

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2013

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

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GREENVILLE COUNTY RECREATION DISTRICT

Taylors, South Carolina

A Special Purpose District

created by the

South Carolina Legislature

June 24, 1968

COMMISSIONERS

Scott Wigginton, Chairman

Joel Vanderwood, Vice Chairman

John Arrowood, Secretary

Steve Johnson

David LeBlanc

John Liston

Jack Puckett



INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Greenville County Recreation District
Taylors, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Greenville County Recreation District, Taylors, South Carolina (the "District"), as of and for the six months ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Greenville County Recreation District, as of June 30, 2013, and the respective changes in financial position for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the General Fund budgetary comparison schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Greene, Finney & Horton, LLP
Mauldin, South Carolina
January 10, 2014

Basic Financial Statements

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

STATEMENT OF NET POSITION

JUNE 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 3,129,879
Cash and Investments Held by County Treasurer	71,131
Restricted Cash and Cash Equivalents	1,459,934
Due from County Treasurer	78,756
Receivables, Net:	
Property Taxes	177,641
Grants	12,500
Inventory	3,509
Capital Assets:	
Non-Depreciable	13,126,110
Depreciable, Net	46,285,545
TOTAL ASSETS	<u>64,345,005</u>
LIABILITIES	
Accounts Payable	136,472
Retainage Payable	38,228
Accrued Expenses	8,443
Accrued Interest Payable	64,937
Unearned Revenue	109,994
Long-Term Obligations:	
Due Within One Year	1,378,522
Due in More Than One Year	7,960,789
TOTAL LIABILITIES	<u>9,697,385</u>
NET POSITION	
Net Investment in Capital Assets	51,379,444
Restricted For:	
Capital Projects	694,201
Debt Service	131,595
Programming	12,500
Unrestricted	2,429,880
TOTAL NET POSITION	<u>\$ 54,647,620</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

SIX MONTHS ENDED JUNE 30, 2013

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Total
PRIMARY GOVERNMENT:						
Governmental Activities:						
Administrative	\$ 1,028,399	32,626	-	-	(995,773)	\$ (995,773)
Recreation	1,368,402	670,711	140,413	-	(557,278)	(557,278)
Parks	4,983,222	740,121	347,299	353,265	(3,542,537)	(3,542,537)
The Pavilion	939,839	888,015	-	-	(51,824)	(51,824)
Interest and Other Charges	129,936	-	-	-	(129,936)	(129,936)
TOTAL - PRIMARY GOVERNMENT	\$ 8,449,798	2,331,473	487,712	353,265	(5,277,348)	(5,277,348)
General Revenues:						
Taxes:						
Property Taxes, General					783,683	783,683
Property Taxes, Debt Service					64,178	64,178
Hospitality Taxes					667,392	667,392
Accommodations Taxes					25,000	25,000
Miscellaneous Revenue					52,010	52,010
Investment Earnings					819	819
Total General Revenues					1,593,082	1,593,082
CHANGE IN NET POSITION					(3,684,266)	(3,684,266)
NET POSITION, Beginning of Period					58,331,886	58,331,886
NET POSITION, End of Period					\$ 54,647,620	\$ 54,647,620

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 3,129,879	-	-	\$ 3,129,879
Cash and Investments Held by County Treasurer	-	71,131	-	71,131
Restricted Cash and Cash Equivalents	-	121,623	1,338,311	1,459,934
Due from County Treasurer	78,756	-	-	78,756
Receivables, Net:				
Property Taxes	173,863	3,778	-	177,641
Grants	12,500	-	-	12,500
Inventory	3,509	-	-	3,509
TOTAL ASSETS	\$ 3,398,507	196,532	1,338,311	\$ 4,933,350
LIABILITIES				
Accounts Payable	\$ 90,578	-	45,894	\$ 136,472
Retainage Payable	-	-	38,228	38,228
Accrued Liabilities	8,443	-	-	8,443
Deferred and Unearned Revenue	283,857	3,778	-	287,635
TOTAL LIABILITIES	382,878	3,778	84,122	470,778
Unearned Revenue				
Nonspendable - Prepaids and Inventory	3,509	-	-	3,509
Restricted for:				
Debt Service	-	192,754	-	192,754
Capital Projects	-	-	1,254,189	1,254,189
Programming	12,500	-	-	12,500
Unassigned	2,999,620	-	-	2,999,620
TOTAL FUND BALANCES	3,015,629	192,754	1,254,189	4,462,572
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,398,507	196,532	1,338,311	\$ 4,933,350

