

Oconee County, South Carolina

**Annual Financial Statements and Independent Auditors' Report
For the Year Ended June 30, 2005**

**Oconee County, South Carolina
Annual Financial Report
For the Year Ended June 30, 2005**

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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, 2005 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 & White, 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 \$22,540,436 as of June 30, 2005, and total revenues of \$2,847,422 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 & White, 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 \$98,670,861 as of June 30, 2005, and total revenues of \$100,544,833 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.

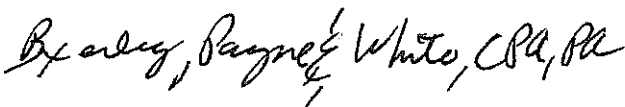
In our opinion, based on our audit and on the report of Byerley, Payne & White, CPA, PA of the Oconee County Sewer Commission and the report of other auditors on the School District of Oconee County, the financial statements referred to above present fairly, in all material respects, the respective financial

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, 2005, 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.

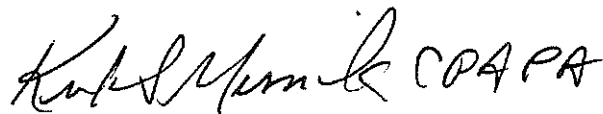
In accordance with *Governmental Auditing Standards*, we have also issued our report dated January 10, 2006, on our consideration of Oconee County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 considered in assessing 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 & White, CPA, PA



Kirk S. Messick, CPA, PA

January 10, 2006

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, 2005. Please read the information presented here in conjunction with additional information presented with the County's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

- The County's net assets increased by \$5,761,131 from the prior year as a result of this year's operations. While net asset of the business-type activities increased by \$182,538, or 1.4 percent, net assets of our governmental activities increased by \$5,578,593, or nearly 14.2 percent.
- During the year, the County had expenditures in governmental activities that were \$4,281,356 less than the \$34,892,646 generated in tax and other revenues for governmental programs (before transfers). In comparison, the 2004 revenues were more than the 2004 expenditures by \$4,214,817 as reflected in the Changes in Net Assets (figure 2).
- In the County's business-type activities, revenues increased to \$4,502,512 (or nearly 6.2 percent), while expenses were increased by a total of \$128,756, or 2.4 percent, from the previous year.
- The total cost of the County's governmental programs increased by \$905,113 with no deletions in programs from the prior year. Even with the increase from 2004, this is still less than 2003 by \$1,387,810.
- The General Fund reported a surplus this year of \$869,006 in net change in fund balances, an increase of \$562,573 from the previous year's surplus.
- The resources available for appropriation were \$160,753 more than budgeted for the General Fund, due primarily to revenues generated from licenses, permits, and fees along with an increase of interest income. However, total expenditures were under budget by \$6,683,683. For added clarity, the actual revenues and expenditures created a \$3.1 million excess over the budget in contrast to the previous year's deficiency of \$154,490.

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 production of certain products available to its customers. The Rock Quarry and the Solid Waste Division 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 are 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

Oceane County's Net Assets
Figure 1

| | Governmental Activities | | | Business-type Activities | | | Total | | |
|---|-------------------------|---------------|---------------|--------------------------|---------------|---------------|---------------|---------------|---------------|
| | 2005 | 2004 | 2003 | 2005 | 2004 | 2003 | 2005 | 2004 | 2003 |
| Current and other assets | \$ 23,540,912 | \$ 23,047,395 | \$ 24,655,980 | \$ 7,241,176 | \$ 9,736,127 | \$ 12,754,792 | \$ 30,782,088 | \$ 32,783,522 | \$ 37,410,772 |
| Capital assets | 45,092,706 | 40,772,628 | 33,676,764 | 8,905,344 | 8,786,498 | 8,757,999 | 53,998,050 | 49,559,126 | 42,434,763 |
| Total assets | \$ 68,633,618 | \$ 63,820,023 | \$ 58,332,744 | \$ 16,146,520 | \$ 18,522,625 | \$ 21,512,791 | \$ 84,780,138 | \$ 82,342,648 | \$ 79,845,535 |
| Long-term liabilities outstanding | \$ 18,004,397 | \$ 18,728,706 | \$ 20,021,617 | \$ 2,364,200 | \$ 4,524,867 | \$ 4,633,497 | \$ 20,368,597 | \$ 23,253,573 | \$ 24,655,114 |
| Other liabilities | 5,725,078 | 5,765,767 | 5,918,954 | 434,753 | 832,729 | 743,552 | 6,159,831 | 6,598,496 | 6,662,506 |
| Total liabilities | \$ 23,729,475 | \$ 24,494,473 | \$ 25,940,571 | \$ 2,798,953 | \$ 5,357,596 | \$ 5,377,049 | \$ 26,528,428 | \$ 29,852,069 | \$ 31,317,620 |
| Net assets: | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 31,090,351 | \$ 29,641,543 | \$ 24,052,990 | \$ 8,905,344 | \$ 8,786,497 | \$ 8,757,999 | \$ 39,995,695 | \$ 38,428,040 | \$ 32,810,989 |
| Restricted | 2,048,916 | 2,327,107 | 4,091,840 | - | - | - | 2,048,916 | 2,327,107 | 4,091,840 |
| Unrestricted | 11,764,876 | 7,356,900 | 4,247,343 | 4,442,223 | 4,378,532 | 7,377,743 | 16,207,099 | 11,735,432 | 11,625,086 |
| Total net assets | \$ 44,904,143 | \$ 39,325,550 | \$ 32,392,173 | \$ 13,347,567 | \$ 13,165,029 | \$ 16,135,742 | \$ 58,251,710 | \$ 52,490,579 | \$ 48,527,915 |

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, 2005 display combined net assets of \$58.3 million, or 11 percent, which has continued to increase from the previous year's percent change of 8.2 percent. The largest portion of the net assets (68.7 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 (3.5 percent) represents resources that are subject to external restrictions on how they may be used. The final portion of net assets (27.8 percent) is unrestricted net assets, with a balance of \$16,207,099 at June 30, 2005. The Statement of Net Assets is on page 11.

