November 18, 2008

To the Honorable Chairman, Members of County Council, and Citizens of Greenville County:

The South Carolina Code of Laws along with the Federal Single Audit Act of 1984 requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to those requirements, we hereby issue the comprehensive annual financial report (CAFR) of Greenville County for the fiscal year ended June 30, 2008.

The Comprehensive Annual Financial Report (CAFR) consists of management’s representations concerning the finances of Greenville County for the year ended June 30, 2008. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in the report. To provide a reasonable basis for making these representations, management of Greenville County has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Greenville County’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Greenville County’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Greenville County Government has selected Cherry, Bekaert & Holland, LLP to perform the independent audit for the fiscal year ended June 30, 2008. The goal of the independent audit was to provide reasonable assurance that the financial statements of Greenville County for the fiscal year ended June 30, 2008 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Cherry, Bekaert & Holland concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that Greenville County’s financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. Their report is presented as the first component in the financial section of this report.

The independent audit of the financial statements of Greenville County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on Greenville County’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are presented in the Single Audit Section of the CAFR.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and should be read in conjunction with it. Greenville County’s MD&A can be found immediately following the report of the independent auditors.
**Profile of Greenville County**

Greenville County was created by the South Carolina General Assembly in 1786. The County, located in the “Upstate” of South Carolina, is a progressive, high-growth area for high technology manufacturing, corporate headquarters and international business investment. Greenville County, the largest county in South Carolina, occupies a land area of approximately 789 square miles and serves a population currently estimated at 428,243. The County is empowered to levy real and personal property taxes to support government operations for the citizens it serves.

Greenville County Council was created in 1967 by the South Carolina General Assembly. In 1973, a County Executive was appointed to oversee the daily operation of delivering county government services. In 1976, under Home Rule legislation, Greenville County adopted the council/administrator form of government. The twelve County Council members elected from single-member districts serve four-year staggered terms. The County Council is the legislative, policy-making body for county government. The Council appoints the County Attorney, Clerk to Council and County Administrator. The County Administrator is responsible for day-to-day operations, implementation of Council policy and appointment of senior level county staff. As created by state law, the following seven officials are elected: Auditor, Treasurer, Register of Deeds, Clerk of Court, Sheriff, Coroner and Probate Judge. A five-member Soil and Water Commission also serves Greenville County.

As provided under the Home Rule Act, Greenville County provides a full range of government services. These include law enforcement, judicial system, health services, social services, emergency medical transport, construction, infrastructure maintenance and comprehensive planning.

Greenville County accounts for the operations of its various departments in several different fund types. The general fund is the main operating fund used to account for the governmental activities of the County. Restricted revenues identified for specific purposes are accounted for in special revenue funds. The County currently has three proprietary funds that are used to account for the landfill, storm water operation and Library parking garage. Tax receipts collected and held for the benefit of cities and special taxing entities located within Greenville County are accounted for in fiduciary funds.

In addition to the various operational departments of the County, three blended component units are included within the financial information presented for the primary government. The Greenville County Public Facilities Corporation was established in 1991 to hold title, own, lease, construct, acquire and operate the following: land, buildings, equipment and related facilities. The Greenville County Economic Development Corporation was established in 1999 to own, lease, construct, acquire and operate the following: buildings, equipment, public utilities, transportation services and facilities used to promote the economic development of Greenville County. The Greenville County Tourism Public Facilities Corporation was established in 2008 to hold title, own, lease, construct, acquire and operate the following: land, buildings, equipment and related facilities. These Corporations are governed by Boards of Directors. Financial transactions are processed through the County’s financial system and are a part of the County’s audit. Financial information on the three blended component units is available at the County’s administrative offices.

The Greenville County Redevelopment Authority was created in 1969 under the provisions of Act 516 of the South Carolina General Assembly. The Authority’s mission is to improve the quality of life for low and moderate-income citizens of Greenville County through improved affordable housing. They are also involved in redevelopment work, including public improvements to streets and rights of way throughout Greenville County. The Greenville County Council appoints all board members, approves federal grant requests and is financially accountable for any deficits. The Greenville County Redevelopment Authority is included in the financial statements as a discretely presented component unit of the County. The Authority has a June 30 year-end and issues separate audited financial statements. Financial information may be obtained from the Authority’s offices located at County Square or from the County’s administrative offices.

County Council created the Greenville County Library in 1979. There are eleven board members appointed by County Council. The Library is included in the financial statements as a discretely presented component unit. The Library has a June 30 year-end and issues separate audited financial statements. A copy of the financial report may be obtained from the main Library or from the County’s administrative offices. The two discretely presented component units are presented separately in the government-wide financial statements of the County.