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 4,462,572
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets was \$89,574,132 and the accumulated depreciation was \$30,162,477.	59,411,655
Property taxes receivable will be collected in the future and are considered unavailable to pay for the current period's expenditures and therefore have been deferred in the governmental funds.	177,641
Accrued interest on long-term obligations in governmental accounting is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(64,937)
Long-term liabilities, including bonds and notes payable, are not due or payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities consisted of the following:	
Long-Term Obligations	(8,592,199)
Compensated Absences	(747,112)
	<u>(9,339,311)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 54,647,620</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

SIX MONTHS ENDED JUNE 30, 2013

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Property Taxes	\$ 3,621,532	127,703	-	\$ 3,749,235
Hospitality Taxes	667,392	-	-	667,392
Accommodations Taxes	-	25,000	-	25,000
Charges for Services:				
Administrative	32,626	-	-	32,626
Recreation	634,953	-	-	634,953
Parks	837,261	-	-	837,261
The Pavilion	787,085	-	-	787,085
Hospitality Tax Project Reimbursements	-	-	103,265	103,265
Grants	111,759	-	289,477	401,236
Gifts	86,477	-	-	86,477
Intergovernmental	-	-	250,000	250,000
Sponsorships	500	-	-	500
Events	39,048	-	-	39,048
Interest Earnings	335	400	84	819
Miscellaneous	52,010	-	-	52,010
TOTAL REVENUES ALL SOURCES	6,870,978	153,103	642,826	7,666,907
EXPENDITURES				
Current:				
Administrative	961,864	-	-	961,864
Recreation	1,265,213	-	-	1,265,213
Parks	2,981,744	-	-	2,981,744
The Pavilion	775,205	-	-	775,205
Capital Outlay	5,978	-	1,408,092	1,414,070
Debt Service:				
Principal	-	1,106,895	-	1,106,895
Interest	-	153,769	-	153,769
TOTAL EXPENDITURES	5,990,004	1,260,664	1,408,092	8,658,760
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	880,974	(1,107,561)	(765,266)	(991,853)
OTHER FINANCING SOURCES (USES)				
Issuance of Lease Purchase Obligations	-	-	926,750	926,750
Transfers In	-	715,888	1,026,536	1,742,424
Transfers Out	(816,337)	-	(926,087)	(1,742,424)
TOTAL OTHER FINANCING SOURCES (USES)	(816,337)	715,888	1,027,199	926,750
CHANGES IN FUND BALANCES	64,637	(391,673)	261,933	(65,103)
FUND BALANCES, Beginning of Period	2,950,992	584,427	992,256	4,527,675
FUND BALANCES, End of Period	\$ 3,015,629	192,754	1,254,189	\$ 4,462,572

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

SIX MONTHS ENDED JUNE 30, 2013

TOTAL CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (65,103)**

Amounts reported for the governmental activities in the Statement of Activities are different because of the following:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. They are considered revenues in the Statement of Activities. This is the change in deferred revenues in the current period. (2,901,374)

Repayment of bond and lease purchase principal is recognized in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. This amount is comprised of principal payments made in the past six months. 1,106,895

Bond and lease purchase proceeds provide current financial resources to governmental funds, but issuing debt or entering into lease purchases increases long-term obligations in the Statement of Net Position. (926,750)

Interest on long-term obligations in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the governmental funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 23,832

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (47,282)

Governmental funds report outlays as expenditures. However, in the Statement of Activities, the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$2,323,675) exceeded capital asset additions (\$1,449,191), excluding any donated capital assets, in the current period. (874,484)

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (3,684,266)**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

Greenville County Recreation District (“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. Until the District’s dissolution, it was governed by a Board of Commissioners appointed by the Governor upon recommendation of the Greenville County Council.

In June 2013, the District Commissioners adopted a resolution directing the dissolution of the District and the transfer of the District’s assets and liabilities to Greenville County. In June 2013, Greenville County Council approved the dissolution of the District and accepted the transfer of the District’s assets and liabilities to Greenville County. Greenville County assumed all operational control of the District as of July 1, 2013 and dissolved the District effective September 30, 2013 (additional time was needed to legally change the names on all of the District’s debt to Greenville County).