Oconee County's Changes in Net Assets
Figure 2

| | Governmental Activities | | | Business-Type Activities | | | Total | | |
|--|-------------------------|----------------------|----------------------|--------------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| | 2005 | 2004 | 2003 | 2005 | 2004 | 2003 | 2005 | 2004 | 2003 |
| Revenues | | | | | | | | | |
| Program revenues: | | | | | | | | | |
| Charges for services | \$ 4,313,660 | \$ 3,547,004 | \$ 3,062,516 | \$ 4,396,885 | \$ 4,178,250 | \$ 3,692,232 | \$ 8,710,545 | \$ 7,725,254 | \$ 6,754,748 |
| Operating grants and contributions | 1,462,414 | 1,809,439 | 1,344,873 | 7,388 | 6,853 | 25,058 | 1,469,802 | 1,816,292 | 1,369,931 |
| Capital grants and contributions | 644,983 | 2,292,924 | 1,765,114 | - | - | - | 644,983 | 2,292,924 | 1,765,114 |
| General revenues: | | | | | | | | | |
| Property taxes | 23,424,084 | 21,674,814 | 21,322,657 | - | - | - | 23,424,084 | 21,674,814 | 21,322,657 |
| Other taxes | 1,038,757 | 1,030,042 | 975,016 | - | - | - | 1,038,757 | 1,030,042 | 975,016 |
| Grants and contributions not restricted to specific programs | 2,992,182 | 2,955,527 | 2,931,443 | - | - | - | 2,992,182 | 2,955,527 | 2,931,443 |
| Interest income | 465,943 | 211,288 | 579,433 | 98,239 | 56,716 | 108,550 | 564,182 | 268,004 | 687,983 |
| Gain on Sale of Fixed Assets | 9,048 | - | - | - | - | - | 9,048 | - | - |
| Reduction in Post Closure Liability Estimate | - | - | - | 2,501,458 | - | - | 2,501,458 | - | - |
| Miscellaneous | 541,575 | 399,956 | 981,957 | - | - | - | 541,575 | 399,956 | 981,957 |
| Capital contributions | - | - | - | - | - | - | - | - | - |
| Total revenues | \$ 34,892,646 | \$ 33,920,994 | \$ 32,963,009 | \$ 7,003,570 | \$ 4,241,819 | \$ 3,825,840 | \$ 41,896,616 | \$ 38,162,813 | \$ 36,788,849 |
| Expenses | | | | | | | | | |
| General government | \$ 10,633,510 | \$ 10,684,415 | \$ 8,565,435 | \$ - | \$ - | \$ - | \$ 10,633,510 | \$ 10,684,415 | \$ 8,565,435 |
| Judicial services | 2,260,841 | 2,280,117 | 1,886,421 | - | - | - | 2,260,841 | 2,280,117 | 1,886,421 |
| Public safety | 10,442,183 | 9,275,364 | 9,420,466 | - | - | - | 10,442,183 | 9,275,364 | 9,420,466 |
| Health and welfare | 1,001,238 | 1,137,429 | 5,222,929 | - | - | - | 1,001,238 | 1,137,429 | 5,222,929 |
| Highways and streets | 2,590,376 | 3,031,502 | 3,624,861 | - | - | - | 2,590,376 | 3,031,502 | 3,624,861 |
| Culture and recreation | 2,318,058 | 2,378,922 | 2,268,503 | - | - | - | 2,318,058 | 2,378,922 | 2,268,503 |
| Interest on long-term debt | 1,365,084 | 918,428 | 1,010,485 | - | - | - | 1,365,084 | 918,428 | 1,010,485 |
| Rock quarry | - | - | - | 1,820,869 | 1,954,729 | 1,822,609 | 1,820,869 | 1,954,729 | 1,822,609 |
| Solid waste | - | - | - | 3,703,326 | 3,440,710 | 3,940,812 | 3,703,326 | 3,440,710 | 3,940,812 |
| Total expenses | \$ 30,611,290 | \$ 29,706,177 | \$ 31,999,100 | \$ 5,524,195 | \$ 3,395,439 | \$ 5,763,421 | \$ 36,135,485 | \$ 35,101,616 | \$ 37,762,521 |
| Increase in net assets before transfers | \$ 4,281,356 | \$ 4,214,817 | \$ 963,909 | \$ 1,479,775 | \$ (1,153,620) | \$ (1,937,581) | \$ 5,761,131 | \$ 3,061,197 | \$ (973,672) |
| Transfers | 1,297,237 | 1,817,093 | (1,799,274) | (1,297,237) | (1,817,093) | 1,799,274 | - | - | - |
| Increase (decrease) in net assets | \$ 5,578,593 | \$ 6,031,910 | \$ (835,365) | \$ 182,538 | \$ (2,970,713) | \$ (138,307) | \$ 5,761,131 | \$ 3,061,197 | \$ (973,672) |
| Net assets, beginning (restated) | 39,325,550 | 32,392,173 | 30,654,714 | 13,165,029 | 16,135,742 | 16,176,800 | 52,490,579 | 48,527,915 | 46,831,514 |
| Prior period adjustment | - | 901,467 | 2,572,824 | - | - | 97,249 | - | 901,467 | 2,670,073 |
| Net assets ending | \$ 44,904,143 | \$ 39,325,550 | \$ 32,392,173 | \$ 13,347,567 | \$ 13,165,029 | \$ 16,135,742 | \$ 58,251,710 | \$ 52,490,579 | \$ 48,527,915 |

The Statement of Activities on page 12 shows that the County's total revenues (excluding special items) increased to \$41.9 million or 9.8 percent from the prior year. The total cost of all programs and services increased 3 percent. A spending increase in public safety and solid waste programs along with an increase in interest costs on long-term debt contributed to the overall increase of approximately \$1 million in the total expenses. 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 \$39.3 million to \$45 million or by 14.2 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 \$4.4 million for a total of \$11.8 million.

The cost of all governmental activities this year was \$30.6 million compared to \$29.7 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 \$23.4 million. Some of the costs were paid either by those who directly benefited from the programs (\$4.3 million through charges for services) or other governments or organizations that subsidized certain programs with both operating and capital grants and contributions (\$2.1 million). Overall, the County's governmental program revenues, consisting of both fees for services and intergovernmental aid, decreased from \$7.6 million in 2004 to \$6.4 million, principally based on decreases in capital grants and contributions. The County paid for the remaining "public benefit" portion of governmental activities with \$28.5 million in taxes (some of which could only be used for certain programs) and with other revenues, such as miscellaneous revenues, interest, sale of capital assets, and grants and contributions.

Business-type Activities

In comparison to the prior year, the net assets of the business-type activities increased by \$182,538 or 1.4 percent. The increase was due mainly to a reduction in the liability for the post closure care cost estimate for Solid Waste. With an increase 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 65.1 percent, while expenses increased by 2.4 percent or \$128,756. The \$2.8 million increase in revenues was attributed to the reduction in the post closure liability estimate for the Solid Waste Division. With this one time reduction, the revenues increased at a higher rate than the expenses resulting in the business-type activities clearing a profit of \$1.5 million.

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 \$20.4 million, which is an increase over last year's total of \$19.7 million.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the undesignated fund balance of the General Fund was \$7.5 million, while total fund balance reached \$11.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures. Undesignated fund balance represents 27.2 percent of total General Fund expenditures, while total fund balance represents 41.4 percent of that same amount. The General Fund revenues have increased by \$778,036 accompanied by an increase of \$1.8 million in the governmental funds combined revenues.

Outside of the General Fund, the County has one other major governmental fund. Major funds are determined by comparing the percentages of like components (assets, liabilities, revenues, or expenditures/expenses) of one fund either compared to the corresponding component by fund type (10%) or all governmental and enterprise funds combined (5%). Resulting from this comparison, the Reidhead Property fund was established as a major fund. This fund was set up in preparation for the purchase of the Reidhead property. Donations were received from local businesses and additional funds were transferred from the Solid Waste Division to this governmental fund for this capital acquisition. The resulting fund balance for the Reidhead property was approximately \$2.5 million. Since the actual purchase will not occur until the fiscal year ending June 30, 2006, the County will only realize the increase in cash for this capital project as illustrated in the Statement of Net Assets.

Proprietary Funds

The combined net assets of the County's two enterprise funds changed minimally from 2004 to 2005. This is mainly due to the fact that the Solid Waste Division continued to operate at a deficit, but this year the loss was more apparent because the transfer in of \$2.2 million was offset by a transfer out of \$2.3 million to aid in the purchase of the Reidhead property. From 2004, the Rock Quarry experienced a slight reduction of less than 1 percent in total net assets, therefore, remaining virtually at \$5.6 million. This was attributed to the reduction of investments used to renovate the crusher plant.

