

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Year Ended June 30, 2011



SOUTH CAROLINA

Issued by  
Department of General Services

Joseph M. Kernell  
County Administrator

John F. Hansley  
Deputy County Administrator

Angela E. Roache, CPA  
Director, Financial Operations

FINANCIAL OPERATIONS STAFF

William H. Lee, Jr.  
Principal Financial Analyst

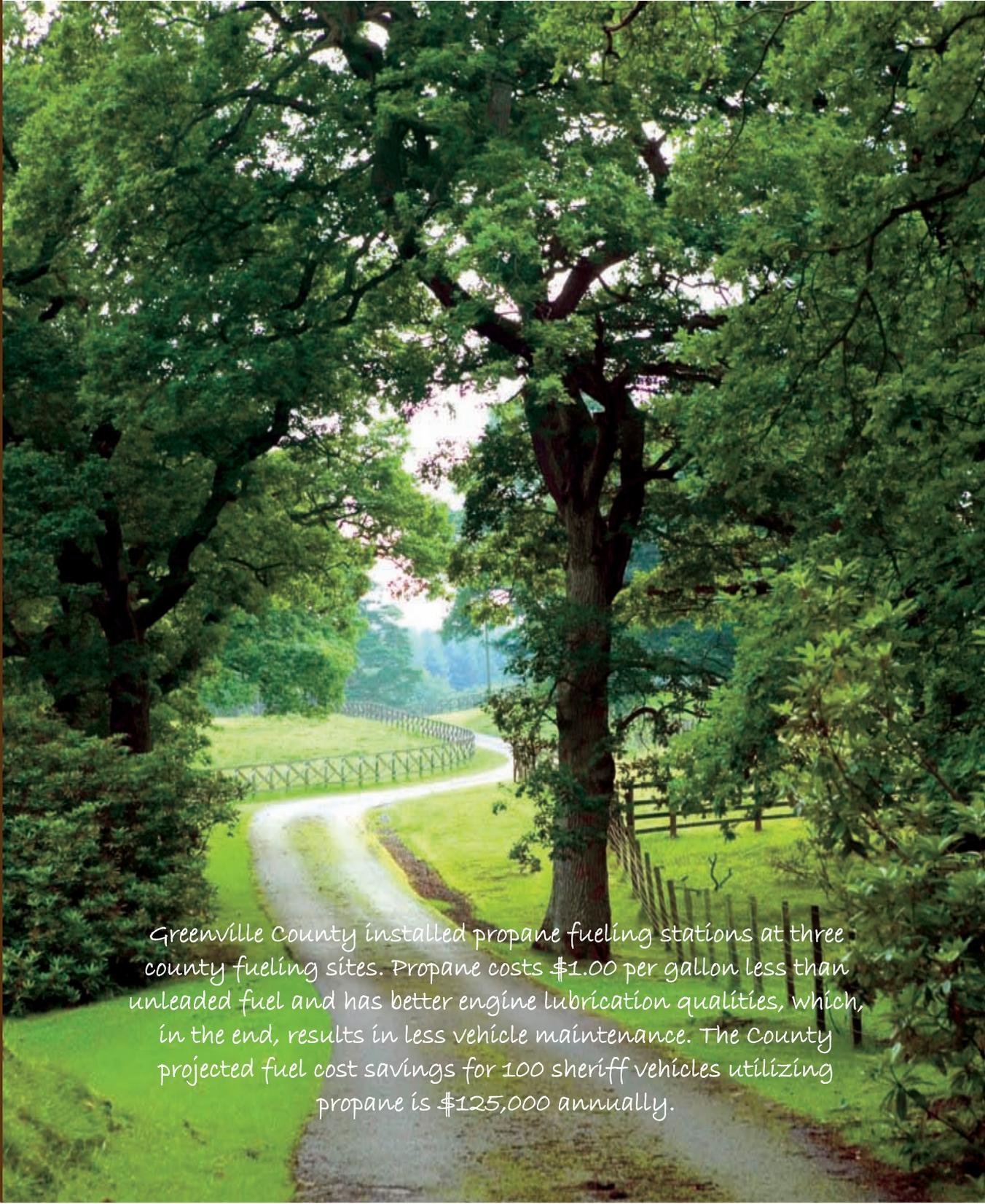
Donna R. Heusinger  
Principal Financial Analyst

Sherry Lynn Yarnell, CPA  
Principal Financial Analyst

# Introductory Section

*Letter of Transmittal  
GFOA Certificate of Achievement  
Organizational Chart  
List of Elected and Appointed Officials*

