

Oconee County, South Carolina

**Annual Financial Statements and Independent Auditors' Report
For the Year Ended June 30, 2004**

Oconee County, South Carolina
Annual Financial Report
For the Year Ended June 30, 2004

Table of Contents

	<u>Page</u>
Financial Section	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet - Governmental Funds	13
Reconciliation of the Balance Sheet to the Statement of	
Net Assets - Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures,	
and Changes in Fund Balances - Governmental Funds	16
Statement of Net Assets - Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Fund	
Net Assets - Proprietary Funds	18
Statement of Cash Flows - Proprietary Funds	19
Statement of Fiduciary Assets and Liabilities	20
Notes to Financial Statements	21-34
Required Supplemental Information Other than	
 Management's Discussion and Analysis	
Budgetary Comparison Schedule - General Fund	35-36
Notes to Required Supplemental Information	37
Supplemental Information	
Combining Balance Sheet - Nonmajor Governmental Funds	38
Combining Schedule of Revenues, Expenditures, and Changes	
in Fund Balances - Nonmajor Governmental Funds	39
Combining Balance Sheet - Nonmajor Special Revenue Funds	40-43
Combining Schedule of Revenues, Expenditures and Changes	
in Fund Balances - Nonmajor Special Revenue Funds	44-49
Combining Balance Sheet - Nonmajor Capital Project Funds	50-51
Combining Schedule of Revenues, Expenditures, and Changes	
in Fund Balances - Nonmajor Capital Project Funds	52-53
Combining Schedule of Fiduciary Assets and Liabilities - Agency Funds	54-55
Schedule of Revenues and Expenditures for County Airport -	
For Federal Aviation Administration Requirements	56
Schedule of Fines, Assessments, Surcharges and Other	
Fees - For State Treasurer Requirements	57

Oconee County, South Carolina
Annual Financial Report
For the Year Ended June 30, 2004

Table of Contents

	<u>Page</u>
Federal Financial Assistance Section	
Schedule of Expenditures of Federal Awards	58-59
Notes to Schedule of Federal Expenditures of Federal Awards	60
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	62-63
Schedule of Findings and Questioned Costs	64-65
Schedule of Summary of Prior Year Audit Findings	66
Corrective Action Plan	67

Byerley & Payne
CERTIFIED PUBLIC ACCOUNTANTS, P. A.
114 WEST NORTH FIRST STREET
SENECA, SOUTH CAROLINA 29678
864-882-1937

Kirk S. Messick
CERTIFIED PUBLIC ACCOUNTANT, P. A.
P. O. BOX 773
SENECA, SOUTH CAROLINA 29679
864-882-5390

Independent Auditors' Report

Oconee County Council
Oconee County
Walhalla, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Oconee County, South Carolina, as of and for the year ended June 30, 2004 which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Oconee County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Only the firm of Byerley & Payne, CPA, PA audited the financial statements of the Oconee County Sewer Commission, a discretely presented component unit. This audit was not conducted under *Government Auditing Standards* because there was no requirement to do so. The Commission had total assets of \$22,873,370 as of June 30, 2004, and total revenues of \$2,978,041 for the year then ended. Our opinion on the basic financial statements, insofar as it relates to the amounts included for the Oconee County Sewer Commission in the discretely presented component unit column is based solely on the report of Byerley & Payne, CPA, PA.

The basic financial statements of the School District of Oconee County, a discretely presented component unit was audited by other auditors. The District had total assets of \$95,619,677 as of June 30, 2004, and total revenues of \$93,485,666 for the year then ended. Our opinion on the basic financial statements, insofar as it relates to the amounts included for the School District of Oconee County in the discretely presented component unit column is based solely on the report of other auditors.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and on the report of Byerley & Payne, CPA, PA of the Oconee County Sewer Commission and the report of other auditors on the School District of Oconee County the financial statements referred to above present fairly, in all material respects, the respective financial position of the

governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Oconee County, South Carolina, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

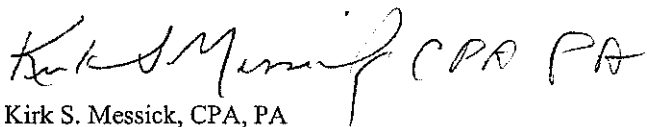
In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 22, 2004, on our consideration of Oconee County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 10 and pages 35 to 37, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oconee County, South Carolina's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, other schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Byerley & Payne, CPA, PA



Kirk S. Messick, CPA, PA

November 22, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

OCONEE COUNTY, SOUTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Oconee County's financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2004. Please read the information presented here in conjunction with additional information that we have presented with the County's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The County's net assets increased by \$3,962,664 from the prior year as a result of this year's operations. While net asset of the business-type activities decreased by \$2,970,713, or 18.4 percent, net assets of our governmental activities increased by \$6,933,377, or 21.4 percent.
- During the year, the County had expenditures in the governmental activities that were \$4,214,817 less than the \$33,920,994 generated in tax and other revenues for governmental programs (before transfers). When compared to last year, the revenues were more than the expenditures by only \$963,909 as reflected in the Changes in Net Assets (figure 2).
- In the County's business-type activities, revenues increased to \$4,241,819 (or nearly 11 percent), while expenses decreased by 6.4 percent.
- The total cost of all the County's programs was significantly reduced by \$2,292,923 with no deletions in programs from the prior year.
- The General Fund reported a surplus this year of \$306,433 in net change in fund balances, whereas last year there was a deficit of \$1,880,030.
- The resources available for appropriation were \$517,318 less than budgeted for the General Fund, due primarily to a unique grant of County revenue to the School District of Oconee County of \$500,000. However, total expenditures were also reduced, and ultimately were \$3,601,972 under budgeted amounts.

USING THIS ANNUAL REPORT

This Management's Discussion and Analysis is intended to serve as an introduction to Oconee County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the County.

BASIC FINANCIAL STATEMENTS, NOTES AND REQUIRED SUPPLEMENTARY INFORMATION OVERVIEW

The government-wide financial statements consist of the Statement of Net Assets (on page 11) and the Statement of Activities (on page 12). These provide information about the overall government and provide

a longer-term view of the County's financial status. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenditures are taken into account regardless of when cash is received or paid.

Also, these two statements report the County's net assets and changes in them. The difference between the assets and the liabilities can be indicative of the County's financial position. Other non-financial factors, like changes in the County's tax base and economic growth, would need to be considered, as well, in determining the overall financial health of the County.

The Statement of Net Assets and the Statement of Activities is divided into three kinds of activities:

- Governmental activities – Most of the County's basic services are reported here, for departments that are included in the following categories, General Government, Judicial Services, Public Safety, Health and Welfare, and Culture and Recreation.
- Business-type activities – The County charges fees to cover the cost of providing certain services and the cost of production of certain products available to its customers. The Rock Crusher and the Solid Waste Commission are reported here.
- Component units – The County includes two legally separate entities in this section, the Oconee County Sewer Commission and the School District of Oconee County. Although legally separate, these "component units" are important because the County is financially accountable for them.

The next statements are fund financial statements that begin on page 13. These statements focus on the activities of the individual parts of the County's government. These statements provide more detailed information on the significant funds rather than the government as a whole. Some of the funds are required to be established by State law and by bond covenants. However, County Council and management have established many other funds to aid in controlling and managing money for particular purposes or to show that legal responsibilities for using certain taxes, grants, and other special funding are being met. There are three types of funds, governmental, proprietary, and fiduciary, whereas each uses a different accounting approach.

- Governmental funds – Most of the County's services are reported in the governmental funds, which focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services that it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The differences between the governmental activities reported in the Statement of Net Assets and the Statement of Activities and the governmental funds financial statements is described following the fund financial statements in the Reconciliation of the Balance Sheet to the Statement of Net Assets and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- Proprietary funds – When the County charges customers for products or services that it provides, those activities are reported in the proprietary funds. The proprietary funds reports consist of the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Fund Net Assets, and the Statement of Cash Flows. Even though the proprietary fund can consist of enterprise funds and internal services funds, the County only reports for two enterprise funds. The reporting for these enterprise funds is same as the business-type activities reported in the government-wide statements, but contains more detail and additional information such as the Statement of Cash Flows.

- Fiduciary funds -- Fiduciary funds consist of three funds, pension, trust, and agency, of which the County only has an agency fund. Because the County acts as a clearing account to distribute certain financial resources to other entities, the County must report these agency fund activities, thereby demonstrating that those resources were used for and by the specific entity for which they were collected. The report for the agency fund is the Statement of Fiduciary Assets and Liabilities where the assets equal the liabilities.

Following all the financial statements, the Notes to the Financial Statements communicate information that is not displayed on the financial statements but is essential for fair presentation of the financial statements. Because of this, the Notes are an integral part of the basic financial statements. The Notes include disclosure information including significant accounting policies, capital assets, long-term debt, employee and post-employment health insurance plans, retirement plans, and more.

Finally, the County must include additional supplementary information. The Budgetary Comparison Schedule for the General Fund includes the original budget, final budget as amended, and actual, all of which is required supplementary information. On this report, the County includes a variance column, which is not required. Notes regarding the required supplementary information must be included. Other supplementary information, that is not required, follows the Notes to the Required Supplementary Information. This information includes the detailed financial statements for the non-major funds, various schedules for State and Federal requirements, compliance reports and a schedule of findings with a corrective action plan. This completed financial report will provide information indicating the accountability of the government and the County's resulting financial position.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Oconee County's Net Assets
Figure 1

	Governmental Activities			Business-type Activities			Total		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
Current and other assets	\$ 23,047,395	\$ 24,655,980	\$ 29,057,804	\$ 9,736,127	\$ 12,754,792	\$ 12,438,008	\$ 32,783,522	\$ 37,410,772	\$ 41,495,812
Capital assets	40,772,628	33,676,764	22,514,004	8,786,498	8,757,999	8,788,111	49,559,126	42,434,763	31,302,115
Total assets	\$ 63,820,023	\$ 58,332,744	\$ 51,571,808	\$ 18,522,625	\$ 21,512,791	\$ 21,226,119	\$ 82,342,648	\$ 79,845,535	\$ 72,797,927
Long-term liabilities									
outstanding	\$ 18,728,706	\$ 20,021,617	\$ 15,633,293	\$ 4,524,867	\$ 4,633,497	\$ 4,891,418	\$ 23,253,573	\$ 24,655,114	\$ 20,524,711
Other liabilities	5,765,767	5,918,954	5,283,801	832,729	743,552	157,901	6,598,496	6,662,506	5,441,702
Total liabilities	\$ 24,494,473	\$ 25,940,571	\$ 20,917,094	\$ 5,357,596	\$ 5,377,049	\$ 5,049,319	\$ 29,852,069	\$ 31,317,620	\$ 25,966,413
Net assets:									
Invested in capital assets,									
net of related debt	\$ 29,641,543	\$ 24,052,990	\$ 18,200,357	\$ 8,786,497	\$ 8,757,999	\$ 8,788,112	\$ 38,428,040	\$ 32,810,989	\$ 26,988,469
Restricted	2,327,107	4,091,840	7,968,969	-	-	-	2,327,107	4,091,840	7,968,969
Unrestricted	7,356,900	4,247,343	4,485,388	4,378,532	7,377,743	7,388,688	11,735,432	11,625,086	11,874,076
Total net assets	\$ 39,325,550	\$ 32,392,173	\$ 30,654,744	\$ 13,165,029	\$ 16,135,742	\$ 16,176,800	\$ 52,490,579	\$ 48,527,915	\$ 46,831,314

As noted earlier, net assets may serve over time as one of the most useful indicators of a government's financial condition. The government-wide financial statements for the fiscal year ended June 30, 2004 display combined net assets of \$52.5 million which has more than doubled the increase that it had from 2002 to 2003 from 2003 to 2004. The largest portion of the net assets (73.2 percent) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The restricted portion of the County's net assets (4.4 percent) represents resources that are subject to external restrictions on how they may be used. The final portion of net assets (22.4 percent) is unrestricted net assets, with a balance of

\$11,735,432 at June 30, 2004. This balance may be used to meet the government's ongoing obligations to its citizens and creditors. The Statement of Net Assets is on page 11.