The operating revenues of enterprise funds have increased 5.2 percent from the previous year continuing a steady growth in the enterprise revenues. In addition, the operating expenses have increased a minimal 2.4 percent. Before transfers, the Rock Quarry had a profit of \$1.2 million. In addition, Solid Waste Division had a profit of \$296,815, which was made possible only by the reduction in the post closure liability estimate that increased the non-operating revenues by \$2.5 million. The County determined that the post

closure liability estimate was too high and therefore, should be reduced creating this substantial increase in the non-operating revenue. The County usually budgets annually for a transfer to be made to the Solid Waste Division to offset its losses. However, the County has made a transfer of funds from the Solid Waste Division for the Reidhead property that more than completely counteracts the transfer in.

General Fund Budgetary Highlights

During the 2005 fiscal year, the County's budget was amended one time during supplemental appropriations. Supplemental appropriations consisted of budget amendments for primarily salaries and fringe benefits, phase two of the capital improvement plan for GIS only, increases in utility and petroleum product costs, and capital equipment and vehicle purchases. The capital improvement plan for GIS allowed funding for aerial imagery and elevation data to be compiled for the foundation of the County's geographic information systems.

The revenues were amended by \$407,982, or 1.4 percent increase, primarily due to an increase in the projected State aid to subdivisions and various fees, fines, and donations. The total amendments to the expenditures were approximately \$4 million or an increase of 13.4 percent.

For added clarity, the variance column shows that the actual revenue collections were over budget by \$160,753 and actual operating expenditures were less than budgeted amounts by \$6.7 million. The actual revenues and expenditures created a \$3.1 million excess over the budget in contrast to the previous year's deficiency of \$154,490.

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, 2005, totals \$54 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 \$4.3 million, or 10.6 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
Net of Accumulated Depreciation
Figure 3

| | Governmental Activities | | | Business-Type Activities | | | Total | | |
|---|-------------------------|---------------|---------------|--------------------------|--------------|--------------|---------------|---------------|---------------|
| | 2005 | 2004 | 2003 | 2005 | 2004 | 2003 | 2005 | 2004 | 2003 |
| Land | \$ 2,655,509 | \$ 2,665,509 | \$ 2,667,009 | \$ 1,333,038 | \$ 1,333,038 | \$ 1,333,038 | \$ 3,988,547 | \$ 3,998,547 | \$ 4,000,047 |
| Building and Improvements | 16,776,906 | 16,962,535 | 17,084,094 | 4,030,861 | 4,267,393 | 3,957,996 | 20,807,767 | 21,229,928 | 21,042,090 |
| Infrastructure Land Rights | 2,816,860 | 2,165,060 | 295,076 | - | - | - | 2,816,860 | 2,165,060 | 295,076 |
| Construction in Progress | 10,425,691 | 5,869,175 | 1,554,101 | 26,589 | 26,589 | 163,181 | 10,452,280 | 5,895,764 | 1,717,282 |
| Construction in Progress - Infrastructure | 173,031 | 1,342,452 | 1,040,962 | - | - | - | 173,031 | 1,342,452 | 1,040,962 |
| Equipment and Vehicles | 8,652,860 | 8,886,915 | 9,569,580 | 3,514,856 | 3,159,478 | 3,303,784 | 12,167,716 | 12,046,393 | 12,873,364 |
| Infrastructure | 3,591,850 | 2,880,982 | 1,465,942 | - | - | - | 3,591,850 | 2,880,982 | 1,465,942 |
| Total | \$ 45,092,706 | \$ 40,772,628 | \$ 33,676,764 | \$ 8,905,344 | \$ 8,786,498 | \$ 8,757,999 | \$ 53,998,050 | \$ 49,559,126 | \$ 42,434,763 |

Major capital asset transactions during the year include:

- Continuation of the construction in progress on Phase I and the beginning of Phase II of the Emergency Services facility, Commerce Center Industrial Building on Highway 11, Oconee County 911 Communications Center, and continued renovations at the Heritage Center Museum,
- Acquisition of seventeen vehicles for various departments and a boat with trailer for Emergency Management,

- Addition of a fifty foot by fifty-two foot galvanized aluminum helicopter hangar at the Airport to house the Sheriff's Department helicopter,
- Purchase of a CAT motor grader and a CAT loader for the Roads Department,
- Multiple furnishings, equipment, and software packages and hardware as part of new 911 Communications Center,
- Fifty-three acres of land were returned to Oconee Memorial Hospital as part of an agreement to have the Lila Doyle General Obligation Bond defeased with the Hospital's issuance of revenue bonds in 2005-2006,
- Acquisition of an International truck hoist and CAT bulldozer for the Solid Waste Division,
- Purchase of two new vehicles for the Solid Waste Division,
- And purchase of Terex thirty-five ton articulated dump truck, Kawasaki loader, and a portable rock crusher for the Rock Quarry.

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

Long-term Debt Obligations

As of June 30, 2005, the County had total bonded debt outstanding of \$16.7 million, of which \$15.9 million is backed by the full faith and credit of the County. No new bonded debt was issued during the year.

Oconee County's Outstanding Debt
General Obligation Bonds and Other Bonds
Figure 4

| | Governmental Activities | | | Business-Type Activities | | | Total | | |
|---|-------------------------|---------------|---------------|--------------------------|------|------|---------------|---------------|---------------|
| | 2005 | 2004 | 2003 | 2005 | 2004 | 2003 | 2005 | 2004 | 2003 |
| General obligation and special source revenue bonds | \$ 16,656,394 | \$ 17,937,639 | \$ 19,446,127 | \$ - | \$ - | \$ - | \$ 16,656,394 | \$ 17,937,639 | \$ 19,446,127 |

The County's bond rating continues to remain at an A1 bond rating from Moody's Investor Service and an A+ rating from Standard and Poor's Corporation for the fifth 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 (amount the County could still legally borrow) for the County is \$12.3 million. The County has no bonds authorized, but un-issued at June 30, 2005.

The only new debt issued during the year was a \$1.7 million lease purchase to outfit the 911 Communications Center with state-of-the-art emergency response computers and equipment.

With the addition of this lease purchase, the County reports balances totaling \$3.1 million for the four capital leases. The three previously existing lease purchases finance the acquisition of twenty-one fire trucks for the Rural Fire department. The repayment period for all these leases is 5 years with the final payment for the latest issue being due in the fiscal year ending 2010.

The final portion of long-term debt is the compensated absences, which consists of accrued accumulated

unpaid vacation time earned by employees. The total compensated absences for 2005 is \$840,587.

Additional information regarding the County's long-term debt obligations can be found in Note 2.E. 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, property tax estimates are projected to increase by 5 percent, or \$1.1 million for fiscal year 2006. 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 increase by approximately 13 percent. The intergovernmental revenues from both State and Federal grants, entitlements and contributions are expected to decrease an estimated 15 percent. The County will use these increases in revenues to finance existing programs.

The General Fund total expenditures are expected to increase by \$1,136,610, or 3.6 percent, as reflected in the budget for 2005-2006. General Fund budgetary expenditure increases are attributed to the higher costs of health insurance, increased contributions to cities for outstanding utilities debt, new facilities assessments, planning and design, matching funds for Airport grants, and increased funding transfers to the Solid Waste division.