The annual budget serves as the foundation for Greenville County’s financial planning and control. The Office of Management and Budget, a division of the General Services Department, is responsible for the preparation of the biennium budget. The Office of Management and Budget prepares the “target” budgets for each department. Various departments submit any additions to the target budgets as expansion packages for review by the budget staff and County Administrator’s office to determine funding availability. The County Administrator presents the biennium budget to County Council in May of
the year of preparation for review and adoption. The annual budget for the first year of the biennium budget is adopted by ordinance in June preceding the start of the fiscal year on July 1. The annual budget for the second year of the biennium budget is adopted by ordinance in August subsequent to the start of the fiscal year on July 1. The County Administrator is authorized to transfer budgeted amounts within a department. County Council must approve any revisions that alter the total budget of any department. Unencumbered budget amounts lapse at the end of each year.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Greenville County operates.

Local economy

Greenville County is the centerpiece of the region considered to be the “economic engine of South Carolina” and the most populous county in the state. Since its beginning as a small farming community in 1786, Greenville County has grown into a large, diverse metropolitan area and one of the southeast region’s premiere areas for business. Over the past thirty years, Greenville has transformed itself from the textile capital of the world to a destination for corporate office, manufacturing and warehousing / distribution operations. Greenville is home to more corporate headquarters than any other region in South Carolina.

Among the top manufacturing employers located in Greenville County are General Electric, Sealed Air Corporation – Cryovac Division, Michelin North America, Lockheed Martin Aircraft, Kemet Electronics, Mitsubishi Polyester Film, Nutricia Manufacturing, Honeywell, Drive Automotive Industries, Bausch and Lomb, and Perrigo.

Greenville County’s population continues to increase at a rate above that of the national level. Below is a trend analysis showing the population growth for the past forty years.

<table>
<thead>
<tr>
<th>Greenville County Population</th>
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<tbody>
<tr>
<td>2008 (Estimate)</td>
<td>428,243</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2000</td>
<td>379,616</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1990</td>
<td>320,167</td>
<td></td>
<td></td>
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<tr>
<td>1980</td>
<td>287,913</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1970</td>
<td>240,774</td>
<td></td>
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<tr>
<td>1960</td>
<td>209,776</td>
<td></td>
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</tbody>
</table>

Source: Greenville County Planning Commission

Unemployment rates for Greenville County have consistently remained lower than those of the state of South Carolina. Please refer to the chart of national, state and county unemployment rates for the last seven years below.

Unemployment Rates

<table>
<thead>
<tr>
<th>Unemployment Rates</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenville County</td>
<td>4.6</td>
<td>4.5</td>
<td>4.5</td>
<td>5.4</td>
<td>5.6</td>
<td>4.8</td>
<td>5.2</td>
</tr>
<tr>
<td>South Carolina</td>
<td>5.4</td>
<td>6.4</td>
<td>6.6</td>
<td>6.3</td>
<td>6.7</td>
<td>5.5</td>
<td>6.2</td>
</tr>
<tr>
<td>United States</td>
<td>5.7</td>
<td>6.1</td>
<td>5.6</td>
<td>5.0</td>
<td>4.6</td>
<td>4.5</td>
<td>5.5</td>
</tr>
</tbody>
</table>

Source: S.C. Employment Security Commission
Long-term financial planning

Cash Management. On June 19, 1996 Greenville County adopted an investment policy to “establish and provide conservative guidelines for the safe and efficient management of County funds.” The policy applies to all cash-related assets of Greenville County which are within the scope of the County’s Comprehensive Annual Financial Report with the exception of the Greenville County Redevelopment Authority.

The County Treasurer is responsible for the management of cash and investments. Interest rates for the fiscal year ranged from 2 to 5 percent. The County's investments are invested pursuant to statutes established by the State of South Carolina. The statutes allow the County to invest money in:

(A) Obligations of the United States and its agencies.
(B) General obligations of the State of South Carolina or any of its political units.
(C) Savings and loan association deposits to the extent that the same are insured by an agency of the Federal government.
(D) Certificates of deposit where the certificates are collateralized 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 certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
(E) Repurchase agreements when collateralized by securities as set forth in this section and
(F) 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 the 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 (A), (B), and (E), 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.