Oconee County's Changes in Net Assets
Figure 2

	Governmental Activities			Business-Type Activities			Total		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
Revenues									
Program revenues:									
Charges for services	\$ 3,347,604	\$ 3,062,516	\$ 2,888,822	\$ 4,178,250	\$ 3,692,232	\$ 3,327,806	\$ 7,725,254	\$ 6,754,748	\$ 6,216,628
Operating grants and contributions	1,809,439	1,344,873	1,864,529	6,853	25,058	30,857	1,816,292	1,369,931	1,895,386
Capital grants and contributions	2,292,924	1,765,114	2,873,317	-	-	-	2,292,924	1,765,114	2,873,317
General revenues:									
Property taxes	21,674,814	21,322,657	21,544,114	-	-	-	21,674,814	21,322,657	21,544,114
Other taxes	1,030,042	975,016	293,150	-	-	-	1,030,042	975,016	293,150
Grants and contributions not restricted to specific programs	2,955,527	2,931,443	2,958,336	-	-	-	2,955,527	2,931,443	2,958,336
Interest income	211,288	579,433	956,816	56,716	108,550	168,020	268,004	687,983	1,124,836
Miscellaneous	399,956	981,957	473,647	-	-	-	399,956	981,957	473,647
Capital contributions	-	-	101,052	-	-	-	-	-	101,052
Total revenues	\$ 33,920,994	\$ 32,963,009	\$ 33,953,783	\$ 4,241,819	\$ 3,825,840	\$ 3,526,683	\$ 38,162,813	\$ 36,788,849	\$ 37,480,466
Expenses									
General government	\$ 10,684,415	\$ 8,565,435	\$ 7,520,848	\$ -	\$ -	\$ -	\$ 10,684,415	\$ 8,565,435	\$ 7,520,848
Judicial services	2,280,117	1,886,421	1,785,454	-	-	-	2,280,117	1,886,421	1,785,454
Public safety	9,275,364	9,420,466	8,086,218	-	-	-	9,275,364	9,420,466	8,086,218
Health and welfare	1,137,429	5,222,929	3,168,734	-	-	-	1,137,429	5,222,929	3,168,734
Highways and streets	3,031,502	3,624,861	3,480,735	-	-	-	3,031,502	3,624,861	3,480,735
Culture and recreation	2,378,922	2,268,503	2,165,960	-	-	-	2,378,922	2,268,503	2,165,960
Interest on long-term debt	918,428	1,010,485	862,699	-	-	-	918,428	1,010,485	862,699
Rock quarry	-	-	-	1,954,729	1,822,609	1,606,958	1,954,729	1,822,609	1,606,958
Solid waste	-	-	-	3,440,710	3,940,812	5,946,426	3,440,710	3,940,812	5,946,426
Total expenses	\$ 29,706,177	\$ 31,999,100	\$ 27,070,648	\$ 5,395,439	\$ 5,763,421	\$ 7,553,384	\$ 35,101,616	\$ 37,762,521	\$ 34,624,032
Increase in net assets before transfers	\$ 4,214,817	\$ 963,909	\$ 6,883,135	\$ (1,153,620)	\$ (1,937,581)	\$ (4,026,701)	\$ 3,061,197	\$ (973,672)	\$ 2,856,434
Transfers	1,817,093	(1,799,274)	(1,850,346)	(1,817,093)	1,799,274	1,850,346	-	-	-
Increase (decrease) in net assets	\$ 6,031,910	\$ (835,365)	\$ 5,032,789	\$ (2,970,713)	\$ (138,307)	\$ (2,176,355)	\$ 3,061,197	\$ (973,672)	\$ 2,856,434
Net assets, beginning (restated)	32,392,173	30,654,714	25,621,926	16,135,742	16,176,800	18,353,153	48,527,915	46,831,514	43,975,081
Prior period adjustment	901,467	2,572,824	-	-	97,249	-	901,467	2,670,073	-
Net assets ending	\$ 39,325,550	\$ 32,392,173	\$ 30,654,715	\$ 13,165,029	\$ 16,135,742	\$ 16,176,800	\$ 52,490,579	\$ 48,527,915	\$ 46,831,515

The Statement of Activities on page 12 shows that the County's total revenues (excluding special items) increased to \$38.2 million or 3.7 percent from the prior year. The total cost of all programs and services decreased 7 percent. A reduction of spending in the public safety, health and welfare, highways and streets, and solid waste programs contributed to the overall reduction of \$2.7 million. The analyses below provide more detailed information on the governmental and business-type activities separately.

Governmental Activities

Net assets of only the County's governmental activities increased from \$32.4 million to \$39.3 million or by 21.4 percent. Also, the unrestricted net assets, which are part of the net assets that the County can use to finance normal operations without any restrictions, increased the surplus from the prior year by \$3.1 million for a total of \$7.4 million.

The cost of all governmental activities this year was \$29.7 million compared to \$32 million last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$22.1 million because some of the cost was paid by those who directly benefited from the programs (\$3.5 million) or other governments or organizations that subsidized certain programs with grants and contributions (\$4.1 million). Overall the County's

subsidized certain programs with grants and contributions (\$4.1 million). Overall the County's governmental program revenues, consisting of both fees for services and intergovernmental aid, increased in 2004 from \$6.2 million to \$7.6 million, principally based on increases in fees charged for services. The County paid for the remaining "public benefit" portion of governmental activities with \$26.3 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest, grants and contributions.

Business-type Activities

In comparison to the prior year, the net assets of the business-type activities decreased by \$3 million or 18.4 percent. The decrease was due mainly to a decrease in the unrestricted fund balance. Even with a decrease in the business-type activities net assets, the County, as a whole, continued to have an increase in net assets.

Revenues of the business-type activities increased 10.9 percent or \$415,979, while expenses decreased by 6.4 percent or \$367,982. Even though the revenues increased at a higher rate than the expenses, the business-type activities still suffered a loss of \$1.2 million and therefore did not aid the growth of the County from the previous years.

FUND FINANCIAL ANALYSIS

As described earlier, the County has to include detailed reports for its governmental and proprietary funds as well as the General Fund Budgetary Comparison Schedule. These statements begin on page 13.

Governmental Funds

At completion of the year, the County's governmental funds reported a combined fund balance of \$19.7 million, which is below last year's total of \$22 million.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the unreserved fund balance of the General Fund was \$4.7 million, while total fund balance reached \$10.6 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 15.5 percent of total General Fund expenditures, while total fund balance represents 35.1 percent of that same amount. The General Fund revenues have increase by \$2.2 million whereas the combined revenues have remained relatively the same.

Also, the County spent \$3.4 million on phase one of the expansion of the law enforcement center, reducing the beginning balance in that capital projects fund by that same amount. This reduction was expected because capital fund balances at the beginning of this year include the proceeds of general obligation bonds issued last year to finance this project. Although, these and other capital expenditures reduce available fund balances, they create new assets for the County as reported in the Statement of Net Assets and as discussed in Note 1.H. and Note 2.C. to the financial statements.

Proprietary Funds

The combined net assets of the County's two enterprise funds significantly changed from 2003 and 2002. This reduction of \$3 million is mainly due to the fact that the Solid Waste Commission continued to operate at a deficit, but this year the loss was more apparent because the transfer in of \$2.8 million was offset by a transfer out of \$3.7 million to reimburse the County's General Fund for capital expenditures. The Rock Crusher continued its growth rate of 8.9 percent from 2003 which resulted in net assets of \$5.6 million.

years. In addition, the expenses have increased an average of 15 percent each year over the same period. Before transfers, the Rock Crusher had a profit of \$1.3 million, while the Solid Waste Commission had a loss of \$2.6 million. The County usually budgets annually for a transfer to be made to the Solid Waste Commission to offset its losses, but this year is the first year that the County has taken a transfer from the Solid Waste Commission for reasons mention previously.

General Fund Budgetary Highlights

During the 2004 fiscal year, the County's budget was amended one time during supplemental appropriations. Supplemental appropriations consisted of budget amendments for mainly salaries and phase one of the capital improvement plan. The capital improvement plan added funds to the budget for the purchase of much needed vehicles and equipment as well as renovation to and construction of County buildings.

The revenues were amended by \$91,637 or 0.3 percent, primarily due to timber sales that were not originally budgeted. The total amendments to the expenditures were \$3.7 million or an increase of 11.1 percent.

For added clarity, the variance column shows that the actual revenue collections were under budget by \$517,318 and actual operating expenditures were less than budgeted amounts by \$3.6 million. As previously noted in the financial highlights, this is due primarily to a unique grant of County revenue to the School District of Oconee County of \$500,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2004, totals \$49.6 million (net of accumulated depreciation). These assets include land, buildings and improvements, vehicles and equipment, construction in progress, and infrastructure. The net increase (including additions and deductions) is \$7.1 million, or 16.8 percent, over last year. Although the business-type activities remained relatively unchanged, the net increase is attributable to the governmental activities.

Oconee County's Capital Assets
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Land	\$ 2,665,509	\$ 2,667,009	\$ 1,333,038	\$ 1,333,038	\$ 3,998,547	\$ 4,000,047
Building and Improvements	16,962,535	17,084,094	4,267,393	3,957,996	21,229,928	21,042,090
Infrastructure Land Rights	2,165,060	295,076	-	-	2,165,060	295,076
Construction in Progress	5,869,175	1,554,101	26,589	163,181	5,895,764	1,717,282
Construction in Progress - Infrastructure	1,342,452	1,040,962	-	-	1,342,452	1,040,962
Equipment and Vehicles	8,886,915	9,569,580	3,159,478	3,303,784	12,046,393	12,873,364
Infrastructure	2,880,982	1,465,942	-	-	2,880,982	1,465,942
Total	\$ 40,772,628	\$ 33,676,764	\$ 8,786,498	\$ 8,757,999	\$ 49,559,126	\$ 42,434,763

Major capital asset transactions during the year include:

- Continuation of the construction in progress on Phase I of the Emergency Services facility, Commerce Center Industrial Building on Highway 11, continued improvements to the Courthouse, and continued renovations at the Heritage Center Museum,

- Acquisition of 16 vehicles for various departments,
- Addition of the completed gazebo at South Cove Park, perimeter safety and security fencing at the Airport,
- Metal detector and scanner for Courthouse,
- Video analyst system and training simulator for Sheriff's department,
- Multiple Oracle Software packages and hardware to update County information network,
- 0.24 acres of land where the Fair Play fire department is located was sold to the Fair Play fire department,
- Continuation of the manned convenience center #12 for the Solid Waste Commission,
- Purchase of two new vehicles for the Solid Waste Commission,
- Acquisition of 4.574 acres of land for the Rock Crusher,
- Addition of the completion of the office facility and maintenance shop for the Rock Crusher with installation of 3890 feet of chain link fence,
- And purchase of Terex 40 ton back dump truck for Rock Quarry.

Additional information on the County's capital assets can be found in note 2.C. of the basic financial statements.

Long-term Debt Obligations

As of June 30, 2004, the County had total bonded debt outstanding of \$17.9 million, all of which is debt backed by the full faith and credit of the County.

Oconee County's Outstanding Debt
General Obligation Bonds
Figure 4

	Governmental Activities			Business-Type Activities			Total		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
General obligation debt	\$ 17,937,639	\$ 19,446,127	\$ 15,962,884	\$ -	\$ -	\$ -	\$ 17,937,639	\$ 19,446,127	\$ 15,962,884

The only new debt issued during the year was \$600,000 to aid in the construction of the commerce center building project. When the building is sold, these funds will be repaid by the proceeds of the sale.

The County's bond rating continues to remain at an A1 bond rating from Moody's Investor Service and A+ rating from Standard and Poor's Corporation for the third consecutive year. . This bond rating is a clear indication of the continued sound financial condition of the County and a primary factor in keeping interest costs low on the County's outstanding debt.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$10.2 million. The County has no bonds authorized,

but un-issued at June 30, 2004.

Also, the County reports balances totaling \$2.2 million for three capital leases. These lease purchase finance the acquisition of twenty-one fire trucks for the Rural Fire department. The repayment period for these leases is 5 years with the final payment for the latest issue being due in the fiscal year ending 2007.

The final portion of long-term debt is the compensated absences, or accrued accumulated unpaid vacation time earned by employees. The total compensated absences for 2004 is \$764,151.

Additional information regarding the County's long-term debt obligations can be found in Note 2.F. on pages 28-31 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

When compiling a budget, the County's elected officials and management must consider many factors. The main influence for determining the budget is the tax rates and the fees and charges for services and products.

In the General Fund, historical trends indicate that property taxes are estimated to increase by 3 percent, or \$671,288, for fiscal year 2005. Other budgeted revenues from licenses, permits, and fees from services provided, fines and forfeitures, and other various and miscellaneous income in the General Fund, excluding inter-fund transfers, are expected to decrease by approximately 15.4 percent. The intergovernmental revenues from both State and Federal grants, entitlements and contributions are expected to increase an estimated 4 percent. The County will use these increases in revenues to finance existing programs.

The General Fund budgeted total expenditures are expected to decrease by \$2.7 million, or 8.1 percent. Decreases are attributed to the reductions in all areas of operation and will offset the increases in salaries and benefits and building maintenance and utilities that have increased over the past few years.

Also, the County's proprietary funds have budgets based on the expected revenues and expenses that are generated from providing services and products for its customers. The Solid Waste Commission's original budget will included a decrease in revenues and expenses of \$25,463, or less than one percent. Meanwhile, the Rock Quarry anticipates an increase of 26.4 percent for both revenues and expenses.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Director of Administrative Services and Finance
Oconee County Finance Department
415 South Pine Street
Walhalla, South Carolina 29691.

GOVERNMENT - WIDE FINANCIAL STATEMENTS

Oconee County, South Carolina
Statement of Net Assets
June 30, 2004

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Oconee County Sewer Commission	School District of Oconee County
Assets					
Cash and Other Cash Deposits	\$ 16,697,708	\$ 9,280,721	\$ 25,978,429	\$ 117,081	\$ 521,104
Investments	-	-	-	571,575	7,069,216
Accounts Receivable	1,541,510	123,782	1,665,292	296,476	6,776,861
Property Taxes Receivable	112,780	-	112,780	-	190,561
Accrued Interest Receivable	6,426	5,851	12,277	3,756	-
Receivable From Agency Funds	32,563	-	32,563	-	30,208
Inventories	157,036	325,773	482,809	38,715	200,812
Prepaid Expenses	-	-	-	-	937,457
Restricted Assets:					
Cash and Other Cash Deposits	4,465,976	-	4,465,976	178,686	-
Investments	-	-	-	4,735,843	-
Bond Issue Cost, Net	33,396	-	33,396	-	-
Capital Assets:					
Non Depreciable	12,042,196	1,359,627	13,401,823	632,692	7,652,244
Depreciable	44,724,980	14,550,802	59,275,782	28,518,206	120,555,355
Less Accumulated Depreciation	(15,994,548)	(7,123,931)	(23,118,479)	(12,219,660)	(48,314,141)
Total Assets	63,820,023	18,522,625	82,342,648	\$ 22,873,370	\$ 95,619,677
Liabilities					
Accounts Payable	2,372,201	-	2,372,201	121,618	2,119,137
Accrued Salaries	-	-	-	7,548	18,372
Employee Benefits Withheld and Accrued	409,116	-	409,116	7,966	928,525
Accrued Interest Payable	275,484	-	275,484	19,570	290,422
Payable to Agency Funds	125,277	-	125,277	-	-
Deferred Revenue - Unearned	441,372	-	441,372	-	435,432
Customer Deposits	-	41,086	41,086	-	-
Unamortized Bond Premium	2,139	-	2,139	-	-
Non-Current Liabilities:					
Due Within One Year:					
Compensated Absences	76,415	15,270	91,685	3,704	565,026
Loans and Capital Leases Payable	782,518	-	782,518	381,124	-
Bonds Payable	1,281,245	-	1,281,245	-	3,945,000
Postclosure Care Costs	-	776,373	776,373	-	-
Due in More Than One Year:					
Compensated Absences	687,736	137,432	825,168	8,643	3,499,418
Loans and Capital Leases Payable	1,384,576	-	1,384,576	5,144,621	-
Bonds Payable	16,656,394	-	16,656,394	-	36,390,000
Postclosure Care Costs	-	4,387,435	4,387,435	-	-
Total Liabilities	24,494,473	5,357,596	29,852,069	5,694,794	48,191,332
Net Assets					
Invested in Capital Assets, Net of Related Debt	29,641,543	8,786,497	38,428,040	11,405,492	40,734,281
Restricted For:					
Capital Projects	3,308	-	3,308	4,253,745	466,396
Debt Service	1,702,013	-	1,702,013	641,214	3,276,800
Judicial Services	300,177	-	300,177	-	-
Public Safety	64,529	-	64,529	-	-
Culture and Recreation	190,852	-	190,852	-	-
Other Purposes	66,228	-	66,228	-	318,494
Unrestricted	7,356,900	4,378,532	11,735,432	878,125	2,632,374
Total Net Assets	\$ 39,325,550	\$ 13,165,029	\$ 52,490,579	\$ 17,178,576	\$ 47,428,345