In addition, 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 Division's 2005-2006 original budget will include an increase in both revenues and expenses of \$2.3 million, or 62.8 percent, attributable to closure costs for the old C&D Landfill, expansion of the current C&D Landfill, and additional capital equipment purchases. Meanwhile, the Rock Quarry's budget for fiscal year ending 2006 anticipates an increase of 1.6 percent for both revenues and expenses. This is mainly because recent state regulations are pressuring the Rock Quarry to establish a rock testing lab that will certify that the rock conforms to SCDOT regulations. Sales have been significantly affected by the requirement of such regulated materials for state-funded paving and construction projects. For the 2005-2006 year, the expense of setting up the on-site lab is a must in order to continue to maintain and grow sales levels and related profits for the Rock Quarry. Furthermore, the Rock Quarry budget has been affected by the request of additional funding for insurance rate increases, maintenance costs associated with the capital equipment purchased in the 2004-2005 fiscal year, and the potential acquisition of additional land for mining.

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, 2005

| | 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 | \$ 19,437,689 | \$ 6,575,248 | \$ 26,012,937 | \$ 151,929 | \$ 318,855 |
| Investments | - | - | - | 471,549 | 13,799,881 |
| Accounts Receivable | 1,367,181 | 126,577 | 1,493,758 | 241,370 | 7,906,254 |
| Property Taxes Receivable | 96,957 | - | 96,957 | - | 159,343 |
| Accrued Interest Receivable | 29,878 | 22,995 | 52,873 | 2,192 | - |
| Receivable From Agency Funds | 94,106 | - | 94,106 | - | 30,396 |
| Inventories | 154,332 | 516,356 | 670,688 | 45,012 | 190,925 |
| Prepaid Expenses | - | - | - | - | 53,431 |
| Restricted Assets: | | | | | |
| Cash and Other Cash Deposits | 2,334,849 | - | 2,334,849 | 109,600 | - |
| Investments | - | - | - | 5,305,697 | - |
| Bond Issue Cost, Net | 25,920 | - | 25,920 | - | - |
| Capital Assets: | | | | | |
| Non Depreciable | 16,071,091 | 1,359,627 | 17,430,718 | 569,577 | 2,079,656 |
| Depreciable | 46,573,916 | 14,990,604 | 61,564,520 | 28,654,635 | 128,151,894 |
| Less Accumulated Depreciation | (17,552,301) | (7,444,887) | (24,997,188) | (13,011,125) | (52,145,802) |
| Total Assets | 68,633,618 | 16,146,520 | 84,780,138 | \$ 22,540,436 | \$100,544,833 |
| Liabilities | | | | | |
| Accounts Payable | 1,664,327 | - | 1,664,327 | 41,445 | 2,267,637 |
| Accrued Salaries | - | - | - | - | 40,579 |
| Employee Benefits Withheld and Accrued | 647,321 | - | 647,321 | 17,928 | 955,681 |
| Accrued Interest Payable | 280,242 | - | 280,242 | 18,221 | 296,675 |
| Deferred Revenue - Unearned | 556,372 | - | 556,372 | - | 277,293 |
| Customer Deposits | - | 26,570 | 26,570 | - | - |
| Unamortized Bond Premium | 1,833 | - | 1,833 | - | - |
| Non-Current Liabilities: | | | | | |
| Due Within One Year: | | | | | |
| Compensated Absences | 84,059 | 15,353 | 99,412 | 4,865 | 466,088 |
| Loans and Capital Leases Payable | 1,134,584 | - | 1,134,584 | 397,581 | - |
| Bonds Payable | 1,356,340 | - | 1,356,340 | - | 6,860,000 |
| Postclosure Care Costs | - | 392,830 | 392,830 | - | - |
| Due in More Than One Year: | | | | | |
| Compensated Absences | 756,528 | 138,165 | 894,693 | 11,353 | 3,849,351 |
| Loans and Capital Leases Payable | 1,947,815 | - | 1,947,815 | 4,747,040 | - |
| Bonds Payable | 15,300,054 | - | 15,300,054 | - | 35,734,964 |
| Postclosure Care Costs | - | 2,226,035 | 2,226,035 | - | - |
| Total Liabilities | 23,729,475 | 2,798,953 | 26,528,428 | 5,238,433 | 50,748,268 |
| Net Assets | | | | | |
| Invested in Capital Assets, Net of Related Debt | 31,090,351 | 8,905,344 | 39,995,695 | 11,069,816 | 42,347,527 |
| Restricted For: | | | | | |
| Capital Projects | - | - | - | 4,747,707 | - |
| Debt Service | 962,266 | - | 962,266 | 649,370 | 3,264,459 |
| Judicial Services | 276,173 | - | 276,173 | - | - |
| Public Safety | 411,375 | - | 411,375 | - | - |
| Culture and Recreation | 339,760 | - | 339,760 | - | - |
| Other Purposes | 59,342 | - | 59,342 | - | 308,306 |
| Unrestricted | 11,764,876 | 4,442,223 | 16,207,099 | 835,110 | 3,876,273 |
| Total Net Assets | \$ 44,904,143 | \$ 13,347,567 | \$ 58,251,710 | \$ 17,302,003 | \$ 49,796,565 |

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

Oconee County, South Carolina
Statement of Activities
For the Year Ended June 30, 2005