The dissolution of the District and transfer of the District’s assets and liabilities to Greenville County was done after it was determined that such action would be in the best interests of the citizens of Greenville County and its visitors in order to continue the delivery of superior services in both facilities and programs by ensuring more efficient use of financial resources via economies of scale and avoidance of duplication of services, and by providing mechanisms for future growth.

As part of the transfer of the District to Greenville County, the District’s fiscal year-end was changed from December 31 to June 30. Thus, these financial statements only cover the six months from the District’s former fiscal year-end of December 31, 2012 to its new fiscal-year end of June 30, 2013.

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

As required by GAAP, the financial statements present the District’s financial information with its component unit (if any). The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the District both appoints a voting majority of the entity’s governing body, and either 1) the District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the District. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the District’s financial statements to be misleading. Based on the criteria above, the District does not have any component units.

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District (the “Primary Government”). The effect of interfund activity has been removed from these financial statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support. The District does not have any business-type activities.

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment, or governmental function, is self-financing or draws from the general revenues of the District.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as would proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, fees, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the government generally considers revenues to be available if they are collected as of June 30, with the exception of certain reimbursement expenditure grants for which a twelve month availability period is generally used.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and lease purchase expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt and acquisitions under lease purchases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Fund financial statements report detailed information about the District. The focus of governmental funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The District does not have any nonmajor funds. The following fund type and major funds are used by the District.

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Governmental fund types are those through which most governmental functions of the District are financed. The District's expendable financial resources and related assets and liabilities are accounted for through governmental funds. Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting.

The District's governmental funds are as follows:

The *General Fund, a major fund* and a budgeted fund, is the general operating fund of the District and accounts for all revenues and expenditures of the District except those required to be accounted for in another fund. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The *Debt Service Fund, a major fund* and an unbudgeted fund, is used to account for and report the accumulation of financial resources that are restricted for the payment of all long-term debt principal, interest, and related costs.

The *Capital Projects Fund, a major fund* and an unbudgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for capital outlay expenditures related to site acquisitions, construction, equipment, and renovation of all major capital facilities.

C. Assets, Liabilities, and Equity

1. Cash, Cash Equivalents, and Investments

The District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and money market mutual funds to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) and other non-money market mutual funds are reported as investments.

The District's operating cash and investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the District to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States;
- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

1. Cash, Cash Equivalents, and Investments

- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations;
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government;
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government;
- (f) Repurchase agreements when collateralized by securities as set forth in this section; and
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The District's cash and investment objectives are preservation of capital, liquidity and yield. The District reports its cash and investments at fair value which is normally determined by quoted market prices. The District currently or in the past has primarily used the following investments:

- Cash and investments held by the County Treasurer which represent property taxes collected by the District's fiscal agent that have not been remitted to the District. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the funds and are paid out by the County Treasurer as requested.
- Money market mutual fund that invest in U.S. government securities (generally treasury notes, treasury bonds, treasury bills, and related securities which are debt obligations of the U.S. government). These debt obligations are backed by the "full faith and credit" of the U. S. government, and thus by its ability to raise tax revenues and print currency, and are considered the safest of all investments.

2. Inventories and Prepaid Items

Inventories of concession items that are held for resale are valued at the lower of cost (determined on a first-in, first-out basis) or market. The costs of inventories and prepaid items are accounted for using the consumption method (expensed when consumed).

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

3. Capital Assets

Capital assets are those assets specifically related to expenditures reported in the District's governmental funds. These capital assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost and updated for additions and retirements during the past six months. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000 for equipment and vehicles. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest is not capitalized during the construction of capital assets.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are complete, at which time the complete costs of the project are transferred to the appropriate capital asset category. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation expense is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40
Recreation Sites and Improvements	15 - 40
Office Furniture and Equipment	5 - 7
Transportation Equipment	5 - 7
Maintenance and Recreational Equipment	5 - 7

4. Compensated Absences

The District allows full-time employees to accumulate up to 585 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 585 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 District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. The entire compensated absence liability and expense is reported on the government-wide financial statements. The governmental funds will also recognize a liability (if material) for compensated absences as a result of employee resignations or retirements prior to fiscal period end.

5. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from a governmental fund are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, long-term obligations that will be paid from a governmental fund are reported as a liability in the fund financial statements only to the extent that they have matured (i.e. due and payable).

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

5. *Accrued Liabilities and Long-Term Obligations (Continued)*

In the government-wide financial statements for the District, long-term debt and other long-term obligations (if any) are reported as liabilities on the Statement of Net Position. If material, bond premiums and discounts, as well as bond issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts and deferred advance refunding amounts. Bond issuance costs are included in other assets.