*Introductory Section*



*Greenville County installed propane fueling stations at three county fueling sites. Propane costs \$1.00 per gallon less than unleaded fuel and has better engine lubrication qualities, which, in the end, results in less vehicle maintenance. The County projected fuel cost savings for 100 sheriff vehicles utilizing propane is \$125,000 annually.*



**Joseph M. Kernell**  
**County Administrator**  
**[jkernell@greenvillecounty.org](mailto:jkernell@greenvillecounty.org)**  
**(864) 467-7105**  
**[www.greenvillecounty.org](http://www.greenvillecounty.org)**

November 16, 2011

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

We are pleased to present this Comprehensive Annual Financial Report (CAFR) for Greenville County, South Carolina (the 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.

Management of the County assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework established for that purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Elliott Davis, LLC has issued an unqualified (“clean”) opinion on Greenville County’s financial statements for the fiscal year ended June 30, 2011. Their report is presented as the first component in the financial section of this report. The independent audit 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 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.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter is designed to complement the MD&A and should be read in conjunction with it.

## **Profile of Greenville County**

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 451,225. The County is empowered to levy real and personal property taxes to support government operations for the citizens it serves.

The South Carolina General Assembly established Greenville County in 1786 and County Council in 1967. In 1973, a County Executive was appointed to oversee the daily operation of delivering county government services. In 1976, the County adopted the Council-Administrator form of government in accordance with the “Home Rule Act.”

The County Council consists of twelve members elected for four-year staggered terms and is the legislative, policy-making body. 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. The following seven officials are elected: Auditor, Treasurer, Register of Deeds, Clerk of Court, Sheriff, Coroner and Probate Judge.

Greenville County provides a full range of government services including law enforcement, judicial system, health services, social services, emergency medical transport, construction, infrastructure maintenance and comprehensive planning. A five-member Soil and Water Commission also serves Greenville County.

In addition to the various operational departments of the County, two blended component units are included within the financial information presented for the primary government. These include the Greenville County Public Facilities Corporation established in 1991 and the Greenville County Tourism Public Facilities Corporation established in 2008. Financial transactions are processed through the County's financial system and are a part of the County's audit.

The County also includes separate financial information for the following two discretely presented component units:

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 the County through improved affordable housing. The Greenville County Council appoints all board members, approves federal grant requests and is financially accountable for any deficits. The Authority issues separate audited financial statements which are available at the Authority's offices located at County Square.

The Greenville County Library was created by County Council in 1979. The Library board consists of eleven members appointed by County Council. The Library issues separate audited financial statements which are available at the main Library.

State law requires that all political subdivisions of the State adopt balanced budgets. Further, each county council is required to adopt annually and prior to the beginning of the fiscal year operating and capital budgets for the operation of county government. Greenville County's biennium budget serves as the foundation for the County's financial planning and control. Although the level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by fund, budgetary controls are exercised at lower levels of detail as well. 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. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered budget amounts lapse at the end of each year, except those established for capital projects or grants that carry over to the next fiscal year.

## **Economic Condition of Greenville County**

### **Local economy**

Many companies in Greenville and the Upstate of South Carolina are widely recognized as strong competitors in the global marketplace. As a medium-sized market, the ten-county Upstate region makes up one of the strongest manufacturing centers in the country. The region is known for its ability to attract international and domestic firms by providing a pro-business environment and all the amenities necessary for business growth. Companies are drawn to Greenville County by our favorable tax rates, market accessibility, skills and availability of our workforce and overall quality of life.

Greenville County is the centerpiece of the region considered to be the "economic engine of South Carolina". Situated in the northwestern corner of the state, Greenville County is part of one of the nation's fastest growing areas, "The I-85 Corridor". Greenville is located between Atlanta, Georgia and Charlotte, North Carolina on I-85. The Atlantic Ocean and Port of Charleston are 200 miles to the Southeast down I-26, and the Blue Ridge Mountains are just 15 minutes away. The Greenville-Spartanburg International Airport has been cited as one of the top ten airports in the country. Greenville County offers the perfect combination of industry, work force and culture.

While our state and nation battle the current recession, there is ample evidence that economic development efforts are making Greenville more prosperous. Amy's Kitchen, the nation's leading maker of natural and organic convenience foods, will establish a new production facility in Greenville County. The \$63 million investment will generate more than 700 new jobs and will open in early 2012. The company will produce a select line of its popular frozen entrees here. NEM USA Corporation, a global leader in the field of heat recovery steam generators and industrial and utility boilers, has established its new North American center of operations in Greenville County. For the past few decades, the SC upstate has been the recipient of more foreign investment per capita than any other region in the United States. World-class companies such as Lockheed, Michelin, Hubbell, Fluor, General Electric and IBM call Greenville home.