| Function/Program Activities | Program Revenues | | | | Net (Expenses) Revenue and Changes in Net Assets | | | | |
|--|---------------------|-------------------------|--|--|---|-----------------------------|----------------------|--------------------------------------|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Component Units | |
| | | | | | Governmental Activities | Business-Type Activities | Total | Oconee County Sewer Commission | School District of Oconee County |
| Primary Government: | | | | | | | | | |
| Governmental Activities: | | | | | | | | | |
| General Government | \$10,633,510 | \$2,338,113 | \$ 100,206 | \$ 270,911 | \$ (7,924,280) | \$ - | \$ (7,924,280) | \$ - | \$ - |
| Judicial Services | 2,260,841 | 1,108,509 | 106,036 | - | (1,046,296) | - | (1,046,296) | - | - |
| Public Safety | 10,442,183 | 572,175 | 503,899 | 113,522 | (9,252,587) | - | (9,252,587) | - | - |
| Health and Welfare | 1,001,238 | 19,967 | 179,824 | - | (801,447) | - | (801,447) | - | - |
| Highways and Streets | 2,590,376 | - | 393,620 | 260,449 | (1,936,307) | - | (1,936,307) | - | - |
| Culture and Recreation | 2,318,058 | 274,896 | 178,829 | 101 | (1,864,232) | - | (1,864,232) | - | - |
| Interest on Long-Term Debt | 1,365,084 | - | - | - | (1,365,084) | - | (1,365,084) | - | - |
| Total Governmental Activities | <u>30,611,290</u> | <u>4,313,660</u> | <u>1,462,414</u> | <u>644,983</u> | <u>(24,190,233)</u> | <u>-</u> | <u>(24,190,233)</u> | <u>-</u> | <u>-</u> |
| Business - Type Activities: | | | | | | | | | |
| Rock Quarry | 1,820,869 | 2,985,868 | - | - | - | 1,164,999 | 1,164,999 | - | - |
| Solid Waste Commission | 3,703,326 | 1,411,017 | 7,388 | - | - | (2,284,921) | (2,284,921) | - | - |
| Total Business - Type Activities | <u>5,524,195</u> | <u>4,396,885</u> | <u>7,388</u> | <u>-</u> | <u>-</u> | <u>(1,119,922)</u> | <u>(1,119,922)</u> | <u>-</u> | <u>-</u> |
| Total Primary Government | <u>\$36,135,485</u> | <u>\$8,710,545</u> | <u>\$ 1,469,802</u> | <u>\$ 644,983</u> | <u>(24,190,233)</u> | <u>(1,119,922)</u> | <u>(25,310,155)</u> | <u>-</u> | <u>-</u> |
| Component Units: | | | | | | | | | |
| Oconee County Sewer Commission | \$ 2,723,995 | \$ 2,578,884 | \$ - | \$ - | - | - | - | (145,111) | - |
| School District of Oconee County | 96,302,641 | 4,619,854 | 41,954,166 | 213,150 | - | - | - | - | (49,515,471) |
| Total Component Units | <u>\$99,026,636</u> | <u>\$7,198,738</u> | <u>\$ 41,954,166</u> | <u>\$ 213,150</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(145,111)</u> | <u>(49,515,471)</u> |
| General Revenues: | | | | | | | | | |
| Taxes: | | | | | | | | | |
| Property Taxes, Levied for General Purposes | | | | | 23,424,084 | - | 23,424,084 | - | 44,781,669 |
| Local and State Accommodation Taxes | | | | | 262,343 | - | 262,343 | - | - |
| Payments in Lieu of Taxes and Franchise Fees | | | | | 776,414 | - | 776,414 | - | - |
| Grants and Contributions not Restricted to Specific Programs | | | | | 2,992,182 | - | 2,992,182 | - | 6,638,415 |
| Interest Income | | | | | 465,943 | 98,239 | 564,182 | 97,459 | 329,648 |
| Gain on Sale of Fixed Assets | | | | | 9,048 | - | 9,048 | - | 18,814 |
| Reduction in Post Closure Liability Estimate | | | | | - | 2,501,458 | 2,501,458 | - | - |
| Miscellaneous | | | | | 541,575 | - | 541,575 | 4,407 | 107,407 |
| Capital Contributions | | | | | - | - | - | 166,672 | 7,738 |
| Interfund Transfers | | | | | 1,297,237 | (1,297,237) | - | - | - |
| Total General Revenues and Transfers | | | | | <u>29,768,826</u> | <u>1,302,460</u> | <u>31,071,286</u> | <u>268,538</u> | <u>51,883,691</u> |
| Change in Net Assets | | | | | <u>5,578,593</u> | <u>182,538</u> | <u>5,761,131</u> | <u>123,427</u> | <u>2,368,220</u> |
| Net Assets, Beginning | | | | | <u>39,325,550</u> | <u>13,165,029</u> | <u>52,490,579</u> | <u>17,178,576</u> | <u>47,428,345</u> |
| Net Assets, Ending | | | | | <u>\$ 44,904,143</u> | <u>\$ 13,347,567</u> | <u>\$ 58,251,710</u> | <u>\$ 17,302,003</u> | <u>\$ 49,796,565</u> |

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

FUND FINANCIAL STATEMENTS

Oconee County, South Carolina
Balance Sheet
Governmental Funds
June 30, 2005

| | <u>General Fund</u> | <u>Reidhead Property</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|------------------------------|---|---|
| Assets | | | | |
| Cash and Other Cash Deposits | \$ 12,166,536 | \$ 2,453,235 | \$ 4,817,918 | \$ 19,437,689 |
| Restricted Assets - Cash and Other Cash Deposits | - | - | 2,334,849 | 2,334,849 |
| Accounts Receivable | 993,714 | - | 373,467 | 1,367,181 |
| Property Taxes Receivable | 91,256 | - | 5,701 | 96,957 |
| Accrued Interest Receivable | 29,878 | - | - | 29,878 |
| Receivable From Agency Funds | 94,106 | - | - | 94,106 |
| Interfund Balances | 162,984 | - | - | 162,984 |
| Inventories | 154,332 | - | - | 154,332 |
| Total Assets | <u>\$ 13,692,806</u> | <u>\$ 2,453,235</u> | <u>\$ 7,531,935</u> | <u>\$ 23,677,976</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 1,210,147 | \$ - | \$ 454,180 | \$ 1,664,327 |
| Employee Benefits Withheld and Accrued | 647,321 | - | - | 647,321 |
| Deferred Revenue - Unearned | 413,559 | - | 142,813 | 556,372 |
| Deferred Revenue - Unavailable | - | - | 204,706 | 204,706 |
| Interfund Balances | - | - | 162,984 | 162,984 |
| Total Liabilities | <u>2,271,027</u> | <u>-</u> | <u>964,683</u> | <u>3,235,710</u> |
| Fund Balances: | | | | |
| Reserves For: | | | | |
| Encumbrances | 737,008 | - | 1,181,612 | 1,918,620 |
| Inventories | 154,332 | - | - | 154,332 |
| Unreserved in General Fund: | | | | |
| Designated for Subsequent Year's Expenditures | 1,600,000 | - | - | 1,600,000 |
| Designated for Capital Improvements | 895,982 | - | - | 895,982 |
| Designated for Health Insurance | 395,673 | - | - | 395,673 |
| Designated for Other Purposes | 134,505 | - | - | 134,505 |
| Undesignated | 7,504,279 | - | - | 7,504,279 |
| Unreserved Reported in: | | | | |
| Special Revenue Funds | - | - | 999,227 | 999,227 |
| Debt Service Fund | - | - | 1,193,315 | 1,193,315 |
| Capital Project Funds | - | 2,453,235 | 3,193,098 | 5,646,333 |
| Total Fund Balances | <u>11,421,779</u> | <u>2,453,235</u> | <u>6,567,252</u> | <u>20,442,266</u> |
| Total Liabilities and Fund Balances | <u>\$ 13,692,806</u> | <u>\$ 2,453,235</u> | <u>\$ 7,531,935</u> | <u>\$ 23,677,976</u> |

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, 2005

Fund Balances - Total Governmental Funds \$ 20,442,266

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 | \$ 62,645,007 | |
| Less Accumulated Depreciation | <u>(17,552,301)</u> | 45,092,706 |

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 | (16,656,394) | |
| Capital Leases Payable | (3,082,399) | |
| Compensated Absences | <u>(840,587)</u> | (20,579,380) |

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 | (280,242) |
|--|-----------|

| | |
|---|---------|
| Deferred revenue unavailable at the fund level is recognized as revenue at the entity level. | 204,706 |
|---|---------|

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

| | | |
|--------------------------|------------|---------------|
| Bond issue cost | 42,036 | |
| Accumulated amortization | (16,116) | |
| Bond Premium | (2,750) | |
| Accumulated amortization | <u>917</u> | <u>24,087</u> |

| | |
|---------------------------------------|----------------------|
| Net Assets of Governmental Activities | <u>\$ 44,904,143</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, 2005