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

Oconee County, South Carolina
Statement of Activities
For the Year Ended June 30, 2004

Function/Program Activities	Net (Expenses) Revenue and Changes in Net Assets				
	Program Revenues			Primary Government	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 10,684,415	\$ 1,998,099	\$ 253,828	\$ 252,191	\$ (8,180,297)
Judicial Services	2,280,117	1,104,109	121,612	-	-
Public Safety	9,275,364	139,713	728,550	-	(1,054,396)
Health and Welfare	1,137,429	19,066	153,427	-	(8,407,101)
Highways and Streets	3,031,502	-	444,401	2,039,783	(964,936)
Culture and Recreation	2,378,922	286,017	107,621	950	(547,318)
Interest on Long-Term Debt	918,428	-	-	-	(1,984,334)
Total Governmental Activities	29,706,177	3,547,004	1,809,439	2,292,924	(918,428)
Business - Type Activities:					
Rock Crusher	1,954,729	3,294,420	-	-	1,339,691
Solid Waste Commission	3,440,710	883,830	6,853	-	(2,550,027)
Total Business - Type Activities	5,395,439	4,178,250	6,853	-	(1,210,336)
Total Primary Government	\$35,101,616	\$ 7,725,254	\$ 1,816,292	\$ 2,292,924	(22,056,810)
Component Units:					
Oconee County Sewer Commission	\$ 2,887,475	\$ 2,631,565	\$ -	\$ -	-
School District of Oconee County	90,073,607	3,639,260	38,461,952	893,039	(47,079,356)
Total Component Units	\$92,961,082	\$ 6,270,825	\$ 38,461,952	\$ 893,039	(255,910)
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes					21,674,814
Local and State Accommodation Taxes					236,843
Payments in Lieu of Taxes and Franchise Fees					793,199
Grants and Contributions not Restricted to Specific Programs					2,955,527
Interest Income					211,288
Sale of Fixed Assets					56,716
Miscellaneous					399,956
Capital Contributions					-
Interfund Transfers					1,817,093
Total General Revenues and Transfers					28,088,720
Change in Net Assets					(1,760,377)
Net Assets, Beginning					6,031,910
Prior Period Adjustment					32,392,173
Net Assets, Ending					16,135,742
					901,467
					\$ 39,325,550
					\$ 13,165,029
					\$ 52,490,579
					\$ 17,178,576
					\$ 47,428,345

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

FUND FINANCIAL STATEMENTS

Oconee County, South Carolina
Balance Sheet
Governmental Funds
June 30, 2004

	General Fund	EMS Facility Expansion	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Other Cash Deposits	\$ 12,054,079	\$ -	\$ 4,643,629	\$ 16,697,708
Restricted Assets - Cash and Other Cash Deposits	-	3,040,813	1,425,163	4,465,976
Accounts Receivable	1,014,769	2,400	524,341	1,541,510
Property Taxes Receivable	107,057	-	5,723	112,780
Accrued Interest Receivable	6,039	387	-	6,426
Receivable From Agency Funds	30,765	-	1,798	32,563
Interfund Balances	100,780	-	-	100,780
Inventories	157,036	-	-	157,036
Total Assets	\$ 13,470,525	\$ 3,043,600	\$ 6,600,654	\$ 23,114,779
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 1,978,927	\$ 315,296	\$ 77,978	\$ 2,372,201
Employee Benefits Withheld and Accrued	409,116	-	-	409,116
Deferred Revenue - Unearned	404,432	-	36,940	441,372
Payable to Agency Funds	125,277	-	-	125,277
Interfund Balances	-	-	100,780	100,780
Total Liabilities	2,917,752	315,296	215,698	3,448,746
Fund Balances:				
Reserves For:				
Encumbrances	1,506,900	2,302,062	362,046	4,171,008
Inventories	157,036	-	-	157,036
Unreserved in General Fund:				
Designated for Subsequent Year's Expenditures	1,620,942	-	-	1,620,942
Designated for Capital Improvements	1,632,504	-	-	1,632,504
Designated for Health Insurance	890,446	-	-	890,446
Designated for Other Purposes	80,767	-	-	80,767
Undesignated	4,664,178	-	-	4,664,178
Unreserved Reported in:				
Special Revenue Funds	-	-	699,946	699,946
Debt Service Fund	-	-	1,950,290	1,950,290
Capital Project Funds	-	426,242	3,372,674	3,798,916
Total Fund Balances	10,552,773	2,728,304	6,384,956	19,666,033
Total Liabilities and Fund Balances	\$ 13,470,525	\$ 3,043,600	\$ 6,600,654	\$ 23,114,779

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

Oconee County, South Carolina
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2004

Fund Balances - Total Governmental Funds	\$ 19,666,033
--	---------------

Amounts reported for governmental activities in the statement
of net assets are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the governmental funds.

Governmental Capital Assets	\$ 56,767,176	
Less Accumulated Depreciation	<u>(15,994,548)</u>	40,772,628

Long-term liabilities including capital leases and bonds payable
are not due and payable in the current period and therefore are
not reported in the governmental funds.

Bonds Payable	(17,937,639)	
Capital Leases Payable	(2,167,094)	
Compensated Absences	<u>(764,151)</u>	(20,868,884)

Interest payable on long-term debt is not accrued in governmental
funds, but rather is recorded as an expenditure when due.

Accrued Interest Payable on Long-Term Debt	(275,484)
--	-----------

Bond issue cost and bond premiums are subject to amortization in
the entity-wide statements.

Bond issue cost	42,036	
Accumulated amortization	(8,640)	
Bond Premium	(2,750)	
Accumulated amortization	<u>611</u>	<u>31,257</u>

Net Assets of Governmental Activities	<u>\$ 39,325,550</u>
---------------------------------------	----------------------

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

Oconee County, South Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

	General Fund	EMS Facility Expansion	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 20,558,016	\$ -	\$ 1,116,797	\$ 21,674,813
Intergovernmental Revenues	4,830,238	-	1,021,331	5,851,569
Licenses, Permits and Fees	2,075,286	-	3,083	2,078,369
Fines and Forfeitures	431,635	-	143,266	574,901
County Airport	496,575	-	-	496,575
PRT Commission	251,514	-	-	251,514
Miscellaneous and Other	395,174	-	400,502	795,676
Payments in Lieu of Taxes and Franchise Fees	735,566	-	57,634	793,200
Interest Income	162,460	35,030	13,798	211,288
Total Revenues	<u>29,936,464</u>	<u>35,030</u>	<u>2,756,411</u>	<u>32,727,905</u>
Expenditures				
Current Operating:				
General Government	10,100,165	-	203,198	10,303,363
Judicial Services	1,885,373	-	162,318	2,047,691
Public Safety	7,921,311	-	314,633	8,235,944
Health and Welfare	1,060,548	-	7,500	1,068,048
Highways and Streets	2,710,659	-	-	2,710,659
Culture and Recreation	1,979,904	-	106,888	2,086,792
Capital Expenditures and Projects	3,567,572	3,420,000	1,346,809	8,334,381
Debt Service:				
Principal Retirement	752,370	-	2,108,488	2,860,858
Interest and Fiscal Charges	113,052	-	971,284	1,084,336
Bond Issue Cost	-	-	12,622	12,622
Total Expenditures	<u>30,090,954</u>	<u>3,420,000</u>	<u>5,233,740</u>	<u>38,744,694</u>
Excess (Deficiency) of Revenues Over Expenditures	(154,490)	(3,384,970)	(2,477,329)	(6,016,789)
Other Financing Sources and (Uses)				
Contributions - Infrastructure	1,254,599	-	-	1,254,599
Face Amount of Bonds and Capital Leases	-	-	600,000	600,000
Interfund Transfers In	4,584,694	880,000	2,340,769	7,805,463
Interfund Transfers (Out)	(5,378,370)	-	(610,000)	(5,988,370)
Net Change in Fund Balances	<u>306,433</u>	<u>(2,504,970)</u>	<u>(146,560)</u>	<u>(2,345,097)</u>
Fund Balances, Beginning	<u>10,246,340</u>	<u>5,233,274</u>	<u>6,531,516</u>	<u>22,011,130</u>
Fund Balances, Ending	<u>\$ 10,552,773</u>	<u>\$ 2,728,304</u>	<u>\$ 6,384,956</u>	<u>\$ 19,666,033</u>

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

Oconee County, South Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2004

Net Change in Fund Balances - Total Governmental Funds \$ (2,345,097)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.

Expenditures for Capital Assets	\$ 8,334,381	
Less Current Year Depreciation	<u>(2,145,973)</u>	6,188,408

Face amount of bonds and capital leases payable provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceed proceeds.

Principal Payments	2,860,858	
Face amount of Bonds and Capital Leases	<u>(600,000)</u>	2,260,858

Amortization of bond issue cost and bond premiums:

Bond issue cost expended in governmental funds	12,622	
Bond issue cost amortized in statement of activities	(5,372)	
Bond premiums amortized in statement of activities	<u>306</u>	7,556

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.

Deferred Revenue - Unavailable from Grants and State	
Appropriations at June 30, 2003	(61,510)

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 governmental funds.

Change in Long-term Compensated Absences	(189,279)	
Changes in Accrued Interest on Bonds and Capital Leases Payable	<u>170,974</u>	<u>(18,305)</u>

Change in Net Assets of Governmental Activities	<u>\$ 6,031,910</u>
---	---------------------

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

Oconee County, South Carolina
Statement of Net Assets
Proprietary Funds
June 30, 2004

	Enterprise Funds		
	Rock Crusher	Solid Waste Commission	Total
Assets			
Current Assets:			
Cash and Other Cash Deposits	\$ 1,383,533	\$ 7,897,188	\$ 9,280,721
Accounts Receivable	112,078	11,704	123,782
Accrued Interest Receivable	138	5,713	5,851
Inventories	325,773	-	325,773
Total Current Assets	<u>1,821,522</u>	<u>7,914,605</u>	<u>9,736,127</u>
Non-Current Assets:			
Capital Assets:			
Land	557,825	775,213	1,333,038
Buildings and Improvements	562,308	5,207,458	5,769,766
Equipment and Vehicles	6,041,650	2,692,711	8,734,361
Other Assets	-	46,675	46,675
Construction in Progress	-	26,589	26,589
Less Accumulated Depreciation	(3,287,643)	(3,836,288)	(7,123,931)
Total Non-Current Assets	<u>3,874,140</u>	<u>4,912,358</u>	<u>8,786,498</u>
Total Assets	<u>5,695,662</u>	<u>12,826,963</u>	<u>18,522,625</u>
Liabilities			
Current Liabilities:			
Customer Deposits	-	41,086	41,086
Compensated Absences	4,677	10,593	15,270
Current Portion of Postclosure Care Costs	-	776,373	776,373
Total Current Liabilities	<u>4,677</u>	<u>828,052</u>	<u>832,729</u>
Non-Current Liabilities:			
Compensated Absences	42,096	95,336	137,432
Post Closure Care Costs after One Year	-	4,387,435	4,387,435
Total Non-Current Liabilities	<u>42,096</u>	<u>4,482,771</u>	<u>4,524,867</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	3,874,140	4,912,357	8,786,497
Unrestricted	<u>1,774,749</u>	<u>2,603,783</u>	<u>4,378,532</u>
Total Net Assets	<u>\$ 5,648,889</u>	<u>\$ 7,516,140</u>	<u>\$ 13,165,029</u>

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

Oconee County, South Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2004

	Enterprise Funds		
	Rock Crusher	Solid Waste Commission	Total
Operating Revenues			
Outside Customer Sales	\$ 2,556,556	\$ 852,309	\$ 3,408,865
Intragovernment Sales	737,664	-	737,664
Miscellaneous Fees	200	31,521	31,721
Operating Grants	-	6,853	6,853
Total Operating Revenues	<u>3,294,420</u>	<u>890,683</u>	<u>4,185,103</u>
Operating Expenses			
Salaries, Wages and Employee Benefits	774,877	1,636,949	2,411,826
Contractual Services, Materials, Supplies and Other Expenses	826,586	1,437,966	2,264,552
Depreciation Expense	353,266	365,795	719,061
Total Operating Expenses	<u>1,954,729</u>	<u>3,440,710</u>	<u>5,395,439</u>
Operating Income (Loss)	1,339,691	(2,550,027)	(1,210,336)
Non-Operating Revenues (Expenses)			
Interest Income	<u>6,203</u>	<u>50,513</u>	<u>56,716</u>
Income (Loss) before Contributions and Transfers	1,345,894	(2,499,514)	(1,153,620)
Interfund Transfers In	-	2,767,601	2,767,601
Interfund Transfers (Out)	<u>(884,694)</u>	<u>(3,700,000)</u>	<u>(4,584,694)</u>
Change in Net Assets	461,200	(3,431,913)	(2,970,713)
Net Assets, Beginning	<u>5,187,689</u>	<u>10,948,053</u>	<u>16,135,742</u>
Net Assets, Ending	<u>\$ 5,648,889</u>	<u>\$ 7,516,140</u>	<u>\$ 13,165,029</u>