Greenville County is the most populous county in the state of South Carolina. Below is a trend analysis showing the population growth for the past fifty years.

<b><u>Greenville County Population</u></b>	
2010 (Estimate)	451,225
2000	379,616
1990	320,167
1980	287,913
1970	240,774
1960	209,776

Source: US Census Bureau

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.

	<b><u>Unemployment Rates</u></b>						
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Greenville County	5.4	5.6	4.8	5.2	10.7	9.7	9.4
South Carolina	6.3	6.7	5.5	6.2	12.1	10.7	10.5
United States	5.0	4.6	4.5	5.5	9.5	9.5	9.2

Source: S.C. Employment Security Commission and US Department of Labor

**Long-term financial planning**

The County’s capital improvement program is designed to identify major, infrequent and nonrecurring projects, which should be financed over a period of years. Major projects and initiatives planned in the next five years include infrastructure improvements in the area of road maintenance and drainage improvements, programming of solid waste needs, technological improvements, equipment acquisition, and facility improvements. The capital improvement program budget totals about \$13 million for FY2012, \$15 million for FY2013, \$14 million for FY2014 and \$14 million for FY2015. Budgeted facility improvements include the consolidation of several magistrate offices in FY2013 and FY2015.

**Relevant financial policies**

Greenville County’s financial policies state that the County will strive to maintain a diversified and stable revenue system to shelter the government from short-run fluctuations in any one revenue source and ensure its ability to provide ongoing service. State funding to local governments has been negatively impacted due to recent cuts in the Local Government Fund. Because of the instability of this revenue source, the County decided to move toward total independence from state allocations. Money received from the state will be used to fund future capital projects.

Per County policy, refunding bonds may be authorized by County Council provided such refunding does not result in an increase in the interest rate and does result in a savings over the life of the bonds. During the current fiscal year, the County issued a refunding special source revenue bond and two refunding certificates of participation resulting in total economic gain of approximately \$1.6 million.

## Major initiatives

Greenville County Council established a list of long-term priorities related to public safety, infrastructure, fiscal condition, public transit, economic development, comprehensive planning and employment diversity.

- The County will provide a safe community for citizens by maintaining a manageable detention center population, reducing EMS response time and funding anti-crime efforts.
- Roads, drainage projects and other infrastructure needs will be adequately funded.
- Greenville County will operate within a fiscally responsible framework, maintain a triple A bond rating and review opportunities for streamlining.
- The County will continue to fund the operations of the Greenville Transit Authority (Greenlink). Public transportation availability will be considered in economic development decisions.
- Efforts will be made to increase the quality of the workforce through training and increase the number of jobs (especially high paying jobs).
- A county-wide comprehensive plan will be developed and implemented.
- Greenville County will promote greater diversity in positions of supervision and leadership.

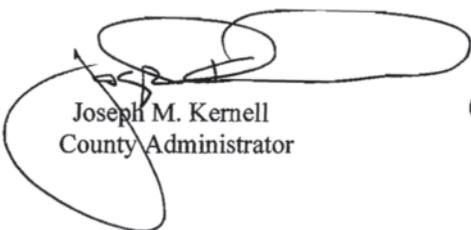
## Awards and Acknowledgements

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, 2010. This was the 20th 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.

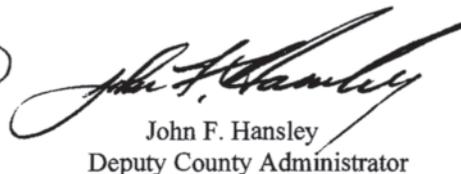
In addition, the GFOA gave an Award for Outstanding Achievement in Popular Annual Financial Reporting to Greenville County for its Popular Annual Financial Report for the fiscal year ended June 30, 2010. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understanding and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

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 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. Kernell  
County Administrator



John F. Hansley  
Deputy County Administrator

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Greenville County  
South Carolina