| | <u>General Fund</u> | <u>Reidhead Property</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------------|------------------------------|---|---|
| Revenues | | | | |
| Property Taxes | \$ 22,224,696 | \$ - | \$ 1,199,387 | \$ 23,424,083 |
| Intergovernmental Revenues | 3,577,849 | - | 1,629,266 | 5,207,115 |
| Licenses, Permits and Fees | 2,461,679 | - | 402,590 | 2,864,269 |
| Fines and Forfeitures | 399,166 | - | 135,348 | 534,514 |
| County Airport | 499,601 | - | - | 499,601 |
| PRT Commission | 238,384 | - | - | 238,384 |
| Miscellaneous and Other | 179,060 | 129,462 | 251,133 | 559,655 |
| Payments in Lieu of Taxes and Franchise Fees | 715,404 | - | 61,009 | 776,413 |
| Interest Income | 418,661 | - | 47,281 | 465,942 |
| Total Revenues | <u>30,714,500</u> | <u>129,462</u> | <u>3,726,014</u> | <u>34,569,976</u> |
| Expenditures | | | | |
| Current Operating: | | | | |
| General Government | 10,086,319 | - | 239,643 | 10,325,962 |
| Judicial Services | 1,983,997 | - | 37,355 | 2,021,352 |
| Public Safety | 8,690,315 | - | 691,481 | 9,381,796 |
| Health and Welfare | 795,946 | - | 138,009 | 933,955 |
| Highways and Streets | 2,293,659 | - | - | 2,293,659 |
| Culture and Recreation | 1,856,387 | - | 198,935 | 2,055,322 |
| Capital Expenditures and Projects | 1,914,933 | - | 5,038,735 | 6,953,668 |
| Debt Service: | | | | |
| Principal Retirement | - | - | 1,590,939 | 1,590,939 |
| Interest and Fiscal Charges | - | - | 1,353,157 | 1,353,157 |
| Total Expenditures | <u>27,621,556</u> | <u>-</u> | <u>9,288,254</u> | <u>36,909,810</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 3,092,944 | 129,462 | (5,562,240) | (2,339,834) |
| Other Financing Sources and (Uses) | | | | |
| Sale of Fixed Assets | 9,915 | - | - | 9,915 |
| Contributions - Infrastructure | 108,915 | - | - | 108,915 |
| Face Amount of Bonds and Capital Leases | - | - | 1,700,000 | 1,700,000 |
| Interfund Transfers In | 1,200,000 | 2,323,773 | 1,316,232 | 4,840,005 |
| Interfund Transfers (Out) | (3,542,768) | - | - | (3,542,768) |
| Net Change in Fund Balances | <u>869,006</u> | <u>2,453,235</u> | <u>(2,546,008)</u> | <u>776,233</u> |
| Fund Balances, Beginning | <u>10,552,773</u> | <u>-</u> | <u>9,113,260</u> | <u>19,666,033</u> |
| Fund Balances, Ending | <u><u>\$ 11,421,779</u></u> | <u><u>\$ 2,453,235</u></u> | <u><u>\$ 6,567,252</u></u> | <u><u>\$ 20,442,266</u></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, 2005

Net Change in Fund Balances - Total Governmental Funds \$ 776,233

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 | \$ 6,953,668 | |
| Less Current Year Depreciation | <u>(2,157,723)</u> | 4,795,945 |

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 | 1,590,939 | |
| Face amount of Bonds and Capital Leases | <u>(1,700,000)</u> | (109,061) |

Amortization of bond issue cost and bond premiums:

| | | |
|--|------------|---------|
| Bond issue cost amortized in statement of activities | (7,476) | |
| Bond premiums amortized in statement of activities | <u>306</u> | (7,170) |

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, 2005 | 204,706 |
|--|---------|

| | |
|--|-------|
| The undepreciated basis on the sale of capital assets decrease net assets. | (866) |
|--|-------|

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 | (76,437) | |
| Changes in Accrued Interest on Bonds and Capital Leases Payable | <u>(4,757)</u> | <u>(81,194)</u> |

| | |
|---|---------------------|
| Change in Net Assets of Governmental Activities | <u>\$ 5,578,593</u> |
|---|---------------------|

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

Oconee County, South Carolina
Statement of Net Assets
Proprietary Funds
June 30, 2005

| | Enterprise Funds | | |
|---|---------------------|---------------------------|----------------------|
| | Rock Quarry | Solid Waste Commission | Total |
| Assets | | | |
| Current Assets: | | | |
| Cash and Other Cash Deposits | \$ 1,217,126 | \$ 5,358,122 | \$ 6,575,248 |
| Accounts Receivable | 117,682 | 8,895 | 126,577 |
| Accrued Interest Receivable | 1,011 | 21,984 | 22,995 |
| Inventories | 516,356 | - | 516,356 |
| Total Current Assets | 1,852,175 | 5,389,001 | 7,241,176 |
| Non-Current Assets: | | | |
| Capital Assets: | | | |
| Land | 557,825 | 775,213 | 1,333,038 |
| Buildings and Improvements | 571,339 | 5,207,458 | 5,778,797 |
| Equipment and Vehicles | 6,115,077 | 3,050,055 | 9,165,132 |
| Other Assets | - | 46,675 | 46,675 |
| Construction in Progress | - | 26,589 | 26,589 |
| Less Accumulated Depreciation | (3,427,288) | (4,017,599) | (7,444,887) |
| Total Non-Current Assets | 3,816,953 | 5,088,391 | 8,905,344 |
| Total Assets | 5,669,128 | 10,477,392 | 16,146,520 |
| Liabilities | | | |
| Current Liabilities: | | | |
| Customer Deposits | - | 26,570 | 26,570 |
| Compensated Absences | 3,729 | 11,624 | 15,353 |
| Current Portion of Postclosure Care Costs | - | 392,830 | 392,830 |
| Total Current Liabilities | 3,729 | 431,024 | 434,753 |
| Non-Current Liabilities: | | | |
| Compensated Absences | 33,550 | 104,615 | 138,165 |
| Post Closure Care Costs after One Year | - | 2,226,035 | 2,226,035 |
| Total Non-Current Liabilities | 33,550 | 2,330,650 | 2,364,200 |
| Net Assets | | | |
| Invested in Capital Assets, Net of Related Debt | 3,816,953 | 5,088,391 | 8,905,344 |
| Unrestricted | 1,814,896 | 2,627,327 | 4,442,223 |
| Total Net Assets | \$ 5,631,849 | \$ 7,715,718 | \$ 13,347,567 |

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, 2005

| | Enterprise Funds | | |
|---|-------------------------|-----------------------------------|----------------------|
| | Rock Quarry | Solid Waste Commission | Total |
| Operating Revenues | | | |
| Outside Customer Sales | \$ 2,667,225 | \$ 952,369 | \$ 3,619,594 |
| Intragovernment Sales | 318,243 | - | 318,243 |
| Miscellaneous Fees | 400 | 458,648 | 459,048 |
| Operating Grants | - | 7,388 | 7,388 |
| Total Operating Revenues | <u>2,985,868</u> | <u>1,418,405</u> | <u>4,404,273</u> |
| Operating Expenses | | | |
| Salaries, Wages and Employee Benefits | 789,506 | 1,676,677 | 2,466,183 |
| Contractual Services, Materials, Supplies and Other Expenses | 625,976 | 1,662,001 | 2,287,977 |
| Depreciation Expense | 405,387 | 364,648 | 770,035 |
| Total Operating Expenses | <u>1,820,869</u> | <u>3,703,326</u> | <u>5,524,195</u> |
| Operating Income (Loss) | 1,164,999 | (2,284,921) | (1,119,922) |
| Non-Operating Revenues (Expenses) | | | |
| Interest Income | 17,961 | 80,278 | 98,239 |
| Reduction in Post Closure Liability Estimate | - | 2,501,458 | 2,501,458 |
| Income (Loss) before Contributions and Transfers | 1,182,960 | 296,815 | 1,479,775 |
| Interfund Transfers In | - | 2,226,535 | 2,226,535 |
| Interfund Transfers (Out) | (1,200,000) | (2,323,772) | (3,523,772) |
| Change in Net Assets | (17,040) | 199,578 | 182,538 |
| Net Assets, Beginning | <u>5,648,889</u> | <u>7,516,140</u> | <u>13,165,029</u> |
| Net Assets, Ending | <u>\$ 5,631,849</u> | <u>\$ 7,715,718</u> | <u>\$ 13,347,567</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, 2005

