term liabilities	\$ 15,407	\$ 16,846	\$ (5,479)	\$ 26,774	\$ 13,655

Compensated absences that pertain to the District's Business-type Activities have been liquidated primarily from the Proprietary Fund.

Debt service requirements on long-term liabilities at December 31, 2010 are as follows:

Year ending December 31,	General Obligation Bonds		
	Principal	Interest	Total
2011	\$ 168,206	\$ 61,349	\$ 229,555
2012	176,410	54,237	230,647
2013	184,671	46,784	231,455
2014	193,989	38,970	232,959
2015	204,368	32,129	236,497
2016 – 2020	391,842	75,677	467,519
2021 – 2025	212,661	24,842	237,503
	<u>\$ 1,532,147</u>	<u>\$ 333,988</u>	<u>\$ 1,866,135</u>

Year ending December 31,	Revenue Bonds		
	Principal	Interest	Total
2011	\$ 515,000	\$ 254,844	\$ 769,844
2012	535,000	234,906	769,906
2013	565,000	214,007	779,007
2014	335,000	195,910	530,910
2015	350,000	180,840	530,840
2016 – 2020	1,990,000	654,500	2,644,500
2021 – 2025	1,945,000	175,890	2,120,890
	<u>\$ 6,235,000</u>	<u>\$ 1,910,897</u>	<u>\$ 8,145,897</u>

NOTE 5 – LONG-TERM LIABILITIES (CONTINUED)

The District entered into various leases for land, buildings, furniture and fixtures and equipment. Future minimum lease payments at December 31, 2010, are as follows:

Governmental Activities:

<u>Year ending December 31,</u>	
2011	\$ 456,918
2012	456,918
2013	456,918
2014	353,267
2015	284,361
2016 – 2020	1,229,513
2021 – 2022	<u>239,460</u>
Total minimum lease payments	3,477,355
Less: deferred interest	<u>567,901</u>
Present value minimum lease payments	<u><u>\$ 2,909,454</u></u>

Following is a summary of property held under capital leases:

Land and construction-in-progress	\$ 805,758
Buildings, recreational sites and improvements	2,210,417
Transportation equipment	570,766
Maintenance and recreational equipment	<u>1,023,461</u>
	4,610,402
Less: accumulated depreciation	<u>1,214,704</u>
	<u><u>\$ 3,395,698</u></u>

NOTE 6 – PENSION PLAN

Plan Description: The Greenville County Recreation District contributes to the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit plan administered by the Retirement Division of the State Budget and Control Board. SCRS provides retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits to plan members and beneficiaries. The Plan’s provisions are established under Title 9 of the South Carolina Code of Laws, which assigns authority to establish and amend benefits to the South Carolina Budget and Control Board. Financial statements and required supplementary information for the South Carolina Retirement System are issued and publicly available by writing the South Carolina Retirement System, PO Box 11960, Columbia, SC 29211-1960.

Funding Policy: As of December 31, 2010, plan members are required to contribute 6.5% of their annual covered salary and the District is required to contribute an actuarially determined rate. The current rate at December 31, 2010, is 8.05% of annual covered payroll. In addition to the preceding rate, participating employers contribute .15% of covered payroll to a group life insurance benefit for their participants. The contribution requirements of plan members and the District are established under Title 9 of the South Carolina Code of Laws. The District’s contributions to SCRS are summarized as follows:

<u>Year ended December 31,</u>	<u>Employer</u>	<u>Employee</u>
2008	\$ 325,328	\$ 223,431
2009	\$ 365,998	\$ 253,337
2010	\$ 383,119	\$ 265,206

The actual contributions made equaled the required contributions for each of the above years.

NOTE 7 – PROPERTY TAXES

Property taxes are assessed and collected by Greenville County and remitted to the District. Property taxes are levied each September (except property taxes for automobiles which are annually assessed on the first day of the month in which the automobiles were registered) on the assessed value at the prior December 31 for all real and personal property located in the areas served by the District. Assessed values are established by the County Assessor and the South Carolina Department of Revenue at various rates of 4% to 10.5% of the estimated market values. The assessed value as of June 30, 2008, was \$1,088,806,420. The estimated market value was \$17,788,460, making the assessed value approximately 5.28% of the estimated market value.