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

6. *Fund Balance*

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority before the end of the reporting period. For purposes of the District, the Board of Commissioners (“Board”) must commit fund balance by formal resolution before the end of the reporting period for fund balance to qualify in this category. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made by the highest level of decision making authority, or by parties delegated this authority, before the report issuance date. For purposes of the District, the Board assigns fund balance by an approved motion by the Board before report issuance for fund balance to qualify in this category.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, and Equity (Continued)

6. Fund Balance (Continued)

The District generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the District generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District's fund balance policy for the General Fund is to maintain an unassigned fund balance in the General Fund of between ten to fifteen percent of General Fund operating expenditures.

7. Net Position

Net position represents the difference between assets and deferred outflows of resources (if any) and liabilities and deferred inflows of resources (if any). Net position is classified as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets (if any). Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

8. Accounting 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. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates and assumptions.

9. Comparative Data

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The District has elected to present its budgetary comparison information for the General Fund as a separate schedule and not as a part of the financial statements. The General Fund was the only fund for which the District had a legally adopted budget. See the Notes to the Budgetary Comparison Schedule (following the notes to the financial statements and the budgetary comparison schedule) for details regarding the District's budgetary information and process.

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District’s deposits might not be recovered. The District does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2013, none of the District’s bank balances of \$5,425,604 (with a carrying value of \$4,468,190) were exposed to custodial credit risk.

Investments

As of June 30, 2013, the District had the following investments and maturities:

Investment Type	Credit Rating [^]	Fair Value	Weighted Average Maturity
Cash and Investments Held by County Treasurer	NR	\$ 71,131	1 - 3 Years
Money Market Mutual Fund, Investing in U.S. Government Securities	AAAm, Aaa	121,623	< 1 Year
Total		\$ 192,754	

[^] If available, credit ratings are for Standard & Poor’s and Moody’s Investors Service.

Interest Rate Risk: The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates, but they do follow the investment policy statutes of the State of South Carolina.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Concentration of Credit Risk for Investments: The District places no limit on the amount the District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Certain cash, cash equivalents, and investments of the District are legally restricted for specified purposes. The major types of restrictions at June 30, 2013 were (a) those imposed by the revenue source (i.e. hospitality taxes, etc.), (b) debt service reserve funds, and (c) unspent debt proceeds.

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables and Deferred/Unearned Revenue

Property Taxes

Greenville County, South Carolina (the "County") is responsible for levying and collecting sufficient property taxes to meet its funding obligation for the District. This obligation is established each year by the Greenville County Council and does not necessarily represent actual taxes levied or collected. The property taxes are considered both measurable and available for purposes of recognizing revenue and a receivable from the County at the time they are collected by the County.

Property taxes are levied and billed by the County on real and business personal properties on October 1 based on an assessed value of approximately \$1.3 billion at rates of 4.6 mills and 0.1 mills, for the General Fund and Debt Service Fund, respectively. These taxes are due without penalty through January 15. Penalties are added to taxes depending on the date paid as follows:

January 16 through February 1	-	3% of tax
February 2 through March 15	-	10% of tax
After March 15	-	15% of tax plus collection costs

Current year real and business personal taxes become delinquent on March 16. Unpaid property taxes become a lien against the property as of June 1 of the calendar year following the levy date. The levy date for motor vehicles is the first day of the month in which the motor vehicle license expires. These taxes are due by the last day of the same month.

The District recorded a receivable for uncollected property taxes at June 30, 2013 of \$177,641. The District recorded a deferred revenue liability on the governmental fund financial statements equal to the property taxes receivable since the District only recognizes revenues for collections received by June 30.

The District also had a \$78,756 receivable from the County Treasurer related to property taxes collected by the County during the month of June 2013 which were not remitted to the District until July 2013.

Other Receivables

The District has receivables (a) for grant projects where expenditures have been incurred by the District but have not been reimbursed by the grantor by the end of the fiscal period, (b) intergovernmental revenues due from the County for hospitality tax project reimbursements, and (c) other miscellaneous receivables.

Greenville County Council approved a funding plan that has invested 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 have been used to build recreation amenities to attract tourists to Greenville County. Initial plans included new water parks; 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 \$103,265 of these funds during the six months ended June 30, 2013. At June 30, 2013 no amount was due from the County.