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

Oconee County, South Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2004

	Enterprise Funds		
	Rock Crusher	Solid Waste Commission	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operations:			
Receipts from Customers and Other Sources	\$ 3,186,021	\$ 902,747	\$ 4,088,768
Payments to Employees and Related Benefits	(761,185)	(1,606,836)	(2,368,021)
Payments to Suppliers	(834,093)	(1,518,071)	(2,352,164)
Net Cash Provided by (Used in) Operating Activities	<u>1,590,743</u>	<u>(2,222,160)</u>	<u>(631,417)</u>
Cash Flows from Noncapital Financing Activities:			
Interfund Transfers In	-	2,767,601	2,767,601
Interfund Transfers (Out)	(884,694)	(3,700,000)	(4,584,694)
Net Cash Flows from Noncapital Financing Activities	<u>(884,694)</u>	<u>(932,399)</u>	<u>(1,817,093)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(674,814)	(72,747)	(747,561)
Net Cash Flows from Capital and Related Financing Activities	<u>(674,814)</u>	<u>(72,747)</u>	<u>(747,561)</u>
Cash Flows from Investing Activities:			
Interest on Investments	7,379	59,219	66,598
Net Cash Flows from Investing Activities	<u>7,379</u>	<u>59,219</u>	<u>66,598</u>
Net Increase (Decrease) in Cash and Cash Equivalents	38,614	(3,168,087)	(3,129,473)
Cash and Cash Equivalents at Beginning of Year	<u>1,344,919</u>	<u>7,065,275</u>	<u>8,410,194</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,383,533</u>	<u>\$ 3,897,188</u>	<u>\$ 5,280,721</u>
Classified As:			
Current Assets	<u>\$ 1,383,533</u>	<u>\$ 3,897,188</u>	<u>\$ 5,280,721</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating Income (Loss)	\$ 1,339,691	\$ (2,550,027)	\$ (1,210,336)
Adjustments Not Affecting Cash:			
Depreciation	353,266	365,795	719,061
Postclosure Care Expense Accrual	-	16,846	16,846
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(108,399)	(4,782)	(113,181)
(Increase) Decrease in Inventories	(7,507)	-	(7,507)
Increase (Decrease) in Accounts Payable	-	(6,773)	(6,773)
Increase (Decrease) in Compensated Absences	13,692	30,113	43,805
Increase (Decrease) in Postclosure Care Costs Payable	-	(73,332)	(73,332)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,590,743</u>	<u>\$ (2,222,160)</u>	<u>\$ (631,417)</u>

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

Oconee County, South Carolina
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2004

	<u>Agency Funds</u>
Assets	
Cash and Other Cash Deposits	\$ 5,303,083
Accrued Interest Receivable	281
Property Taxes Receivable	194,842
Receivable from General Fund	<u>125,277</u>
Total Assets	<u><u>\$ 5,623,483</u></u>
Liabilities	
Due to Other Taxing Districts and Agencies	\$ 4,280,756
Payable to General and Special Revenue Funds	32,563
Due to Others	<u>1,310,164</u>
Total Liabilities	<u><u>\$ 5,623,483</u></u>

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

NOTES TO FINANCIAL STATEMENTS

**Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2004**

Note 1 - Summary of Significant Accounting Policies

Oconee County operates under a council-administrator form of government. For financial statement reporting purposes, the County has divided its operations into the functions of general government, judicial services, public safety, health and welfare, highways and streets, and culture and recreation.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

A. Reporting Entity

In evaluating how to define the County, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The definition of a reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. Based upon the application of these criteria, the following is a brief review of the potential component units addressed in defining the government's reporting entity.

Included in the reporting entity:

Oconee County Sewer Commission

The County Council is financially accountable for the Commission in that they appoint the Commission members, review and approve budget requests and adjustments, and are ultimately responsible, absolutely and morally, for its fiscal condition. The financial statements of the Oconee County Sewer Commission are included in the County's statements. The Commission's financial statements for the year ended June 30, 2004 are available for public inspection at the Commission's business office.

The School District of Oconee County

The School District of Oconee County is fiscally dependent upon the County. It has a separately elected board and provides services generally within the geographic boundaries of the County. The County must approve the tax levy each year to fund the local property tax portion of the District's budget. It is audited annually by other auditors and a copy of its financial statements can be obtained from the District's office.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and

**Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2004**

Government-wide Statements: (continued)

charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

EMS Facility Expansion Capital Project Fund. This fund accounts for the construction activity related to the emergency management services facility project.

The County reports the following major enterprise funds:

Rock Crusher. This fund accounts for the County's rock quarry operations.

Solid Waste Commission. This fund accounts for the activities related to the collection and disposal of the County's solid waste.

The County reports the following other fund type:

Agency Funds. These funds account for monies held on behalf of governments, organizations and individuals.

C. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2004

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs followed by general revenues.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. Receivables

All accounts receivable and property tax receivables are shown net of an allowance for uncollectibles.

E. Budgetary Process

Council approves an annual budget by ordinance before the beginning of each fiscal year. The County follows this basic process:

- a. Prior to July 1, the County Administrator submits to County Council a proposed budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures and the means of financing them.
- b. The proposed budget is discussed at regular meetings of County Council.
- c. After three (3) readings before County Council, the budget ordinance is legally enacted.

The annual budget for the general fund is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. The budgetary level of control for the budget is at the department level.

F. Inventories

General Fund. Parts inventory is reported at the weighted average method.

Enterprise Fund. The inventory at the Rock Crusher is priced on the actual cost of production method.

G. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2004

G. Interfund Transactions (continued)

as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

H. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated value at the date of donation. County infrastructure assets acquired prior to July 1, 2001 have not yet been reported. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>	<u>Capitalization Level</u>
Buildings and Improvements	15-40	\$ 25,000
Equipment and Vehicles	5-15	\$ 5,000
Road Infrastructure July 1, 2001 and after	25	All
Newry Sewer System	25-40	All

I. Compensated Absences

The County accrues accumulated unpaid vacation when earned by the employee. The current portion is the amount estimated to be used in the following year. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

J. Cash Equivalents

For purposes of the statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

K. Use of Estimates

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

Note 2 – Detail Notes – All Funds

A. Deposit Collateralization

Deposits include demand deposits and certificates of deposit in financial institutions. The carrying amount was \$35,737,884 at June 30, 2004. The bank balance was \$36,957,768 at year-end. All bank balances were covered by federal depository insurance or by collateral held by the County's agent in the County's name except \$281,242 of deposits.

B. Property Taxes

The County levies taxes on property values as determined by the County Assessor. Property taxes levied for the current year include 126.0 mills appropriated for the Oconee County School District's operations, 62.8 mills for general operations of the County and 2.2 mills for the Tri-County Technical College

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2004

B. Property Taxes (continued)

operations. In addition, 2.5 mills, 11.0 mills, and .5 mills are for the repayment of general obligation bonds of Oconee County, Oconee County School District, and Tri-County Technical College, respectively. Oconee County acts as a collection agent for the school district's portion of the tax.

The taxes are levied on September 30 of each year and are payable by January 15. Taxes are delinquent after January 15 and are subject to the following penalties depending upon the collection date:

<u>Collection Date</u>	<u>Penalty</u>
After January 15th	3% of tax
After February 1st	Additional 10% of tax
After March 16th	Additional 5% of tax plus a \$2.00 collection cost

Unpaid delinquent taxes collected within sixty (60) days after June 30, 2004 are reflected as receivables on the accompanying statement of net assets and statement of fiduciary assets and liabilities in the amount of \$307,622 (County operations \$107,057, County debt service \$5,723, School operations/debt service \$190,561, Tri-County Technical operations \$3,719 and Keowee Fire Tax District \$562.)

Duke Energy provides a major source of property tax revenues. During the year ended June 30, 2004, the company paid property taxes in the amount of \$20.1 million based on assessed property value of \$113.1 million. This represents approximately 30% of the total 2003 levy. Approximately \$14.2 million of the amount collected was appropriated for the School District of Oconee County and Tri-County Technical College.

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2004

C. Capital Assets

Capital asset activity for the year ended June 30, 2004 was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 2,667,009	\$ -	\$ (1,500)	\$ 2,665,509
Infrastructure Land Rights and Other Cost	295,076	1,869,984	-	2,165,060
Construction in Progress	1,554,101	4,755,344	(440,270)	5,869,175
Construction in Progress - Infrastructure	1,040,962	1,544,801	(1,243,311)	1,342,452
Total Capital Assets not being Depreciated	5,557,148	8,170,129	(1,685,081)	12,042,196
Capital Assets being Depreciated:				
Buildings and Improvements	21,375,890	440,270	-	21,816,160
Equipment and Vehicles	18,896,912	959,640	-	19,856,552
Infrastructure	2,424,313	627,955	-	3,052,268
Total Capital Assets being Depreciated	42,697,115	2,027,865	-	44,724,980
Less Accumulated Depreciation for:				
Buildings and Improvements	(4,291,796)	(561,829)	-	(4,853,625)
Equipment and Vehicles	(9,307,770)	(1,661,867)	-	(10,969,637)
Infrastructure	(69,009)	(102,277)	-	(171,286)
Total Accumulated Depreciation	(13,668,575)	(2,325,973)	-	(15,994,548)
Total Capital Assets being Depreciated, Net	29,028,540	(298,108)	-	28,730,432
Governmental Activities Capital Assets, Net	\$34,585,688	\$ 7,872,021	\$ (1,685,081)	\$ 40,772,628

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2004

Capital Assets (continued)

	Primary Government		
	Beginning Balance	Additions	Ending Balance
Business-Type Activities:			
Capital Assets not being Depreciated:			
Land	\$ 1,333,038	\$ -	\$ 1,333,038
Construction in Progress	163,181	3,136	26,589
Total Capital Assets not being Depreciated	<u>1,496,219</u>	<u>3,136</u>	<u>1,359,627</u>
Capital Assets being Depreciated:			
Buildings and Improvements	5,251,941	517,825	5,769,766
Equipment and Vehicles	8,503,035	411,326	8,734,361
Other Assets	46,675	-	46,675
Total Capital Assets being Depreciated	<u>13,801,651</u>	<u>929,151</u>	<u>14,550,802</u>
Less Accumulated Depreciation for:			
Buildings	(1,293,945)	(208,428)	(1,502,373)
Equipment and Vehicles	(5,199,251)	(555,632)	(5,574,883)
Other Assets	(46,675)	-	(46,675)
Total Accumulated Depreciation	<u>(6,539,871)</u>	<u>(764,060)</u>	<u>(7,123,931)</u>
Total Capital Assets being Depreciated, Net	<u>7,261,780</u>	<u>165,091</u>	<u>7,426,871</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,757,999</u>	<u>\$ 168,227</u>	<u>\$ 8,786,498</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 284,560
Judicial Services	236,006
Public Safety	978,469
Health and Welfare	68,904
Highways and Streets	311,726
Culture and Recreation	266,308
Total Depreciation Expenses	<u>\$ 2,145,973</u>

D. Self Insured Health Insurance

The County is self insured for health and dental claims incurred by employees and/or their dependents and retirees, if they are enrolled in the plan. The plan establishes a "Stop Loss" of \$60,000 per person per contract year with a maximum cost to the County of \$4,049,848 for the year. At year-end incurred but unpaid claims equal approximately \$260,827 and are recorded as a liability and expenditure within the general fund.

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2004

E. Retirement Plans

Oconee County contributes to the South Carolina Retirement System (SCRS) and to the Police Officers Retirement System (PORS), cost-sharing multiple-employer defined benefit pension plans administered by the State Budget and Control Board of South Carolina. SCRS and PORS provide retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. These benefit provisions are established under the authority of Title 9 of the SC Code of Laws. The SCRS and PORS issue a publicly available financial report that includes financial statements and required supplementary information for the retirement systems. These reports may be obtained by writing to South Carolina Retirement System, Post Office Box 11960, Capitol Station, Columbia, South Carolina 29211-1960.

SCRS and PORS members are required to contribute 6.00% and 6.50% respectively of their annual covered salary and the County is required to contribute at an actuarially determined rate. The current rates for SCRS and PORS are 6.85% and 10.70% respectively of annual covered payroll. These percentages include amounts for group life and accidental death coverage. For the year ended June 30, 2004, \$12,799,743 of wages were subject to retirement, which is 96.8% of total salaries of \$13,225,581. The contribution requirements of plan members and the County are established and may be amended by the SCRS and PORS. The County's contributions to SCRS and PORS for the years ended June 30, 2004, 2003, 2002 were as follows:

	<u>SCRS</u>	<u>PORS</u>
2004	\$ 673,564	\$ 392,520
2003	\$ 639,548	\$ 368,706
2002	\$ 577,826	\$ 328,364

The above contributions are equal to the required contributions for each year.

F. Long-Term Obligations

Revenue bonds and other long-term liabilities directly related to and intended to be paid from proprietary funds of the primary government are included in the accounts of such funds. All other long-term indebtedness of the primary government is accounted for in the governmental column of the government-wide statement of net assets.