Taxes were due in one payment on or before January 15, 2010. A 3% penalty was added on January 16. If taxes remained unpaid on February 2, a 7% penalty was added to the total of taxes plus penalties. If taxes remained unpaid on the March 17 lien date, an additional 5% penalty was added to the total taxes and penalties plus a delinquent execution charge. If taxes have not been paid prior to the first Monday in October, the property will be subject to sale at public auction for taxes due.

NOTE 7 – PROPERTY TAXES (CONTINUED)

At December 31, 2010, property taxes due from Greenville County totaled \$2,189,742 and were reported in the accompanying financial statements as “Due from fiscal agent.” All receivables were considered collectible; hence, no allowance for doubtful accounts was required at December 31, 2010.

NOTE 8 – OPERATING LEASE OBLIGATIONS

The District leases numerous real properties for the conduct of its operations over periods ranging from one to ninety-nine years. Annual lease payments are for nominal amounts, usually \$1.

NOTE 9 – RISK MANAGEMENT

The District is exposed to various types of risk including loss related to torts; theft of, damage to and destruction of assets; injuries to employees and others; and damage to property of others. As of June 1, 2007, the District joined the South Carolina State Budget and Control Board Office of Insurance Reserve Fund (IRF). The IRF is a public entity risk pool that currently provides property and casualty insurance for its members in a manner similar to commercial insurance providers.

No claim settlements have exceeded insurance coverage during the years ended December 31, 2010, 2009, or 2008. There were no significant reductions in insurance coverage during the year ended December 31, 2010.

NOTE 10 – UNCERTAINTY

Certain localities in Greenville County have succeeded in excluding themselves from the tax assessment that funds the District in favor of collecting the tax directly for their own recreational purposes. Collections of hospitality taxes and accommodation taxes could be affected by the economic downturn.

NOTE 11 – HOSPITALITY TAX PROJECTS

Greenville County Council approved a funding plan that will invest over \$50 million in new and renovated recreational facilities with a Hospitality Tax on prepared food and beverages in the unincorporated areas of the county. The tax is estimated to generate over \$6 million annually. The funds are being used to build recreation amenities to attract tourists to Greenville County. Initial plans include a new water park; new and renovated athletic facilities to host regional tournaments; conversion of an old rail line, the Swamp Rabbit, into an eleven-mile greenway; and operation of Conestee Nature Park. The District received \$8,202,940 of these funds during 2010. At December 31, 2010, \$779,877 was due from Greenville County and is reported in the accompanying financial statements as “Due from Greenville County.”

NOTE 12 – SUBSEQUENT EVENTS

The District received an assessment from the South Carolina Department of Revenue for sales, use, and admission taxes of \$169,771 which is included in accrued expenses on the statement of net assets on page 2 and balance sheet – governmental funds on page 4. The District has agreed to pay this balance over a one year period beginning in March 2011.