Unearned Revenue

The District operates Camp Spearhead which offers camping sessions during the summer months. At June 30, 2013, the District had received \$109,994 in fees related to camping sessions that had yet to occur and were thus unearned.

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Interfund Transfers

Interfund transfers for the six months ended June 30, 2013 consisted of the following:

Fund	Transfers In	Transfers Out
General Fund	\$ -	\$ 816,337
Capital Projects Fund	1,026,536	926,087
Debt Service Fund	715,888	-
Totals	<u>\$ 1,742,424</u>	<u>\$ 1,742,424</u>

Funds are transferred from the General Fund to the Debt Service Fund and Capital Projects Fund to provide resources for debt service payments and capital expenditures, respectively. Funds are transferred from the Capital Projects Fund to the Debt Service Fund to provide resources for debt service payments. The Board approves the amount transferred annually during the budget process.

D. Capital Assets

Capital asset activity for the District's governmental activities for the six months ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Non-Depreciable:				
Land	\$ 11,918,855	-	-	\$ 11,918,855
Construction In Progress	796,512	410,743	-	1,207,255
Total Capital Assets, Non-Depreciable	<u>12,715,367</u>	<u>410,743</u>	<u>-</u>	<u>13,126,110</u>
Capital Assets, Depreciable:				
Buildings, Recreational Sites, and Improvements	64,709,831	340,374	-	65,050,205
Office Furniture and Equipment	841,782	264,982	-	1,106,764
Transportation Equipment	1,684,308	410,775	-	2,095,083
Maintenance and Recreational Equipment	8,178,303	22,317	4,650	8,195,970
Total Capital Assets, Depreciable	<u>75,414,224</u>	<u>1,038,448</u>	<u>4,650</u>	<u>76,448,022</u>
Less: Accumulated Depreciation for:				
Buildings, Recreational Sites, and Improvements	21,817,662	1,751,074	-	23,568,736
Office Furniture and Equipment	554,894	55,994	-	610,888
Transportation Equipment	1,395,160	99,044	-	1,494,204
Maintenance and Recreational Equipment	4,075,736	417,563	4,650	4,488,649
Total Accumulated Depreciation	<u>27,843,452</u>	<u>2,323,675</u>	<u>4,650</u>	<u>30,162,477</u>
Total Capital Assets, Depreciable, Net	<u>47,570,772</u>	<u>(1,285,227)</u>	<u>-</u>	<u>46,285,545</u>
Governmental Activities Capital Assets, Net	<u>\$ 60,286,139</u>	<u>(874,484)</u>	<u>-</u>	<u>\$ 59,411,655</u>

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Depreciation expense for governmental activities was charged to functions/programs as follows:

Functions/Programs	Depreciation Expense
Administrative	\$ 38,468
Recreation	22,909
Parks	2,100,986
The Pavilion	161,312
Total - Governmental Activities	<u><u>\$ 2,323,675</u></u>

Construction Commitments

The District has several ongoing projects as of June 30, 2013, primarily for building improvements/renovations and other construction projects at Oak Grove, Staunton Bridge, and Pelham Mill. Total construction commitments were approximately \$110,000 at June 30, 2013.

E. Long-Term Obligations

The District issues bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds (“GOB”) are direct obligations and pledge the full faith and credit of the District and are subject to the 8% debt limit requirement if not issued under a bond referendum. Revenue bonds are obligations of the District that are secured by revenue from a specific source. Lease purchase obligations are obligations of the District that are generally collateralized by the property underlying the obligation and are payable from the general revenues of the District. The full faith, credit, and taxing powers of the District are not pledged for the payment of revenue bonds and lease purchase obligations nor the interest thereon.

Details on the District’s outstanding debt issues and lease purchase obligations as of June 30, 2013 are as follows:

<i>General Obligation Bonds</i>	<u>Balance at June 30, 2013</u>
\$1,800,000 general obligation bonds issued in August 2003 (“GOB – Series 2003”), due in annual principal installments of \$30,000 to \$182,000 beginning on April 1, 2004 through April 1, 2017, plus interest at 4.06% due semi-annually. The proceeds from this issue were used to make various improvements to the parks throughout the District.	\$ 549,000
\$649,188 general obligation bonds issued in October 2005 (“GOB – Series 2005”), due in quarterly principal installments of \$3,452 to \$12,360 beginning on February 15, 2006 through August 15, 2025, plus interest at 4.52% due quarterly. The debt was entered into to build Corey Burns Park.	\$ 468,356