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2004

Long-Term Obligations (continued)

Summarized below are the County's individual bond and capital lease issues which are outstanding at June 30, 2004:

	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rate	Maximum Annual Debt Service
Governmental Activities:					
General Obligation Bonds, Series 1996	Finance County Portion of Tri-County Tech Obligation	\$ 2,800,000	\$ 1,585,000	4.65 - 6.60%	\$ 284,580
General Obligation Bonds, Series 2000	Finance Construction of Lila Doyle Expansion	4,115,000	3,635,000	4.50 - 6.50%	389,500
General Obligation Bonds, Series 2001	Finance Construction of New Court House	8,000,000	7,395,000	4.470%	746,316
General Obligation Bonds, Series 2002	Finance Construction of EMS Facility	5,000,000	4,550,000	3.20 - 3.80%	748,935
Special Source Revenue Bond, Series 1996	Finance Borg-Warner Capital Expansion	629,887	172,639	8.610%	134,940
Special Source Revenue Bond, Series 2003	Finance Construction of Shell Building	600,000	600,000	Prime + .50% Floor of 4.50% Ceiling of 6.50% 4.50% at year-end	627,000
Capital Lease Payable	Acquire Fire Trucks	1,183,710	515,072	4.858%	275,756
Capital Lease Payable	Acquire Fire Trucks	2,154,090	1,337,615	3.590%	478,152
Capital Lease Payable	Acquire Fire Truck	522,925	314,407	3.169%	111,514
Total Governmental Activities		<u>\$ 25,005,612</u>	<u>\$20,104,733</u>		

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2004

Long-Term Obligations (continued)

Long-term activity for the year ended June 30, 2004 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Governmental Activities:					
Bonds and Capital Leases Payable:					
General Obligation and Other Bonds	\$ 19,446,127	\$ 600,000	\$ (2,108,488)	\$ 17,937,639	\$ 1,281,245
Capital Leases Payable	2,919,464	-	(752,370)	2,167,094	782,518
Total Bonds and Capital Leases Payable	22,365,591	600,000	(2,860,858)	20,104,733	2,063,763
Other Liabilities - Compensated Absences	574,872	192,859	(3,580)	764,151	76,415
Governmental Activities Long-term Liabilities	\$ 22,940,463	\$ 792,859	\$ (2,864,438)	\$ 20,868,884	\$ 2,140,178
Business - Type Activities:					
Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Bonds Payable	-	-	-	-	-
Other Liabilities:					
Compensated Absences	108,897	43,805	-	152,702	15,270
Postclosure Care Costs	5,237,140	-	(73,332)	5,163,808	776,373
Total Other Liabilities	5,346,037	43,805	(73,332)	5,316,510	791,643
Business-Type Activities Long-term Liabilities	\$ 5,346,037	\$ 43,805	\$ (73,332)	\$ 5,316,510	\$ 791,643

The County's general and debt service funds are used to liquidate the governmental activities long-term liabilities. Debt service requirements in future years for bonds and capital leases payable are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government
	Principal	Interest	Total	Principal	Interest	Total	
2005	\$ 2,063,763	\$ 862,298	\$ 2,926,061	\$ -	\$ -	\$ -	\$ 2,926,061
2006	2,170,918	772,991	2,943,909	-	-	-	2,943,909
2007	2,590,052	663,334	3,253,386	-	-	-	3,253,386
2008	1,435,000	565,149	2,000,149	-	-	-	2,000,149
2009	1,520,000	508,381	2,028,381	-	-	-	2,028,381
2010-2014	6,545,000	1,553,535	8,098,535	-	-	-	8,098,535
2015-2019	3,780,000	332,787	4,112,787	-	-	-	4,112,787
Total	\$ 20,104,733	\$ 5,258,475	\$ 25,363,208	\$ -	\$ -	\$ -	\$ 25,363,208

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2004

Long-Term Obligations (continued)

The maximum debt ceiling allowed by state law (South Carolina Constitution Article X, section 14, effective November 30, 1977) is 8% of the assessed value of all taxable property within Oconee County. The County's debt limit and debt margin is as follows:

Assessed Property Valuation	<u>\$ 342,100,723</u>
Debt Limit - Eight Percent of Assessed Value	27,368,058
County Bonds Outstanding June 30, 2004, Issued Subsequent to November 30, 1977	<u>17,165,000</u>
Legal Debt Margin	<u>\$ 10,203,058</u>

G. Interfund Balances and Activity

The following schedule represents interfund receivables and payables at June 30, 2004:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Primary Government:		
By Major Fund:		
General	\$ 100,780	\$ -
Other Governmental:		
Mapping System Grant Special Revenue Fund	-	12,062
DARE Special Revenue Fund	-	2,855
HMEP Special Revenue Fund	-	1,365
Homeland Security Grant Special Revenue Fund	-	49,911
Community Emergency Response Training Grant Special Revenue Fund	-	9,523
Citizens Corps Grant Special Revenue Fund	-	738
Airport Improvement Program #3-45-00016-11 Capital Project Fund	-	5,568
Airport Improvement Program #3-45-00016-12 Capital Project Fund	-	7,444
DCSIP Special Revenue Fund	-	11,314
Total Primary Government	<u>\$ 100,780</u>	<u>\$ 100,780</u>

All of the above amounts will be liquidated within one year and represent short-term loans from the general fund to provide needed cash flow to the various funds.

**Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2004**

Interfund Balances and Activity (continued)

Transfers to/from other funds for the year ended June 30, 2004 consisted of the following:

\$ 884,694	From the rock crusher enterprise fund to the general fund to transfer a portion of the annual profits.
2,767,601	From the general fund to the solid waste commission enterprise fund to fund current year operational expenses.
3,700,000	From the solid waste commission enterprise fund to the general fund to provide funds for needed capital expenditures.
3,751	From the general fund to the LLEBGP2003 LBBX2446 special revenue fund to provide the County match portion for a federal grant.
7,443	From the general fund to the AIP#3-45-0016-12 capital project fund to provide the County match portion for a federal grant.
1,512,500	From the general fund to the DSS office construction capital project fund to provide resources for construction of a new office building.
316,526	From the general fund to the economic development infrastructure capital project fund to fund future infrastructure needs.
130,000	From the general fund to the rural fire burn building capital project fund to provide needed resources to construct a burn building.
359,099	From the general fund to the communication center equipment part I and II capital project funds to provide resources for capital equipment.
880,000	From the general and court house capital project funds to the EMS facility expansion capital project fund for needed capital.
9,450	From the general fund to the debt service fund to provide adequate resources for debt service.
2,000	From the general fund to the rural fire hazmat team special revenue fund to provide needed resources.
<u>\$ 10,573,064</u>	Total

H. Contingent Liabilities

The County participates in a number of federal and state assisted grant programs. These programs are subject to compliance audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2004 have not yet been conducted; therefore, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2004

H. Contingent Liabilities (continued)

Also, the County participates in an intergovernmental agreement whereby it is liable for any operational deficits for the Newry sewer system. At year-end, the County recorded a \$11,109 liability under this agreement.

I. Closure and Postclosure Care Cost

Oconee County assumed operation of the landfill from the City of Seneca in 1977. The landfill's operations were accounted for in the general fund until June 30, 1993. Since then, the operations have been accounted for in an enterprise fund. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. In June 1998, the County closed its landfill. The liability recorded for postclosure care costs total \$5,163,808 at year-end. Of this amount, \$4,618,288 relates to the Seneca landfill and \$545,520 relates to the Five Forks landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2004. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

J. Risk Management

The County 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. Commercial insurance is carried for all these risks. Settled claims resulting from these risks have not exceeded the insurance coverage limits in any of the past three fiscal years.

K. Post-Employment Health Care Benefits

The County provides group health and dental care benefits for retirees per the requirements of a local ordinance. The County pays 100% of the premium for employees who have worked for the County for twenty-eight consecutive years and a reduced percentage for employees who have been employed by the County at least ten years. Retirees may, at their option, pay the cost of dependent coverage. The County's regular health and dental care benefit providers underwrite the retirees' policies.

Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. This plan is funded on a pay-as-you-go basis. As of June 30, 2004 there were sixty-two retirees who were covered under the County's group insurance plans and the total cost of retiree health and dental benefits was \$87,985 for the fiscal year.

L. Reconciliation of Cash and Cash Equivalents

The following schedule reconciles the differences between cash and the certificates of deposit in the statement of net assets and ending cash and cash equivalents as stated in the statement of cash flows:

Cash and Other Cash Deposits	\$ 9,280,721
Less Certificates of Deposit that are not a Cash Equivalent	<u>(4,000,000)</u>
Cash and Cash Equivalents per Statement of Cash Flows	<u>\$ 5,280,721</u>

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2004

M. Prior Period Adjustment

During the year, the County made a prior period adjustment of \$901,467 to record equipment that had been omitted from the governmental activities capital assets.

N. Council Members and Elected Officials

The following individuals are the Council members of the County Council:

	<u>District</u>	<u>Expiration of Term</u>
Steven R. Moore	1	December 31, 2007
Kenneth E. Johns, Jr.	2	December 31, 2004
William Rinehart	3	December 31, 2007
Marion E. Lyles	4	December 31, 2004
H. Frank Ables, Jr., Vice-Chairman	5	December 31, 2004

The following individuals are the elected officials of Oconee County:

	<u>Office</u>	<u>Expiration of Term</u>
Linda R. Nix	Auditor	June 30, 2005
Anne C. Dodd	Treasurer	December 31, 2004
Sally C. Smith	Clerk of Court	December 31, 2004
Sandra H. Burgess Orr	Probate Judge	June 30, 2005
Karl Addis	Coroner	December 31, 2004
James Singleton	Sheriff	December 31, 2004

O. Subsequent Event

On October 19, 2004, the County entered into a capital lease in the amount of \$1,700,000 for the purpose of acquiring needed capital equipment for the new EMS facility. Annual payments of \$368,168 will be made for five years at an interest rate of 2.675%.

**REQUIRED SUPPLEMENTAL INFORMATION
OTHER THAN MD&A**

Oconee County, South Carolina
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	\$ 22,797,063	\$ 22,797,063	\$ 20,558,016	\$ (2,239,047)
Intergovernmental Revenues	3,422,331	3,422,331	4,830,238	1,407,907
Licenses, Permits and Fees	1,597,753	1,589,753	2,075,286	485,533
Fines and Forfeitures	390,500	390,500	431,635	41,135
County Airport	444,709	444,709	496,575	51,866
PRT Commission	300,000	300,000	251,514	(48,486)
Miscellaneous and Other	113,789	213,426	395,174	181,748
Payments in Lieu of Taxes and Franchise Fees	795,000	795,000	735,566	(59,434)
Interest Income	501,000	501,000	162,460	(338,540)
Total Revenues	30,362,145	30,453,782	29,936,464	(517,318)
Expenditures				
Current Operating:				
General Government:				
Boards and Commissions	12,733	12,733	7,345	5,388
Building Codes	379,746	365,943	348,483	17,460
Pine Street Complex and Other Expenditures	95,000	95,000	93,990	1,010
County Council	191,303	216,264	167,437	48,827
County Grants	351,958	351,958	877,186	(525,228)
Delegation	51,996	52,949	52,345	604
Economic Development	161,079	163,476	206,214	(42,738)
Finance Department	379,880	377,738	372,465	5,273
Other Administrative Expenditures	4,268,312	4,213,397	3,649,169	564,228
Human Resources	278,716	281,144	269,204	11,940
Information Technology	701,616	821,700	816,422	5,278
Planning Commission	126,708	128,190	122,158	6,032
Procurement	217,778	226,976	224,036	2,940
Building Maintenance	111,911	107,032	91,191	15,841
Registration and Elections	106,713	108,475	99,731	8,744
Soil and Water Conservation	43,345	25,689	21,438	4,251
Administrator's Office	158,849	189,296	170,998	18,298
County Airport	469,506	475,359	557,553	(82,194)
Vehicle Maintenance	164,362	161,278	115,467	45,811
Environmental Services	233,622	235,712	224,243	11,469
Register of Deeds	217,167	212,796	232,946	(20,150)
Assessor	672,608	694,674	641,110	53,564
Auditor	294,907	284,143	267,741	16,402
Board of Assessment Appeals	12,306	12,306	2,399	9,907
Computer Tax Center	43,863	75,411	39,864	35,547
Tax Collector	197,683	177,210	158,295	18,915
Treasurer	279,932	279,459	270,735	8,724
Judicial Services:				
Clerk of Court	548,513	544,969	539,673	5,296
Probate Judge	277,479	281,961	280,284	1,677
Solicitor	247,658	252,717	223,235	29,482
Magistrates	512,682	520,327	512,406	7,921
County Grants	111,056	111,056	111,056	-
Building Maintenance	174,409	210,651	210,836	(185)
Vehicle Maintenance	6,765	8,747	7,883	864

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

Oconee County, South Carolina
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Safety:				
Sheriff's Department	3,942,042	3,963,166	3,835,564	127,602
Rural Fire Control	407,254	548,375	440,202	108,173
Coroner	114,414	115,387	118,403	(3,016)
Communications	845,797	923,912	833,456	90,456
Emergency Management	251,047	289,186	296,784	(7,598)
Law Enforcement Center	1,473,414	1,513,869	1,454,763	59,106
Probation Office	5,300	5,300	3,122	2,178
Animal Control	98,221	96,777	94,297	2,480
Rural Fire Insurance Fees	95,000	95,000	125,277	(30,277)
County Grants	100,000	100,000	100,000	-
Building Maintenance	27,771	26,903	19,565	7,338
Vehicle Maintenance	571,517	619,588	599,878	19,710
Health and Welfare:				
Charity Medical	370,521	323,948	324,665	(717)
Department of Social Services	11,010	16,025	12,580	3,445
Health Department	53,322	53,322	52,960	362
Veteran's Affairs	129,733	133,398	130,937	2,461
Mini-Bottle Appropriation	96,000	96,000	112,890	(16,890)
County Grants	336,515	357,132	361,525	(4,393)
Building Maintenance	91,337	88,481	58,807	29,674
Vehicle Maintenance	6,399	6,426	6,184	242
Highways and Streets:				
Road Department	1,787,983	2,327,625	2,180,271	147,354
Building Maintenance	18,509	17,931	17,269	662
Vehicle Maintenance	510,087	512,307	513,119	(812)
Culture and Recreation:				
Arts and Historical Commission	28,661	29,661	26,749	2,912
Parks, Recreation and Tourism	896,418	921,113	851,587	69,526
Library	960,890	974,091	953,160	20,931
County Grants	35,000	35,000	35,000	-
Building Maintenance	95,751	92,757	85,370	7,387
Vehicle Maintenance	40,039	40,520	28,038	12,482
Capital Expenditures	3,583,695	6,227,323	3,567,572	2,659,751
Debt Service:				
Principal Retirement	752,400	752,400	752,370	30
Interest and Fiscal Charges	113,267	113,267	113,052	215
Total Expenditures	<u>29,951,475</u>	<u>33,692,926</u>	<u>30,090,954</u>	<u>3,601,972</u>
Excess (Deficiency) of Revenues Over Expenditures	410,670	(3,239,144)	(154,490)	3,084,654
Other Financing Sources (Uses)				
Contributions - Infrastructure	-	-	1,254,599	1,254,599
Face Amount of Bonds and Capital Leases	-	-	-	-
Interfund Transfers In	1,317,177	5,008,100	4,584,694	(423,406)
Interfund Transfers (Out)	<u>(2,767,601)</u>	<u>(2,767,601)</u>	<u>(5,378,370)</u>	<u>(2,610,769)</u>
Net Change in Fund Balances	(1,039,754)	(998,645)	306,433	1,305,078
Fund Balances, Beginning	<u>10,246,340</u>	<u>10,246,340</u>	<u>10,246,340</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 9,206,586</u>	<u>\$ 9,247,695</u>	<u>\$ 10,552,773</u>	<u>\$ 1,305,078</u>

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

Oconee County, South Carolina
Notes to Required Supplemental Information
For the Year Ended June 30, 2004

Note 1 -- Basis of Accounting

The County uses the modified accrual basis of accounting for its general fund which is in accordance with generally accepted accounting principles for this fund. The County adopts the annual budget for the general fund on this basis. Additional budgeting information is located at Note 1-E.