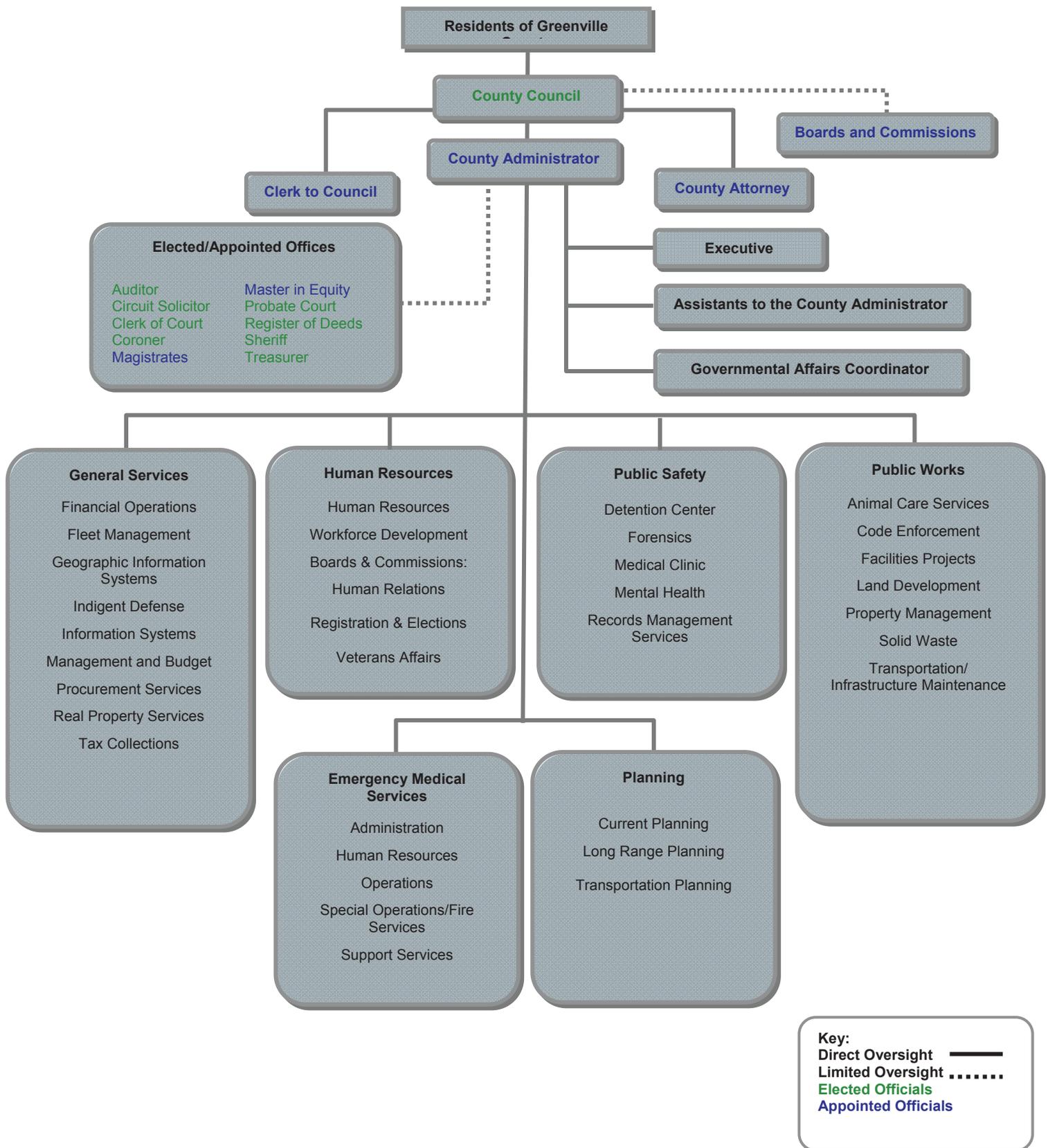
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

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



## Greenville County Council

District 17 - **Joe Dill**

District 23 - **Xanthene Norris**

District 18 - **Joseph Baldwin**

District 24 - **Liz Seman**

District 19 - **Willis Meadows**

District 25 - **Lottie Gibson**

District 20 - **Sid Cates**

District 26 - **Dan Rawls**

District 21 - **Jim Burns**

District 27 - **Butch Kirven, Chairman**

District 22 - **Bob Taylor, Vice Chair**

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

**Treasurer**  
Jill Kintigh

**Register of Deeds**  
Timothy Nanney

**Auditor**  
Scott Case

**Circuit Solicitor**  
Walt Wilkins

**Clerk of Court**  
Paul Wickensimer

**Probate Judge**  
Debora Faulkner

**Sheriff**  
Steve Loftis

**Coroner**  
Parks Evans