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

	Balance at <u>June 30, 2013</u>
<i>Revenue Bonds</i>	
\$5,330,000 refunding revenue bonds issued in October 2011 (“RB – Series 2011”), due in annual principal installments of \$315,000 to \$520,000, plus interest at 3.02%, due semi-annually. The proceeds from this issue were used to refund the Series 2009 (R-1) Revenue Bond, which was used to build Pleasant Ridge Camp and Retreat Center and the Staunton Bridge Road Community Center.	\$ 4,685,000
<i>Lease Purchase Obligations</i>	
\$1,148,555 lease purchase agreement entered into in October 2011 (“2011 Equipment Lease”). The proceeds from this refunding lease were used to refund the 2008 Vehicles, 2008 Athletic Field, 2009 Vehicle/Mowers, and the 2010 Bus Leases. The lease purchase agreement consists of four different payment schedules containing the following payment terms:	646,518
<ul style="list-style-type: none"> • Annual payments of \$101,109 beginning March 4, 2012 through March 4, 2013 including interest at 2.10%. • Annual payments of \$63,199 beginning April 14, 2012 through April 14, 2019 including interest at 2.42%. • Annual payments of \$66,934 beginning April 14, 2012 through April 14, 2014 including interest at 2.18%. • Annual payments of \$36,493 beginning March 25, 2012 through March 25, 2020 including interest at 2.47%. 	
\$1,487,282 lease purchase agreement entered into in October 2011 (“2011 Real Estate Lease”). The proceeds from this refunding lease were used to refund the 2004 Administration Building, 2008 Park Renovation, and the 2008 Park Land Leases. The lease purchase agreement consists of three different payment schedules containing the following payment terms:	1,197,475
<ul style="list-style-type: none"> • Annual payments of \$67,291 beginning November 12, 2011 through November 12, 2019 including interest at 2.46%. • Annual payments of \$76,066 beginning March 4, 2012 through March 4, 2023 including interest at 2.92%. • Annual payments of \$25,315 beginning May 23, 2012 through May 23, 2018 including interest at 2.37%. 	
\$193,500 lease purchase agreement entered into in March 2011 (“2011 Vehicles Lease”), with 5 annual payments of \$41,806 beginning March 11, 2012 and ending March 11, 2016, which include interest at 2.63%. The proceeds from this lease purchase were used to purchase nine vehicles for the District.	119,100
\$926,750 lease purchase agreement entered into in March 2013 (“2013 Equipment Lease”). The proceeds from this lease purchase were used to purchase various pieces of equipment for the District. The lease purchase agreement consists of two different payment schedules containing the following payment terms:	\$ 926,750
<ul style="list-style-type: none"> • Annual payments of \$27,672, beginning March 14, 2014 through March 14, 2018 including interest at 1.55%. • Annual payments of \$121,833, beginning March 14, 2014 through March 14, 2020 including interest at 1.80%. 	

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Bond Debt Limitations

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The District had \$1,017,356 of bonded debt subject to the 8% limit and as of June 30, 2013, the District was well below the legal debt limit. In addition, any issuances of general obligations bonds must also be approved by Greenville County Council.

Presented below is a summary of changes in long-term obligations for the District's governmental activities for the six months ended June 30, 2013:

Long-Term Obligations	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bond Debt:					
Revenue Bonds:					
RB – Series 2009 (R-2)	\$ 245,000	-	(245,000)	-	\$ -
RB – Series 2011	5,015,000	-	(330,000)	4,685,000	345,000
Total Revenue Bonds	<u>5,260,000</u>	<u>-</u>	<u>(575,000)</u>	<u>4,685,000</u>	<u>345,000</u>
General Obligation Bonds:					
GOB – Series 2003	705,000	-	(156,000)	549,000	164,000
GOB – Series 2005	482,530	-	(14,174)	468,356	29,323
Total GO Bonds	<u>1,187,530</u>	<u>-</u>	<u>(170,174)</u>	<u>1,017,356</u>	<u>193,323</u>
Total Bond Debt	<u>6,447,530</u>	<u>-</u>	<u>(745,174)</u>	<u>5,702,356</u>	<u>538,323</u>
Lease Purchases:					
2011 Equipment Lease	893,137	-	(246,619)	646,518	151,021
2011 Real Estate Lease	1,274,894	-	(77,419)	1,197,475	136,324
2011 Vehicles Lease	156,783	-	(37,683)	119,100	38,674
2013 Equipment Lease	-	926,750	-	926,750	133,153
Total Lease Purchases	<u>2,324,814</u>	<u>926,750</u>	<u>(361,721)</u>	<u>2,889,843</u>	<u>459,172</u>
Compensated Absences	699,830	340,356	(293,074)	747,112	381,027
Total Governmental Activities	<u>\$ 9,472,174</u>	<u>1,267,106</u>	<u>(1,399,969)</u>	<u>9,339,311</u>	<u>\$ 1,378,522</u>