| | Enterprise Funds | | |
|---|---------------------|---------------------------|---------------------|
| | Rock Quarry | Solid Waste Commission | Total |
| Increase (Decrease) in Cash and Cash Equivalents | | | |
| Cash Flows from Operations: | | | |
| Receipts from Customers and Other Sources | \$ 2,980,264 | \$ 1,406,698 | \$ 4,386,962 |
| Payments to Employees and Related Benefits | (799,000) | (1,666,367) | (2,465,367) |
| Payments to Suppliers | (816,559) | (1,705,486) | (2,522,045) |
| Net Cash Provided by (Used in) Operating Activities | <u>1,364,705</u> | <u>(1,965,155)</u> | <u>(600,450)</u> |
| Cash Flows from Noncapital Financing Activities: | | | |
| Interfund Transfers In | - | 2,226,535 | 2,226,535 |
| Interfund Transfers (Out) | (1,200,000) | (2,323,772) | (3,523,772) |
| Net Cash Flows from Noncapital Financing Activities | <u>(1,200,000)</u> | <u>(97,237)</u> | <u>(1,297,237)</u> |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Acquisition of Capital Assets | (348,200) | (540,681) | (888,881) |
| Net Cash Flows from Capital and Related Financing Activities | <u>(348,200)</u> | <u>(540,681)</u> | <u>(888,881)</u> |
| Cash Flows from Investing Activities: | | | |
| Interest on Investments | 17,088 | 64,007 | 81,095 |
| Net Cash Flows from Investing Activities | <u>17,088</u> | <u>64,007</u> | <u>81,095</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (166,407) | (2,539,066) | (2,705,473) |
| Cash and Cash Equivalents at Beginning of Year | <u>1,383,533</u> | <u>3,897,188</u> | <u>5,280,721</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 1,217,126</u> | <u>\$ 1,358,122</u> | <u>\$ 2,575,248</u> |
| Classified As: | | | |
| Current Assets | <u>\$ 1,217,126</u> | <u>\$ 1,358,122</u> | <u>\$ 2,575,248</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | |
| Operating Income (Loss) | \$ 1,164,999 | \$ (2,284,921) | \$ (1,119,922) |
| Adjustments Not Affecting Cash: | | | |
| Depreciation | 405,387 | 364,648 | 770,035 |
| Postclosure Care Expense Accrual | - | (14,516) | (14,516) |
| Reduction in Postclosure Liability | - | 2,501,458 | 2,501,458 |
| Change in Assets and Liabilities: | | | |
| (Increase) Decrease in Accounts Receivable | (5,604) | 2,809 | (2,795) |
| (Increase) Decrease in Inventories | (190,583) | - | (190,583) |
| Increase (Decrease) in Compensated Absences | (9,494) | 10,310 | 816 |
| Increase (Decrease) in Postclosure Care Costs Payable | - | (2,544,943) | (2,544,943) |
| Net Cash Provided by (Used in) Operating Activities | <u>\$ 1,364,705</u> | <u>\$ (1,965,155)</u> | <u>\$ (600,450)</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, 2005

| | <u>Agency Funds</u> |
|--|----------------------------|
| Assets | |
| Cash and Other Cash Deposits | \$ 5,222,323 |
| Accrued Interest Receivable | 732 |
| Property Taxes Receivable | 166,405 |
| Accounts Receivable | <u>116,368</u> |
| Total Assets | <u><u>\$ 5,505,828</u></u> |
| Liabilities | |
| Due to Other Taxing Districts and Agencies | \$ 4,173,428 |
| Payable to General Fund | 94,106 |
| Due to Others | <u>1,238,294</u> |
| Total Liabilities | <u><u>\$ 5,505,828</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, 2005**

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, 2005 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, 2005**

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.

Reidhead Property Capital Project Fund. This fund is used to accumulate resources for the purchase of the Reidhead property.

The County reports the following major enterprise funds:

Rock Quarry. 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, 2005**

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. 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.

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

G. 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.

**Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2005**

G. Capital Assets (continued)

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 |

H. 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.

I. 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.

J. 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. Property Taxes

The County levies taxes on property values as determined by the County Assessor. Property taxes levied for the current year include 120.5 mills appropriated for the Oconee County School District's operations, 65.0 mills for general operations of the County and 2.1 mills for the Tri-County Technical College operations. In addition, 3.0 mills, 13.9 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.

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2005

A. Property Taxes (continued)

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, 2005 are reflected as receivables on the accompanying statement of net assets and statement of fiduciary assets and liabilities in the amount of \$264,948 (County operations \$93,706, County debt service \$4,968, School operations/debt service \$162,811, Tri-County Technical operations \$3,021 and Keowee Fire Tax District \$442.)

Duke Energy provides a major source of property tax revenues. During the year ended June 30, 2005, the company paid property taxes in the amount of \$21.2 million based on assessed property value of \$110.1 million. This represents approximately 28% of the total 2004 levy. Approximately \$15.0 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, 2005

B. Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

| | Primary Government | | |
|--|------------------------------|---------------------|---------------------------|
| | Beginning Balance | Additions | Ending Balance |
| Governmental Activities: | | | |
| Capital Assets not being Depreciated: | | | |
| Land | \$ 2,665,509 | \$ - | \$ 2,665,509 |
| Infrastructure Land Rights and Other Cost | 2,165,060 | 214,771 | 2,379,831 |
| Construction in Progress | 5,869,175 | 3,816,676 | 9,574,383 |
| Construction in Progress - Infrastructure | 1,342,452 | 1,493,107 | 1,451,368 |
| Total Capital Assets not being Depreciated | 12,042,196 | 5,524,554 | 16,071,091 |
| Capital Assets being Depreciated: | | | |
| Buildings and Improvements | 21,816,160 | 79,128 | 21,895,288 |
| Equipment and Vehicles | 19,856,552 | 1,660,893 | 21,517,445 |
| Infrastructure | 3,052,268 | 108,915 | 3,161,183 |
| Total Capital Assets being Depreciated | 44,724,980 | 1,848,936 | 46,573,916 |
| Less Accumulated Depreciation for: | | | |
| Buildings and Improvements | (4,853,625) | (572,905) | (5,426,530) |
| Equipment and Vehicles | (10,969,637) | (854,438) | (11,824,075) |
| Infrastructure | (171,286) | (130,410) | (301,696) |
| Total Accumulated Depreciation | (15,994,548) | (1,557,753) | (17,552,301) |
| Total Capital Assets being Depreciated, Net | 28,730,432 | 291,183 | 29,021,615 |
| Governmental Activities Capital Assets, Net | \$40,772,628 | \$ 5,815,737 | \$ (1,495,659) |