Note 2 – Excess of Expenditures Over Appropriations

The County's budgetary level of control is at the department level. The following is a summary of excess expenditures over appropriations at the department level:

<u>Department</u>	<u>Final Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Diference</u>
A. County Grants	1,005,146	1,534,767	(529,621)
B. Count Airport	475,359	557,553	(82,194)
C. Register of Deeds	212,796	232,946	(20,150)
D. Rural Fire Insurance Fees	95,000	125,277	(30,277)
E. Mini Bottle	96,000	112,890	(16,890)
F. Emergency Management	289,186	302,276	(13,090)
G. Charity Medical	323,948	324,665	(717)

- A. County Grants – Due primarily to a unique grant of county revenue to the School District of Oconee County of \$525,228.
- B. County Airport – To meet the demand for AV gas and jet fuel purchases at the airport. There is also an increase in the revenue account for the off set.
- C. Register of Deeds – Due to increase in statement of errors and omission insurance.
- D. Rural Fire Insurance Fees – The County budgets are estimates, therefore the state increased the amount and all passed through the revenue and is expended.
- E. Mini Bottle – The County budgets are estimates, therefore the state increased the amount and all passed through the revenue and is expended.

SUPPLEMENTAL INFORMATION

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Cash and Other Cash Deposits	\$1,944,567	\$ 89,831	\$ 2,609,231	\$ 4,643,629
Restricted Assets - Cash and Other Cash Deposits	-	534,548	890,615	1,425,163
Accounts Receivable	-	210,809	313,532	524,341
Property Taxes Receivable	5,723	-	-	5,723
Receivable From Agency Funds	-	1,798	-	1,798
Interfund Balances	-	-	-	-
Total Assets	<u>\$1,950,290</u>	<u>\$ 836,986</u>	<u>\$ 3,813,378</u>	<u>\$ 6,600,654</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ -	\$ 489	\$ 77,489	\$ 77,978
Deferred Revenue - Unearned	-	36,940	-	36,940
Interfund Balances	-	87,768	13,012	100,780
Total Liabilities	<u>-</u>	<u>125,197</u>	<u>90,501</u>	<u>215,698</u>
Fund Balances:				
Reserved for Encumbrances	-	11,843	350,203	362,046
Unreserved	1,950,290	699,946	3,372,674	6,022,910
Total Fund Balances	<u>1,950,290</u>	<u>711,789</u>	<u>3,722,877</u>	<u>6,384,956</u>
Total Liabilities and Fund Balances	<u>\$1,950,290</u>	<u>\$ 836,986</u>	<u>\$ 3,813,378</u>	<u>\$ 6,600,654</u>

See independent auditors' report.

Oconee County, South Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2004

	Debt Service Fund	Special Revenue Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$ 1,116,797	\$ -	\$ -	\$ 1,116,797
Intergovernmental Revenues	-	511,546	509,785	1,021,331
Licenses, Permits and Fees	-	3,083	-	3,083
Fines and Forfeitures	-	143,266	-	143,266
Miscellaneous and Other	-	400,502	-	400,502
Payments in Lieu of Taxes and Franchise Fees	57,634	-	-	57,634
Interest Income	9,424	527	3,847	13,798
Total Revenues	1,183,855	1,058,924	513,632	2,756,411
Expenditures				
Current Operating:				
General Government	-	36,495	166,703	203,198
Judicial Services	-	162,318	-	162,318
Public Safety	-	314,633	-	314,633
Health and Welfare	-	-	7,500	7,500
Culture and Recreation	-	106,888	-	106,888
Capital Expenditures and Projects	-	431,119	915,690	1,346,809
Debt Service:				
Principal Retirement	2,108,488	-	-	2,108,488
Interest and Fiscal Changes	971,284	-	-	971,284
Bond Issue Cost	-	-	12,622	12,622
Total Expenditures	3,079,772	1,051,453	1,102,515	5,233,740
Excess (Deficiency) of Revenues Over Expenditures	(1,895,917)	7,471	(588,883)	(2,477,329)
Other Financing Sources and (Uses)				
Face Amount of Bonds and Capital Leases	-	-	600,000	600,000
Interfund Transfers In	9,450	5,751	2,325,568	2,340,769
Interfund Transfers (Out)	-	-	(610,000)	(610,000)
Net Change in Fund Balances	(1,886,467)	13,222	1,726,685	(146,560)
Fund Balances, Beginning	3,836,757	698,567	1,996,192	6,531,516
Fund Balances, Ending	\$ 1,950,290	\$ 711,789	\$ 3,722,877	\$ 6,384,956

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Airport Donations	Library Donations	Duke Power Emergency Preparedness	Tourism ATAX 30%	Tourism ATAX 65%	25 % Local Accommodation Tax	75 % Local Accommodation Tax	Mapping System Grant
Assets								
Cash and Other Cash Deposits	\$ 2,799	\$ 10,008	\$ 45,213	\$ -	\$ -	\$ -	\$ -	-
Restricted Assets - Cash and Other Cash Deposits	-	-	-	-	135	29,117	87,352	-
Accounts Receivable	-	11	-	15,323	34,224	5,938	17,813	29,000
Receivable from Agency Funds	-	-	-	-	-	-	-	-
Interfund Balances	-	-	-	-	-	-	-	-
Total Assets	\$ 2,799	\$ 10,019	\$ 45,213	\$ 15,323	\$ 34,359	\$ 35,055	\$ 105,165	\$ 29,000
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue - Unearned	-	-	-	-	-	-	-	-
Interfund Balances	-	-	-	-	-	-	-	12,062
Total Liabilities	-	-	-	-	-	-	-	12,062
Fund Balances:								
Reserved for Encumbrances	-	-	-	-	-	-	-	-
Unreserved	2,799	10,019	45,213	15,323	34,359	35,055	105,165	16,938
Total Fund Balances	2,799	10,019	45,213	15,323	34,359	35,055	105,165	16,938
Total Liabilities and Fund Balances	\$ 2,799	\$ 10,019	\$ 45,213	\$ 15,323	\$ 34,359	\$ 35,055	\$ 105,165	\$ 29,000

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Sheriff DEA State Funds	Sheriff DEA Federal Funds	Duke Power 911 Equipment	Local Emergency Preparedness	Rescue Squad Banquet Donations	DARE Fund	Economic Development BellSouth	Seneca Health Clinic
Assets								
Cash and Other Cash Deposits	\$ -	\$ -	\$ -	\$ 11,607	\$ 116	\$ -	\$ -	\$ -
Restricted Assets - Cash								
and Other Cash Deposits	32,203	18,320	6,575	-	-	-	2,500	11,791
Accounts Receivable	-	-	-	-	-	-	-	-
Receivable from Agency Funds	1,798	-	-	-	-	-	-	-
Interfund Balances	-	-	-	-	-	-	-	-
Total Assets	\$ 34,001	\$ 18,320	\$ 6,575	\$ 11,607	\$ 116	\$ -	\$ 2,500	\$ 11,791
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue - Unearned	-	-	-	-	-	-	-	-
Interfund Balances	-	-	-	-	-	2,855	-	-
Total Liabilities	-	-	-	-	-	2,855	-	-
Fund Balances:								
Reserved for Encumbrances	-	-	-	-	-	-	1,437	-
Unreserved	34,001	18,320	6,575	11,607	116	(2,855)	1,063	11,791
Total Fund Balances	34,001	18,320	6,575	11,607	116	(2,855)	2,500	11,791
Total Liabilities and Fund Balances	\$ 34,001	\$ 18,320	\$ 6,575	\$ 11,607	\$ 116	\$ -	\$ 2,500	\$ 11,791

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	HMEP Planning Grant	Rescue Squad Equipment Donations	County Park Brochures	Industrial Park Development	Clerk of Court	Clerk of Court Victim's Assistance	Magistrate Victim's Assistance	U.S. District Court Community Fund
Assets								
Cash and Other Cash Deposits	\$ -	\$ 1,725	\$ 3,000	\$ -	\$ 13,992	\$ -	\$ -	\$ -
Restricted Assets - Cash and Other Cash Deposits	-	-	-	-	-	64,150	232,156	3,871
Accounts Receivable	1,365	-	-	35,000	160	-	-	-
Receivable from Agency Funds	-	-	-	-	-	-	-	-
Interfund Balances	-	-	-	-	-	-	-	-
Total Assets	\$ 1,365	\$ 1,725	\$ 3,000	\$ 35,000	\$ 14,152	\$ 64,150	\$ 232,156	\$ 3,871
Liabilities and Fund Balances								
Liabilities:								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue - Unearned	-	-	-	-	-	-	-	-
Interfund Balances	1,365	-	-	-	-	-	-	-
Total Liabilities	1,365	-	-	-	-	-	-	-
Fund Balances:								
Reserved for Encumbrances	-	-	-	-	-	-	150	-
Unreserved	-	1,725	3,000	35,000	14,152	64,150	232,006	3,871
Total Fund Balances	-	1,725	3,000	35,000	14,152	64,150	232,156	3,871
Total Liabilities and Fund Balances	\$ 1,365	\$ 1,725	\$ 3,000	\$ 35,000	\$ 14,152	\$ 64,150	\$ 232,156	\$ 3,871

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	LLEBGP 2002 LBBX1621	LLEBGP 2003 LBBX2446	Homeland Security Grant	Community Emergency Response Training Grant	Citizens Corps Grant	DCSIP Grant	Library Construction Donation	Rural Fire Hazemat Team	Total Nonmajor Special Revenue Funds
Assets									
Cash and Other Cash Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,371	\$ 89,831
Restricted Assets - Cash and Other Cash Deposits	9,257	36,171	-	-	-	-	950	-	534,548
Accounts Receivable	-	-	50,400	9,523	738	11,314	-	-	210,809
Receivable from Agency Funds	-	-	-	-	-	-	-	-	1,798
Interfund Balances	-	-	-	-	-	-	-	-	-
Total Assets	\$ 9,257	\$ 36,171	\$ 50,400	\$ 9,523	\$ 738	\$ 11,314	\$ 950	\$ 1,371	\$ 836,986
Liabilities and Fund Balances									
Liabilities:									
Accounts Payable	\$ -	\$ -	\$ 489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 489
Deferred Revenue - Unearned	4,568	32,372	-	-	-	-	-	-	36,940
Interfund Balances	-	-	49,911	9,523	738	11,314	-	-	87,768
Total Liabilities	4,568	32,372	50,400	9,523	738	11,314	-	-	125,197
Fund Balances:									
Reserved for Encumbrances	8,275	1,033	499	-	-	449	-	-	11,843
Unreserved	(3,586)	2,766	(499)	-	-	(449)	950	1,371	699,946
Total Fund Balances	4,689	3,799	-	-	-	-	950	1,371	711,789
Total Liabilities and Fund Balances	\$ 9,257	\$ 36,171	\$ 50,400	\$ 9,523	\$ 738	\$ 11,314	\$ 950	\$ 1,371	\$ 836,986

See independent auditors' report.

Oconee County, South Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2004

	Airport Donations	Library Donations	Duke Power Emergency Preparedness	Tourism ATAX 30%	Tourism ATAX 65%	25% Local Accommodation Tax	75% Local Accommodation Tax
Revenues							
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 27,859	\$ 61,353	\$ -	\$ -
Licenses, Permits and Fees	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-
Miscellaneous and Other	2,500	1,463	37,830	-	-	29,497	88,491
Interest Income	-	-	-	-	57	56	167
Total Revenues	2,500	1,463	37,830	27,859	61,410	29,553	88,658
Expenditures							
Current Operating:							
General Government	3,134	-	-	-	-	-	-
Judicial Services	-	-	-	-	-	-	-
Public Safety	-	-	20,810	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-
Culture and Recreation	-	199	-	25,486	55,836	-	-
Capital Expenditures	-	-	6,087	-	-	-	-
Total Expenditures	3,134	199	26,897	25,486	55,836	-	-
Excess (Deficiency) of Revenues Over Expenditures	(634)	1,264	10,933	2,373	5,574	29,553	88,658
Other Financing Sources and (Uses)							
Interfund Transfers In	-	-	-	-	-	-	-
Interfund Transfers (Out)	-	-	-	-	-	-	-
Net Change in Fund Balances	(634)	1,264	10,933	2,373	5,574	29,553	88,658
Fund Balances, Beginning	3,433	8,755	34,280	12,950	28,785	5,502	16,507
Fund Balances, Ending	\$ 2,799	\$ 10,019	\$ 45,213	\$ 15,323	\$ 34,359	\$ 35,055	\$ 105,165

See independent auditors' report.