Debt Administration. The debt limit of the County, by state law, cannot exceed 8% of the assessed valuation of taxable property in the County. The County's debt limit and debt margin were $128,188,000 and $61,391,000, respectively, for the fiscal year ending June 30, 2008. The County Council authorizes County debt, the County Auditor sets the County's debt millage rates and sinking fund requirements and the County Treasurer pays the County's debt. The County has a triple A rating from Moody's, Fitch and Standard & Poor's.

Risk Management. The County operates a self-insurance program for health and workers' compensation. Funds are appropriated in the general fund and various funds of the County to cover claims, administrative costs, and other liabilities. The County's health insurance program provides medical and dental coverage to its full-time employees. Full-time employees can select from three self-insured medical plans. Ninety-nine percent of County employees participate in the self-insured medical plans. Coverage in the medical self-insurance program is extended to include various other Greenville agencies including the Art Museum, County Library and some fire districts. The County has contracted with Planned Administrators to administer the program. The self-insurance fund collects interfund premiums from insured funds and departments to pay claim settlements. Premiums for employees are based on maximum claim level activity and all other premiums in the fund are based on the expected claim level as provided by the actuarial estimate of the reinsurer. Medical claims exceeding $100,000 per insured are covered through a private insurance carrier.

The self-insurance program for Worker's Compensation is accounted for within the activity of the Internal Service Fund. In contrast to the medical self-insurance program, the Worker's Compensation program serves only those personnel on Greenville County's payroll and the Greenville County Redevelopment Authority. Premium increases and decreases for both programs are reviewed and recommended annually by the County’s contract administrators.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Greenville County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007. This was the 17th consecutive year that Greenville County has received this prestigious award. In order to be awarded a Certificate of Achievement, Greenville County published an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We
believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the professional and dedicated services of the entire staff of the Financial Operations Division. We would like to express our appreciation to Angela Roache, Director of Financial Operations and all members of the Division who assisted and contributed to the preparation of this report. We also thank the employees of various other County divisions for their assistance in collecting and assimilating data. We also express our appreciation to the County Council for their support for maintaining the highest standards of professionalism in the management of Greenville County’s finances.

Respectfully submitted,

Joseph M. Kelln
County Administrator

John F. Halsley
Deputy County Administrator
Certificate of Achievement for Excellence in Financial Reporting

Presented to

Greenville County
South Carolina


A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director
COUNTY OF GREENVILLE
ORGANIZATIONAL CHART

Residents
Of
Greenville County

Boards and
Commissions

County
Council

Clerk to Council

County Administrator

Assistant County
Administrator
Public Works
- Code Enforcement
- Engineering
- Property Management
- Stormwater
- Solid Waste

Deputy County
Administrator
General Services
- Financial Operations
- Fleet Management
- GIS
- Indigent Defense
- Information Systems
- Office of Mgt. & Budget
- Purchasing
- Real Property Services
- Tax Collector

Elected/Appointed
Offices
- Auditor
- Circuit Solicitor
- Clerk of Court
- Coroner
- Magistrates
- Master in Equity
- Probate Court
- Register of Deeds
- Sheriff
- Treasurer

Assistant County
Administrator
Public Safety
- Detention Center
- EMS
- Forensics
- Records

Assistant County
Administrator
Human Resources
- WIA
- Human Resources
- Boards & Commissions
  (Liaison)

Key:
Direct Oversight ______
Limited Oversight ------
GREENVILLE COUNTY COUNCIL

District 17  Joe Dill  District 23  Xanthene Norris
District 18  Tony Trout  District 24  Cort Flint
District 19  Willis Meadows  District 25  Lottie Gibson
District 20  Sid Cates  District 26  Judy Gilstrap, Vice Chair
District 21  Jim Burns  District 27  Butch Kirven, Chairman
District 22  Bob Taylor  District 28  Fred Payne

ADMINISTRATIVE AND APPOINTED STAFF

Joseph Kernell, County Administrator

Theresa Kiser, Clerk to Council  Diane Cagle, Chief Magistrate
Mark Tollison, County Attorney  Charles Simmons, Master in Equity
John Hansley, Deputy County Administrator General Services  Vivian Anthony, Assistant County Administrator Human Resources
Paula Gucker, Assistant County Administrator Public Works  James Dorriety, Assistant County Administrator Public Safety

ELECTED OFFICIALS

Jill Kintigh, Treasurer  Paul Wickensimer, Clerk of Court
Timothy Nanney, Register of Deeds  Debora Faulkner, Probate Judge
Scott Case, Auditor  Steve Loftis, Sheriff
Bob Ariail, Circuit Solicitor  Parks Evans, Coroner