GREENVILLE COUNTY RECREATION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR YEAR ENDED DECEMBER 31, 2010

	Original Budget	Revision	Final Budget	Actual	Variance Positive (Negative)
REVENUES:					
Property taxes	\$ 6,060,000	\$ -	\$ 6,060,000	\$ 5,941,321	\$ (118,679)
Hospitality taxes	1,184,785	-	1,184,785	1,184,785	-
Charges for services					
(revenues from operations):					
Activities	999,020	-	999,020	1,038,267	39,247
Facilities	1,234,375	-	1,234,375	1,144,816	(89,559)
The Pavilion	1,123,000	-	1,123,000	1,279,452	156,452
Interest	14,000	-	14,000	4,582	(9,418)
Grants-restricted	-	-	-	484,030	484,030
Grants-unrestricted	307,900	-	307,900	289,898	(18,002)
Sponsorships	21,800	-	21,800	3,750	(18,050)
Events	54,809	-	54,809	42,928	(11,881)
Other income	456,200	-	456,200	251,890	(204,310)
Total Revenues	11,455,889	-	11,455,889	11,665,719	209,830
EXPENDITURES:					
Administrative	1,393,915	-	1,393,915	1,465,084	(71,169)
Activities	2,472,170	-	2,472,170	2,531,100	(58,930)
Facilities	5,023,606	-	5,023,606	4,992,637	30,969
The Pavilion	1,271,420	-	1,271,420	1,319,393	(47,973)
Greenways	285,778	-	285,778	236,025	49,753
Capital outlays	51,000	-	51,000	31,630	19,370
Total Expenditures	10,497,889	-	10,497,889	10,575,869	(77,980)
Excess (Deficiency) of Revenues over Expenditures	\$ 958,000	\$ -	\$ 958,000	1,089,850	\$ 131,850
OTHER FINANCING SOURCES (USES):					
Transfers in				5,857,877	
Transfers out				(6,867,610)	
NET CHANGES IN FUND BALANCE				80,117	
FUND BALANCE, Beginning of year				3,158,331	
FUND BALANCE, End of year				\$ 3,238,448	

GREENVILLE COUNTY RECREATION DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED DECEMBER 31, 2010

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The District prepares and adopts an annual budget for the General Fund to provide for operations. The budget is prepared using the modified accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Changes, if any, made during the year are approved by the District. The District's original budget was not amended during the year ended December 31, 2010.

NOTE 2 – EXCESS EXPENDITURES

General Fund expenditures for the year ended December 31, 2010, exceeded appropriations in the Administrative division by \$71,169, in the Activities division by \$58,930, and in the Pavilion by \$47,973, for a total of \$178,092 over budgeted amounts. Excess expenditures were funded by available fund balances.

GREENVILLE COUNTY RECREATION DISTRICT

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL – PROPRIETARY FUND
FOR YEAR ENDED DECEMBER 31, 2010

	Original/Final Budget	Actual – Budgetary Basis	Variance Positive (Negative)
OPERATING REVENUES:			
Charges for services	\$ 737,500	\$ 666,210	\$ (71,290)
Total Revenues	737,500	666,210	(71,290)
OPERATING EXPENSES (INCOME):			
Salaries and related expenses	259,179	275,715	(16,536)
Administrative expenses	174,530	172,829	1,701
Other income	(10,000)	(9,015)	(985)
Total Expenses	423,709	439,529	(15,820)
CHANGES IN NET ASSETS	\$ 313,791	\$ 226,681	\$ (87,110)

Reconciliation of the Changes in Net Assets – actual amounts (budgetary basis) to Changes in Net Assets as shown on the Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund (page 8):

Changes in net assets (budgetary basis)	\$ 226,681
Depreciation recognized in the Statement of Revenues, Expenses and Changes in Net Assets was not included in the District’s annual budget.	(163,406)
Hospitality tax reimbursement recognized in the Statement of Revenues, Expenses and Changes in Net Assets was not included in the District’s annual budget.	16,840
Transfers into (\$453,001) and out of (\$692,065) the Proprietary Fund are not included in the District’s annual budget. This is the amount of the net transfers during the year.	(239,064)
Changes in Net Assets – Proprietary Fund, as reported on the Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund on page 8.	\$ (158,949)

GREENVILLE COUNTY RECREATION DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
FOR YEAR ENDED DECEMBER 31, 2010

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The District prepares an annual budget for the Proprietary Fund to provide for operations. The budget is prepared using the modified accrual basis of accounting that is used to budget for the General Fund. Changes to the budget made during the year, if any, are approved by the District. The District's original budget was not amended during the year ended December 31, 2010.

The District's Proprietary Fund budget is prepared using a basis of accounting other than generally accepted accounting principles for proprietary funds. Therefore, the budgetary comparison schedule presented on page 26 includes a reconciliation of actual budgetary basis amounts to those amounts presented on the Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund.

NOTE 2 – EXCESS EXPENDITURES

Proprietary Fund expenditures for the year ended December 31, 2010, exceeded appropriations in the Salaries and related division by \$16,536, and Other income by \$985, for a total of \$17,521 over budgeted amounts. Excess expenditures were funded by available fund balances.