Oconee County, South Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2004

	Mapping System Grant	Sheriff DEA State Funds	Sheriff DEA Federal Funds	Duke Power 911 Equipment	Local Emergency Preparedness	Rescue Squad Banquet Donations	Economic Development Bell South
Revenues							
Intergovernmental Revenues	\$ 29,000	\$ 61,478	\$ 14,262	\$ -	\$ -	\$ -	-
Licenses, Permits and Fees	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-
Miscellaneous and Other	-	-	-	-	-	-	2,500
Interest Income	-	-	-	-	-	-	-
Total Revenues	29,000	61,478	14,262	-	-	-	2,500
Expenditures							
Current Operating:							
General Government	29,000	-	-	-	-	-	-
Judicial Services	-	-	-	-	-	-	-
Public Safety	-	100,222	303	-	-	2,055	-
Health and Welfare	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Capital Expenditures	-	17,431	-	-	-	-	-
Total Expenditures	29,000	117,653	303	-	-	2,055	-
Excess (Deficiency) of Revenues Over Expenditures	-	(56,175)	13,959	-	-	(2,055)	2,500
Other Financing Sources and (Uses)							
Interfund Transfers In	-	-	-	-	-	-	-
Interfund Transfers (Out)	-	-	-	-	-	-	-
Net Change in Fund Balances	-	(56,175)	13,959	-	-	(2,055)	2,500
Fund Balances, Beginning	16,938	90,176	4,361	6,575	11,607	2,171	-
Fund Balances, Ending	\$ 16,938	\$ 34,001	\$ 18,320	\$ 6,575	\$ 11,607	\$ 116	\$ 2,500

See independent auditors' report.

Oconee County, South Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2004

	DARE Fund	Seneca Health Clinic	HMEP Planning Grant	Rescue Squad Equipment Donations	County Park Brochures	Industrial Park Development	DHEC EMS Grant
Revenues							
Intergovernmental Revenues	\$ -	\$ -	\$ 1,383	\$ -	\$ -	\$ -	\$ 22,842
Licenses, Permits and Fees	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-
Miscellaneous and Other	-	-	-	1,400	-	235,000	-
Interest Income	-	-	-	-	-	-	-
Total Revenues	-	-	1,383	1,400	-	235,000	22,842
Expenditures							
Current Operating:							
General Government	-	-	-	-	-	-	-
Judicial Services	-	-	-	-	-	-	-
Public Safety	2,598	-	1,383	-	-	-	22,842
Health and Welfare	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	300,000	-
Total Expenditures	2,598	-	1,383	-	-	300,000	22,842
Excess (Deficiency) of Revenues Over Expenditures	(2,598)	-	-	1,400	-	(65,000)	-
Other Financing Sources and (Uses)							
Interfund Transfers In	-	-	-	-	-	-	-
Interfund Transfers (Out)	-	-	-	-	-	-	-
Net Change in Fund Balances	(2,598)	-	-	1,400	-	(65,000)	-
Fund Balances, Beginning	(257)	11,791	-	325	3,000	100,000	-
Fund Balances, Ending	\$ (2,855)	\$ 11,791	\$ -	\$ 1,725	\$ 3,000	\$ 35,000	\$ -

See independent auditors' report.

Oconee County, South Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2004

	Clerk of Court	Clerk of Court Victim's Assistance	Magistrate Victim's Assistance	U. S. District Court Community Assistance	LLEBGP 2001 LBBX3746	LLEBGP 2002 LBBX1621	LLEBGP 2003 LBBX2446
Revenues							
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 2,000	\$ 28,421	\$ 34,293	\$ 1,385
Licenses, Permits and Fees	3,083	-	-	-	-	-	-
Fines and Forfeitures	-	39,545	103,721	-	-	-	-
Miscellaneous and Other	-	-	-	-	-	-	-
Interest Income	-	-	-	-	54	145	48
Total Revenues	3,083	39,545	103,721	2,000	28,475	34,438	1,433
Expenditures							
Current Operating:							
General Government	-	-	-	-	-	-	-
Judicial Services	1,713	44,175	116,430	-	-	-	-
Public Safety	-	-	-	-	5,164	7,274	406
Health and Welfare	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-	-
Capital Expenditures	-	-	5,343	-	28,952	27,019	979
Total Expenditures	1,713	44,175	121,773	-	34,116	34,293	1,385
Excess (Deficiency) of Revenues Over Expenditures	1,370	(4,630)	(18,052)	2,000	(5,641)	145	48
Other Financing Sources and (Uses)							
Interfund Transfers In	-	-	-	-	-	-	3,751
Interfund Transfers (Out)	-	-	-	-	-	-	-
Net Change in Fund Balances	1,370	(4,630)	(18,052)	2,000	(5,641)	145	3,799
Fund Balances, Beginning	12,782	68,780	250,208	1,871	5,641	4,544	-
Fund Balances, Ending	\$ 14,152	\$ 64,150	\$ 232,156	\$ 3,871	\$ -	\$ 4,689	\$ 3,799

See independent auditors' report.

Oconee County, South Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2004

	Homeland Security Grant	DCSIP Grant	CDBG 4-P-00-001	Rural Fire Hazmat Team	Library Lottery Funds	Community Emergency Response Training Grant	Citizens Corps Grant
Revenues							
Intergovernmental Revenues	\$ 119,500	\$ 62,764	\$ 4,361	\$ -	\$ 24,756	\$ 13,080	\$ 1,175
Licenses, Permits and Fees	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-
Miscellaneous and Other	-	-	-	260	-	-	-
Interest Income	-	-	-	-	-	-	-
Total Revenues	119,500	62,764	4,361	260	24,756	13,080	1,175
Expenditures							
Current Operating:							
General Government	-	-	4,361	-	-	-	-
Judicial Services	-	-	-	-	-	-	-
Public Safety	90,220	46,736	-	889	-	11,872	1,112
Health and Welfare	-	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	24,756	-	-
Capital Expenditures	29,280	16,028	-	-	-	-	-
Total Expenditures	119,500	62,764	4,361	889	24,756	11,872	1,112
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	(629)	-	1,208	63
Other Financing Sources and (Uses)							
Interfund Transfers In	-	-	-	2,000	-	-	-
Interfund Transfers (Out)	-	-	-	-	-	-	-
Net Change in Fund Balances	-	-	-	1,371	-	1,208	63
Fund Balances, Beginning	-	-	-	-	-	(1,208)	(63)
Fund Balances, Ending	\$ -	\$ -	\$ -	\$ 1,371	\$ -	\$ -	\$ -

See independent auditors' report.

Oconee County, South Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2004

	Emergency Management Performance Grant	Library Construction Donation	PRT Printer ATAX Grant	Methamphetamine Education Grant	Total Nonmajor Special Revenue Funds
Revenues					
Intergovernmental Revenues	\$ 887	\$ -	\$ -	\$ 747	\$ 511,546
Licenses, Permits and Fees	-	-	-	-	3,083
Fines and Forfeitures	-	-	-	-	143,266
Miscellaneous and Other	-	950	611	-	400,502
Interest Income	-	-	-	-	527
Total Revenues	887	950	611	747	1,058,924
Expenditures					
Current Operating:					
General Government	-	-	-	-	36,495
Judicial Services	-	-	-	-	162,318
Public Safety	-	-	-	747	314,633
Health and Welfare	-	-	-	-	-
Culture and Recreation	-	-	611	-	106,888
Capital Expenditures	-	-	-	-	431,119
Total Expenditures	-	-	611	747	1,051,453
Excess (Deficiency) of Revenues Over Expenditures	887	950	-	-	7,471
Other Financing Sources and (Uses)					
Interfund Transfers In	-	-	-	-	5,751
Interfund Transfers (Out)	-	-	-	-	-
Net Change in Fund Balances	887	950	-	-	13,222
Fund Balances, Beginning	(887)	-	-	-	698,567
Fund Balances, Ending	\$ -	\$ 950	\$ -	\$ -	\$ 711,789

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Noumajor Capital Project Funds
June 30, 2004

	Court House	Airport Improvement Program #3-45-0016-11	Airport Improvement Program #3-45-0016-12	Newry Infrastructure Project	Rural Fire Burn Building	Communications Center
Assets						
Cash and Other Cash Deposits	\$ -	\$ -	\$ -	\$ 1,509	\$ 48,073	\$ 390,000
Restricted Assets - Cash and Other Cash Deposits	131,353	-	-	-	-	-
Accounts Receivable	-	6,089	7,443	-	-	-
Total Assets	<u>\$ 131,353</u>	<u>\$ 6,089</u>	<u>\$ 7,443</u>	<u>\$ 1,509</u>	<u>\$ 48,073</u>	<u>\$ 390,000</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Balances	-	5,568	7,444	-	-	-
Total Liabilities	<u>1,000</u>	<u>5,568</u>	<u>7,444</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Reserved for Encumbrances	47,372	-	13,639	-	6,498	-
Unreserved	82,981	521	(13,640)	1,509	41,575	390,000
Total Fund Balances	<u>130,353</u>	<u>521</u>	<u>(1)</u>	<u>1,509</u>	<u>48,073</u>	<u>390,000</u>
Total Liabilities and Fund Balances	<u>\$ 131,353</u>	<u>\$ 6,089</u>	<u>\$ 7,443</u>	<u>\$ 1,509</u>	<u>\$ 48,073</u>	<u>\$ 390,000</u>

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2004

	Communication Center Equipment Part I	Communication Center Equipment Part II	Economic Development Infrastructure	Other County Infrastructure	DSS Office Construction	Total Nonmajor Capital Project Funds
Assets						
Cash and Other Cash Deposits	\$ 43,758	\$ 316,431	\$ -	\$ 300,000	\$ 1,509,460	\$ 2,609,231
Restricted Assets - Cash and Other Cash Deposits	-	-	759,262	-	-	890,615
Accounts Receivable	-	-	-	300,000	-	313,532
Total Assets	\$ 43,758	\$ 316,431	\$ 759,262	\$ 600,000	\$ 1,509,460	\$ 3,813,378
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ 65,380	\$ 11,109	\$ -	\$ 77,489
Interfund Balances	-	-	-	-	-	13,012
Total Liabilities	-	-	65,380	11,109	-	90,501
Fund Balances:						
Reserved for Encumbrances	-	-	278,598	-	4,096	350,203
Unreserved	43,758	316,431	415,284	588,891	1,505,364	3,372,674
Total Fund Balances	43,758	316,431	693,882	588,891	1,509,460	3,722,877
Total Liabilities and Fund Balances	\$ 43,758	\$ 316,431	\$ 759,262	\$ 600,000	\$ 1,509,460	\$ 3,813,378

See independent auditors' report.

Oconee County, South Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended June 30, 2004

	Court House	Airport Improvement Program #3-45-0016-11	Airport Improvement Program #3-45-0016-12	Newry Infrastructure Project	Rural Fire Burn Building	Communications Center
Revenues						
Intergovernmental Revenues	\$ -	\$ 68,368	\$ 141,417	\$ -	\$ -	\$ -
Interest Income	-	-	-	31	-	-
Total Revenues	-	68,368	141,417	31	-	-
Expenditures						
Current Operating:						
General Government	-	6,313	148,861	-	-	-
Health and Welfare	-	-	-	7,500	-	-
Capital Expenditures	60,043	12,938	-	-	313,850	-
Debt Service:						
Bond Issue Cost	-	-	-	-	-	-
Total Expenditures	60,043	19,251	148,861	7,500	313,850	-
Excess (Deficiency) of Revenues Over Expenditures	(60,043)	49,117	(7,444)	(7,469)	(313,850)	-
Other Financing Sources and (Uses)						
Face Amount of Bonds and Capital Leases	-	-	-	-	-	-
Interfund Transfers In	-	-	7,443	-	130,000	-
Interfund Transfers (Out)	(610,000)	-	-	-	-	-
Net Change in Fund Balances	(670,043)	49,117	(1)	(7,469)	(183,850)	-
Fund Balances, Beginning	800,396	(48,596)	-	8,978	231,923	390,000
Fund Balances, Ending	\$ 130,353	\$ 521	\$ (1)	\$ 1,509	\$ 48,073	\$ 390,000

See independent auditors' report.

Oconee County, South Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended June 30, 2004

	Communications Center Equipment Part I	Communications Center Equipment Part II	Economic Development Infrastructure	Other County Infrastructure	DSS Office Construction	Total Nonmajor Capital Project Funds
Revenues						
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 300,000	\$ -	\$ 509,785
Interest Income	975	115	2,726	-	-	3,847
Total Revenues	<u>975</u>	<u>115</u>	<u>2,726</u>	<u>300,000</u>	<u>-</u>	<u>513,632</u>
Expenditures						
Current Operating:						
General Government	-	-	420	11,109	-	166,703
Health and Welfare	-	-	-	-	-	7,500
Capital Expenditures	-	-	525,819	-	3,040	915,690
Debt Service:						
Bond Issue Cost	-	-	12,622	-	-	12,622
Total Expenditures	<u>-</u>	<u>-</u>	<u>538,861</u>	<u>11,109</u>	<u>3,040</u>	<u>1,102,515</u>
Excess (Deficiency) of Revenues Over Expenditures	975	115	(536,135)	288,891	(3,040)	(588,883)
Other Financing Sources and (Uses)						
Face Amount of Bonds and Capital Leases	-	-	600,000	-	-	600,000
Interfund Transfers In	42,783	316,316	316,526	-	1,512,500	2,325,568
Interfund Transfers (Out)	-	-	-	-	-	(610,000)
Net Change in Fund Balances	<u>43,758</u>	<u>316,431</u>	<u>380,391</u>	<u>288,891</u>	<u>1,509,460</u>	<u>1,726,685</u>
Fund Balances, Beginning	-	-	313,491	300,000	-	1,996,192
Fund Balances, Ending	<u>\$ 43,758</u>	<u>\$ 316,431</u>	<u>\$ 693,882</u>	<u>\$ 588,891</u>	<u>\$ 1,509,460</u>	<u>\$ 3,722,877</u>

See independent auditors' report.

Oconee County, South Carolina
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2004

	Tax Collector Property Sold	Clerk of Court	Register of Deeds	Probate Judge	Family Court	Tri-County Technical College	Municipal Tax Collection Fund	Fireman's Insurance and Inspection Fund
Assets								
Cash and Other Cash Deposits	\$ 396,715	\$ 529,134	\$ 10,006	\$ 13,498	\$ 19,653	\$ 9,174	\$ 46,706	\$ 143,046
Accrued Interest Receivable	-	-	-	-	-	-	-	281
Property Taxes Receivable	-	-	-	-	-	3,719	-	-
Receivable from General Fund	-	-	-	-	-	-	-	125,277
Total Assets	\$ 396,715	\$ 529,134	\$ 10,006	\$ 13,498	\$ 19,653	\$ 12,893	\$ 46,706	\$ 268,604
Liabilities								
Due to Other Taxing Districts and Agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,893	\$ 46,706	\$ 268,604
Payable to General and Special Revenue Funds	11,112	-	-	-	19,653	-	-	-
Due to Others	385,603	529,134	10,006	13,498	-	-	-	-
Total Liabilities	\$ 396,715	\$ 529,134	\$ 10,006	\$ 13,498	\$ 19,653	\$ 12,893	\$ 46,706	\$ 268,604

See independent auditors' report.