Resources from the General Fund and Debt Service Fund have been used to liquidate all of the governmental activities long-term obligations.

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Presented below is a summary of debt service requirements to maturity by year for the District’s governmental activities as of June 30, 2013:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds		Lease Purchase Obligations		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
Governmental Activities:							
2014	\$ 193,323	42,967	345,000	141,488	459,172	67,437	\$ 1,249,387
2015	203,670	34,962	360,000	131,068	402,696	56,978	1,189,374
2016	214,082	26,526	375,000	120,196	411,942	47,704	1,195,450
2017	63,555	17,663	390,000	108,872	379,599	38,269	997,958
2018	35,098	14,902	405,000	97,094	388,190	29,679	969,963
2019-2023	201,228	48,772	2,290,000	291,282	848,244	46,516	3,726,042
2024-2026	106,400	6,102	520,000	15,704	-	-	648,206
Totals	\$ 1,017,356	191,894	4,685,000	905,704	2,889,843	286,583	\$ 9,976,380

IV. OTHER INFORMATION

A. Retirement Plan

Full time District employees participate in the South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan that was originally administered by the South Carolina State Budget and Control Board. Effective July 1, 2012, the South Carolina General Assembly transferred administration of the SCRS to the newly created South Carolina Public Employee Benefit Authority (“PEBA”). The PEBA has the authority to establish and amend benefits and funding policy. The Plan offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, group life insurance benefits and survivor benefits. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Public Employee Benefit Authority, P.O. Box 11960, Columbia, SC 29211-1960.

Both employees and the District are required to contribute to the Plans at rates established under authority of Title 9 of the South Carolina Code of Laws. The District’s contributions are actuarially determined, but are communicated to and paid by the District as a percentage of the employees’ annual earnings.

	SCRS Rates		
	2011	2012	2013
Employer Rate			
Retirement	9.385%	10.45%	10.45%
Group Life Insurance Benefit	0.15%	0.15%	0.15%
Accidental Death Benefit	N/A	N/A	N/A
	<u>9.54%</u>	<u>10.60%</u>	<u>10.60%</u>
Employee Rate	<u>6.50%</u>	<u>7.00%</u>	<u>7.00%</u>

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

IV. OTHER INFORMATION (CONTINUED)

A. Retirement Plan (Continued)

The required contributions and percentages of amounts contributed for the past three fiscal periods were as follows:

Period Ending	SCRS Contributions		
	Required	% Contributed	% of Covered Payroll
June 30, 2013	\$ 250,213	100%	10.60%
December 31, 2012	441,984	100%	10.60%
December 31, 2011	\$ 394,773	100%	9.535%

B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees' and natural disasters. For the past several years, the District has effectively managed this risk by obtaining coverage from the South Carolina Insurance Reserve Fund ("IRF"), a public entity risk pool currently operating as a common risk management and insurance fund, and through various employee education and prevention programs. The District pays annual premiums to the IRF and the South Carolina State Accident Fund for its general insurance and workers' compensation coverage, respectively. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There have been no settlements that exceeded the District's insurance coverage during the past three years. There were no significant reductions in insurance coverage from the prior year.

C. Health Insurance

The District maintains a fully insured health insurance program for District employees. The District pays a premium each month to the insurer and the insurance provider pays all covered claims.

D. Related Party Transaction

As discussed in Note I. A., the County assumed operational control of the District as of July 1, 2013. The District was dissolved on September 30, 2013 and all of the District's assets and liabilities were transferred to the County.

The District had a \$228,445 intergovernmental receivable from the County at December 31, 2012. This receivable was written off during the six months ended June 30, 2013 when the decision was made to dissolve the District and transfer the assets and liabilities to the County, which in effect resulted in this receivable being uncollected from the County.