Oconee County, South Carolina
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2004

	SDOC General Fund	SDOC Debt Retirement	Magistrate Cash Bond/ Juror Fund	Sheriff's Pending Confiscated Funds	Keowee Fire District	Escrow Fund	Total
Assets							
Cash and Other Cash Deposits	\$ 500,589	\$ 3,257,530	\$ 13,907	\$ 334,585	\$ 3,311	\$ 25,229	\$ 5,303,083
Accrued Interest Receivable	-	-	-	-	-	-	281
Property Taxes Receivable	171,291	19,270	-	-	562	-	194,842
Receivable from General Fund	-	-	-	-	-	-	125,277
Total Assets	<u>\$ 671,880</u>	<u>\$ 3,276,800</u>	<u>\$ 13,907</u>	<u>\$ 334,585</u>	<u>\$ 3,873</u>	<u>\$ 25,229</u>	<u>\$ 5,623,483</u>
Liabilities							
Due to Other Taxing Districts and Agencies	\$ 671,880	\$ 3,276,800	\$ -	\$ -	\$ 3,873	\$ -	\$ 4,280,756
Payable to General and Special Revenue Funds	-	-	-	1,798	-	-	32,563
Due to Others	-	-	13,907	332,787	-	25,229	1,310,164
Total Liabilities	<u>\$ 671,880</u>	<u>\$ 3,276,800</u>	<u>\$ 13,907</u>	<u>\$ 334,585</u>	<u>\$ 3,873</u>	<u>\$ 25,229</u>	<u>\$ 5,623,483</u>

See independent auditors' report.

Oconee County, South Carolina
Schedule of Revenues and Expenditures for County Airport
(For Federal Aviation Administration Requirements)
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
County Revenues			
County Airport Revenue	\$ 444,709	\$ 496,575	\$ 51,866
County Expenditures			
Salaries	183,840	181,882	1,958
Social Security	13,939	13,529	410
Employee Benefits	33,071	32,506	565
Travel	275	214	61
Maintenance	2,812	2,297	515
Equipment Maintenance	8,517	7,412	1,105
Professional	100	346	(246)
Equipment Rental	2,800	2,794	6
Operational	7,663	8,241	(578)
Postage	148	148	-
Credit Card Fees	-	11,741	(11,741)
Telephone	2,000	1,382	618
Utilities	14,400	13,506	894
Dues	35	35	-
Schools/Seminars	725	725	-
Small Equipment	625	616	9
Vehicle	6,000	6,145	(145)
Miscellaneous	13,209	-	13,209
Aviation and Jet Fuel	191,200	280,179	(88,979)
Total County Expenditures	<u>481,359</u>	<u>563,698</u>	<u>(82,339)</u>
Excess (Deficiency) of Revenue Over Expenditures - County	<u>\$ (36,650)</u>	<u>\$ (67,123)</u>	<u>\$ (30,473)</u>

See independent auditors' report.

Oconee County, South Carolina
Schedule of Fines, Assessments, Surcharges and Other Fees
(For State Treasurer Requirements)
For the Year Ended June 30, 2004

	Clerk of Court	Magistrate Court	Municipal Court	Probate Judge
County Fines Retained	\$ 23,251	\$ 418,049	\$ 2,717	\$ -
Assessments Remitted to State	\$ 17,595	\$ 396,792	\$ 5,190	\$ -
Victims Assessments and Surcharges Retained by County	\$ 39,545	\$ 103,721	\$ 802	\$ -
Fines Remitted to State	\$ 18,269	\$ -	\$ -	\$ -
5% Service Fees Retained by County	\$ 124,452	\$ -	\$ -	\$ -
5 % Services Fees Remitted to State	\$ 95,283	\$ -	\$ -	\$ -
Court Motion Fees Remitted to State	\$ 37,580	\$ -	\$ -	\$ -
DUI Assessments, Surcharges, and DPS Remitted to State	\$ 2,767	\$ 22,548	\$ -	\$ -
New Case Fees Remitted to State	\$ 84,014	\$ -	\$ -	\$ -
Marriage License Fees Remitted to State	\$ -	\$ -	\$ -	\$ 16,640
Public Defender Fees Remitted to State	\$ 10,760	\$ -	\$ -	\$ -
Municipal Court Fines Remitted to Towns	\$ -	\$ -	\$ 2,718	\$ -
Law Enforcement Surcharge Remitted to State	\$ 2,320	\$ 202,825	\$ 2,675	\$ -
Victim Assistance Fund Balance Available for Appropriation	\$ 64,150	\$ 232,156	\$ -	\$ -

See independent auditors' report.

FEDERAL FINANCIAL ASSISTANCE SECTION

Oconee County, South Carolina
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

	Federal CFDA Numbers	Pass-Through Grantor's Numbers	Disbursements/ Expenditures
Federal Awards			
Department of Housing and Urban Development			
Community Development Block Grants - State's Program Passed Through South Carolina Department of Commerce	14.228	4-P-01-001	4,361
Total Department of Housing and Urban Development			4,361
Department of Homeland Security			
Homeland Security Program Passed Through South Carolina State Law Enforcement Division	97.004	3HSS055	119,500
Public Assistance Grants Program Passed Through South Carolina Emergency Management Division	97.036	N/A	6,681
Emergency Management Performance Grants Program Passed Through South Carolina Emergency Management Division	97.042	EMA-2003-GR-5307	39,435
Total Department of Homeland Security			165,616
Department of Health and Human Services			
Child Support Enforcement Title IV-D Program Passed Through South Carolina Department of Social Services:			
Transaction Reimbursement	93.563	N/A	76,094
Incentive Payments	93.563	N/A	25,183
Filing Fees	93.563	N/A	17,200
Sheriff's Office Service of Process Payments	93.563	N/A	10,824
Promoting Safe and Stable Families Program, Temporary Assistance for Needy Families Program, Child Support Enforcement Title IV-D Program, Child Welfare Services State Grants Program, Foster Care Title IV-E Program, Adoption Assistance Title IV-E Program, Social Services Block Grant Program, Medical Assistance Program and State Administrative Matching Grants for Food Stamp Program Passed Through South Carolina Department of Social Services County DSS Administrative Expense	93.556 93.558 93.563 93.645 93.658 93.659 93.667 93.778 10.561	N/A	33,454
Total Department of Health and Human Services			162,755

See independent auditors' report and accompanying notes to schedule of expenditures of federal awards.

Oconee County, South Carolina
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

	Federal CFDA Numbers	Pass-Through Grantor's Numbers	Disbursements/ Expenditures
Federal Emergency Management Agency			
State and Local Hazards Emergency Operations Planning Grant Passed Through South Carolina Emergency Preparedness Division	83.562	EMA-2002-GR-5076	32,545
Citizen Corps Program Passed Through South Carolina Emergency Preparedness Division	83.564	EMA-2002-GR-5084	12,984
Total Federal Emergency Management Agency			45,529
Department of Transportation			
Airport Improvement Program	20.106	3-45-0016-11/12	151,301
Interagency Hazardous Materials Public Sector Training and Planning Grants Program Passed Through South Carolina Office of the Adjutant General	20.703	HMESC2042100	1,383
State and Community Highway Safety Program Passed Through South Carolina Department of Public Safety	20.600	2H03020	111,778
Total Department of Transportation			264,462
Department of Justice			
Local Law Enforcement Block Grants Program	16.592	2001-LBBX-3746	
Byrne Formula Grant Program	16.579	2002-LBBX-1621	64,099
Public Safety Partnership and Community Policing Grants	16.710	2003-LBBX-2446	63,511
		1F0212/1003045	39,039
		2001SHWX0520	
Total Department of Justice			166,649
National Oceanic and Atmospheric Administration			
Geodetic Surveys and Services Program Passed Through State Budget and Control Board's Office of Research and Statistics	11.400	N/A	29,000
Total National Oceanic and Atmospheric Administration			29,000
General Services Administration			
Donation of Federal Surplus Personal Property Passed Through Budget and Control Board of General Services	39.003	N/A	12,354
Total General Service Administration			12,354
Total Federal Awards			\$ 850,726

See independent auditors' report and accompanying notes to schedule of expenditures of federal awards.

Oconee County, South Carolina
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Oconee County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts are presented in, or used in the preparation of, the basic financial statements.

Byerley & Payne
CERTIFIED PUBLIC ACCOUNTANTS, P. A.
114 WEST NORTH FIRST STREET
SENECA, SOUTH CAROLINA 29678
864-882-1937

Kirk S. Messick
CERTIFIED PUBLIC ACCOUNTANT, P. A.
P. O. BOX 773
SENECA, SOUTH CAROLINA 29679
864-882-5390

**Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of the Basic Financial Statements
Performed in Accordance with *Government
Auditing Standards***

Oconee County Council
Oconee County
Walhalla, South Carolina

We have audited the basic financial statements of Oconee County, South Carolina as of and for the year ended June 30, 2004, and have issued our report thereon dated November 22, 2004. 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.

Compliance

As part of obtaining assurance about whether Oconee County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 three instances of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as items 04-1, 04-2, and 04-3.

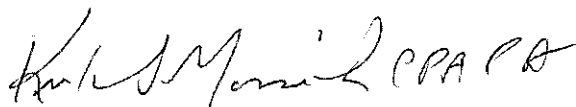
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Byerley & Payne, CPA, PA



Kirk S. Messick, CPA, PA

November 22, 2004

Byerley & Payne

CERTIFIED PUBLIC ACCOUNTANTS, P. A.
114 WEST NORTH FIRST STREET
SENECA, SOUTH CAROLINA 29678
864-882-1937

Kirk S. Messick

CERTIFIED PUBLIC ACCOUNTANT, P. A.
P. O. BOX 773
SENECA, SOUTH CAROLINA 29679
864-882-5390

**Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control over Compliance
in Accordance With OMB Circular A-133**

Oconee County Council
Oconee County
Walhalla, South Carolina

Compliance

We have audited the compliance of Oconee County, South Carolina with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Oconee County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of Oconee County's management. Our responsibility is to express an opinion on Oconee County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oconee County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Oconee County's compliance with those requirements.

In our opinion, Oconee County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

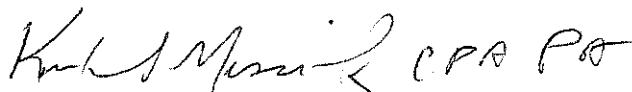
The management of Oconee County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Oconee County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Byerley & Payne, CPA, PA".

Byerley & Payne, CPA, PA

A handwritten signature in cursive script that reads "Kirk S. Messick, CPA, PA".

Kirk S. Messick, CPA, PA

November 22, 2004

**Oconee County, South Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004**

Part I - Summary of Auditors' Results

Financial Statement Items

The auditors' report expresses an unqualified opinion on the basic financial statements of Oconee County, South Carolina. Three instances of noncompliance are included in this report.

Single Audit Items

No reportable conditions in internal controls over major programs were noted during the audit, and an unqualified opinion was issued on the County's compliance for its major programs. No audit findings were found that requires reporting under Section 510(a). The County had four major programs during its fiscal year ended June 30, 2004 as follows:

CFDA #: 20.106

Name: Airport Improvement Program

Federal Agency: Department of Transportation

CFDA #: 20.600

Name: State and Community Highway Safety Program

Federal Agency: Department of Transportation

CFDA #: 93.563

Name: Child Support Enforcement Title IV-D Program

Federal Agency: Department of Health and Human Services

CFDA #: 97.004

Name: Homeland Security Program

Federal Agency: Department of Homeland Security

The type A program threshold level amounted to \$300,000. The County was not a low risk auditee under Section 530.

**Part II - Findings Relating to the Financial Statements Audited
in Accordance with *Government Auditing Standards***

Noncompliance

04-1 – State law requires that all bank deposits of public entities be covered by FDIC insurance or collateralized by the financial institution where the deposits are held. During the audit it was discovered that the collateral agreement between the County and Seneca National Bank was only a verbal agreement per the County Treasurer. The collateral agreement must be in written form in order for the FDIC to honor it, if the bank were to fail. This is in accordance with the provisions of United States Code 1823(e). Since the County's collateral agreement did not satisfy this requirement, it is the opinion of the auditors that all deposits in excess of the insured amounts with Seneca National Bank are uncollateralized. This amounted to \$281,242 at year-end. The auditors recommend that the County verify that the requirements of United States Code 1823(e) are followed when establishing collateral agreements with financial institutions.

04-2 – State law establishes the criteria that must be met in order for the Assessor to grant agricultural use designations for County property. During the course of the audit, the auditors discovered instances where agricultural use designations were granted for properties that did not qualify per the requirements of state law. The auditors recommend that agricultural use designated properties be reviewed for compliance with state law.

**Oconee County, South Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004**

04-3 – State law required the Assessor to use the 1991 tax tables in valuing property that has been granted agricultural use designation. During the audit, the auditors discovered that these tables were not being used. The auditors recommend that agricultural use property be valued according to these tables.

**Part III – Findings and Questioned Costs for
Federal Awards Under Section 510(a)**

Reportable Condition in Internal Control over Major Program

None to report.

Oconee County, South Carolina
Schedule of Summary of Prior Year Audit Findings
For the Year Ended June 30, 2004

Financial Statement Level

03-1 – Corrected this fiscal year.

03-2 – Corrected this fiscal year.

03-3 – Corrected this fiscal year.

Federal Program Level

03-4 – Corrected this fiscal year.

**Oconee County, South Carolina
Corrective Action Plan
For the Year Ended June 30, 2004**

Financial Statement Level

04-1 – The County Treasurer will verify that bank accounts are established in accordance with United States Code 1823 (e).

04-2 – The Assessor's office is currently reviewing agricultural use designations for compliance and will continue to do so until all properties are reviewed.

04-3 – The Assessor's office has begun using the correct valuation table.

Federal Program Level

None