During the six months ended June 30, 2013, the District received \$60,938 and \$770,657 in grants and hospitality tax proceeds, respectively, from the County.

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2013

IV. OTHER INFORMATION (CONTINUED)

E. Pending Implementation of GASB Statement on Pensions

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (“GASB #68”), was issued by the GASB in June 2012. The primary objective of GASB #68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for their proportionate share of the net pension liability of that plan. It is GASB’s intention that this new statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the District’s financial obligations to current and former employees for past services rendered.

In particular, the District will be required to report a net pension liability for its participation in the SCRS on its government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) and present more extensive note disclosures. In general, it should not have a significant impact on the District’s governmental funds.

The effect of implementation of this Statement has not been determined at this time, but it is anticipated that it will materially decrease the District’s unrestricted net position. This Statement is required to be implemented no later than the fiscal year ending June 15, 2015.

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Required Supplementary Information

GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGETS AND ACTUAL

SIX MONTHS ENDED JUNE 30, 2013

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH REVISED BUDGET
	ORIGINAL	FINAL		
REVENUES				
Property Taxes	\$ 6,600,000	6,600,000	3,621,532	\$ (2,978,468)
Hospitality Taxes	1,334,784	1,334,784	667,392	(667,392)
Fees, Charges, and Rentals:				
Administrative	45,700	45,700	32,626	(13,074)
Recreation	1,153,925	1,153,925	634,953	(518,972)
Parks	1,868,450	1,868,450	837,261	(1,031,189)
The Pavilion	1,406,800	1,406,800	787,085	(619,715)
Grants	660,660	660,660	111,759	(548,901)
Gifts	10,000	10,000	86,477	76,477
Sponsorships	8,500	8,500	500	(8,000)
Events	90,500	90,500	39,048	(51,452)
Interest Earnings	1,500	1,500	335	(1,165)
Miscellaneous	135,550	135,550	52,010	(83,540)
TOTAL REVENUE ALL SOURCES	13,316,369	13,316,369	6,870,978	(6,445,391)
EXPENDITURES				
Current:				
Administrative	1,418,310	1,418,310	961,864	456,446
Recreation	2,637,366	2,637,366	1,265,213	1,372,153
Parks	6,254,068	6,254,068	2,981,744	3,272,324
The Pavilion	1,563,721	1,563,721	775,205	788,516
Capital Outlay	24,000	24,000	5,978	18,022
TOTAL EXPENDITURES	11,897,465	11,897,465	5,990,004	5,907,461
EXCESS OF REVENUES OVER EXPENDITURES	1,418,904	1,418,904	880,974	(537,930)
OTHER FINANCING USES				
Transfers Out	(1,026,536)	(1,026,536)	(816,337)	210,199
TOTAL OTHER FINANCING USES	(1,026,536)	(1,026,536)	(816,337)	210,199
NET CHANGE IN FUND BALANCE	392,368	392,368	64,637	(327,731)
FUND BALANCE, Beginning of Period	2,950,992	2,950,992	2,950,992	-
FUND BALANCE, End of Period	\$ 3,343,360	3,343,360	3,015,629	\$ (327,731)

See accompanying notes to the budgetary comparison schedule.

**GREENVILLE COUNTY RECREATION DISTRICT
TAYLORS, SOUTH CAROLINA**

NOTES TO THE BUDGETARY COMPARISON SCHEDULE

SIX MONTHS ENDED JUNE 30, 2013

A. BASIS OF ACCOUNTING

The budgetary comparison schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

B. BUDGETARY INFORMATION

Prior to January 1st each year, the Board of Commissioners adopts an annual budget ordinance for the General Fund. The presented budgetary information is as originally adopted and as amended, if applicable, by the Board of Commissioners. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgets and Actual – contains the original budget and the final budget. There were no amendments made to the District’s budget by the Board of Commissioners for the six months ended June 30, 2013. The District does not adopt a budget for the Debt Service Fund or the Capital Projects Fund.

The District was dissolved into Greenville County effective July 1, 2013. For this reason, the actual amounts are for only six months of activity, while the budget was approved for one year. See Note IV.F for further information.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Greenville County Recreation District
Taylors, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Greenville County Recreation District (the "District") as of and for the six months ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

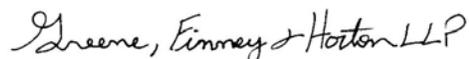
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Greene, Finney & Horton, LLP
Mauldin, South Carolina
January 10, 2014