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2005

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 | 26,589 | - | 26,589 |
| Total Capital Assets not being Depreciated | <u>1,359,627</u> | <u>-</u> | <u>1,359,627</u> |
| Capital Assets being Depreciated: | | | |
| Buildings and Improvements | 5,769,766 | - | 5,769,766 |
| Equipment and Vehicles | 8,734,361 | 439,802 | 9,174,163 |
| Other Assets | 46,675 | - | 46,675 |
| Total Capital Assets being Depreciated | <u>14,550,802</u> | <u>439,802</u> | <u>14,990,604</u> |
| Less Accumulated Depreciation for: | | | |
| Buildings | (1,502,373) | (235,154) | (1,737,527) |
| Equipment and Vehicles | (5,574,883) | (85,802) | (5,660,685) |
| Other Assets | (46,675) | - | (46,675) |
| Total Accumulated Depreciation | <u>(7,123,931)</u> | <u>(320,956)</u> | <u>(7,444,887)</u> |
| Total Capital Assets being Depreciated, Net | <u>7,426,871</u> | <u>118,846</u> | <u>7,545,717</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 8,786,498</u> | <u>\$ 118,846</u> | <u>\$ 8,905,344</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|------------------------------------|---------------------|
| General Government | \$ 280,750 |
| Judicial Services | 235,275 |
| Public Safety | 1,019,437 |
| Health and Welfare | 68,871 |
| Highways and Streets | 288,765 |
| Culture and Recreation | 264,625 |
| Total Depreciation Expenses | <u>\$ 2,157,723</u> |

C. 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 \$70,000 per person per contract year with a maximum cost to the County of \$5,074,479 for the year. At year-end incurred but unpaid claims equal approximately \$457,356 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, 2005

D. 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, 2005, \$13,605,335 of wages were subject to retirement, which is 96.5% of total salaries of \$14,098,160. 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, 2005, 2004, 2003 were as follows:

| | <u>SCRS</u> | <u>PORS</u> |
|------|-------------|-------------|
| 2005 | \$ 695,147 | \$ 410,254 |
| 2004 | \$ 673,564 | \$ 392,520 |
| 2003 | \$ 639,548 | \$ 368,706 |

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

E. 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, 2005

Long-Term Obligations (continued)

Summarized below are the County's individual bond and capital lease issues which are outstanding at June 30, 2005:

| | Purpose of Issue | Maturity Date | 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 | March 2011 | \$ 2,800,000 | \$ 1,400,000 | 4.65 - 6.60% | \$ 284,580 |
| General Obligation Bonds, Series 2000 | Finance Construction of Lila Doyle Expansion | September 2016 | 4,115,000 | 3,435,000 | 4.50 - 6.50% | 389,500 |
| General Obligation Bonds, Series 2001 | Finance Construction of New Court House | September 2017 | 8,000,000 | 7,030,000 | 4.470% | 746,316 |
| General Obligation Bonds, Series 2002 | Finance Construction of EMS Facility | April 2012 | 5,000,000 | 4,075,000 | 3.20 - 3.80% | 748,935 |
| Special Source Revenue Bond, Series 1996 | Finance Borg-Warner Capital Expansion | March 2007 | 629,887 | 116,394 | 8.610% | 134,940 |
| Special Source Revenue Bond, Series 2003 | Finance Construction of Shell Building | December 2006 | 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 | March 2006 | 1,183,710 | 262,130 | 4.858% | 275,756 |
| Capital Lease Payable | Acquire Fire Trucks | March 2007 | 2,154,090 | 907,412 | 3.590% | 478,152 |
| Capital Lease Payable | Acquire Fire Truck | April 2007 | 522,925 | 212,857 | 3.169% | 111,514 |
| Capital Lease Payable | Acquire 911 Equipment | October 2009 | 1,700,000 | 1,700,000 | 2.675% | 368,168 |
| Total Governmental Activities | | | <u>\$26,705,612</u> | <u>\$19,738,793</u> | | |

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2005

Long-Term Obligations (continued)

Long-term activity for the year ended June 30, 2005 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balances</u> | <u>Amounts Due Within One Year</u> |
|---|------------------------------|---------------------|-----------------------|----------------------------|--|
| Governmental Activities: | | | | | |
| Bonds and Capital Leases Payable: | | | | | |
| General Obligation and Other Bonds | \$17,937,639 | \$ - | \$ (1,281,245) | \$ 16,656,394 | \$ 1,356,340 |
| Capital Leases Payable | 2,167,094 | 1,700,000 | (784,695) | 3,082,399 | 1,134,584 |
| Total Bonds and Capital Leases Payable | 20,104,733 | 1,700,000 | (2,065,940) | 19,738,793 | 2,490,924 |
| Other Liabilities - Compensated Absences | 764,151 | 79,914 | (3,477) | 840,588 | 84,059 |
| Governmental Activities Long-term Liabilities | \$20,868,884 | \$ 1,779,914 | \$ (2,069,417) | \$ 20,579,381 | \$ 2,574,983 |
| Business - Type Activities: | | | | | |
| Bonds Payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Bonds Payable | - | - | - | - | - |
| Other Liabilities: | | | | | |
| Compensated Absences | 152,702 | 816 | - | 153,518 | 15,353 |
| Postclosure Care Costs | 5,163,808 | - | (2,544,943) | 2,618,865 | 392,830 |
| Total Other Liabilities | 5,316,510 | 816 | (2,544,943) | 2,772,383 | 408,183 |
| Business-Type Activities Long-term Liabilities | \$ 5,316,510 | \$ 816 | \$ (2,544,943) | \$ 2,772,383 | \$ 408,183 |

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:

| <u>Fiscal Year</u> | <u>Governmental Activities</u> | | | <u>Business-Type Activities</u> | | | <u>Total</u> |
|--------------------|--------------------------------|---------------------|---------------------|---------------------------------|-----------------|--------------|-------------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Primary Government</u> |
| 2006 | \$ 2,490,924 | \$ 819,098 | \$ 3,310,022 | \$ - | \$ - | \$ - | \$ 3,310,022 |
| 2007 | 2,920,726 | 700,706 | 3,621,432 | - | - | - | 3,621,432 |
| 2008 | 1,774,767 | 593,549 | 2,368,316 | - | - | - | 2,368,316 |
| 2009 | 1,868,930 | 527,619 | 2,396,549 | - | - | - | 2,396,549 |
| 2010 | 1,953,446 | 453,516 | 2,406,962 | - | - | - | 2,406,962 |
| 2011-2015 | 5,915,000 | 1,261,936 | 7,176,936 | - | - | - | 7,176,936 |
| 2016-2020 | 2,815,000 | 180,592 | 2,995,592 | - | - | - | 2,995,592 |
| Total | \$ 19,738,793 | \$ 4,537,016 | \$24,275,809 | \$ - | \$ - | \$ - | \$ 24,275,809 |

Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2005

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>\$ 352,460,067</u> |
| Debt Limit - Eight Percent of Assessed Value | 28,186,805 |
| County Bonds Outstanding June 30, 2005, Issued Subsequent to November 30, 1977 | <u>15,940,000</u> |
| Legal Debt Margin | <u>\$ 12,246,805</u> |

F. Interfund Balances and Activity

The following schedule represents interfund receivables and payables at June 30, 2005:

| | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|---|---------------------------------|------------------------------|
| Primary Government: | | |
| By Major Fund: | | |
| General | \$ 162,984 | \$ - |
| Other Governmental: | | |
| DHEC EMS Special Revenue Fund | - | 22,030 |
| Child/Elder Abuse Special Revenue Fund | - | 11,596 |
| Homeland Security Sherriff Special Revenue Fund | - | 10,812 |
| Library Construction Special Revenue Fund | - | 3,000 |
| Homeland Security Grant Special Revenue Fund | - | 25,952 |
| Citizens Corps Grant Special Revenue Fund | - | 11,936 |
| Airport Improvement Program | | |
| #3-45-00016-11 Capital Project Fund | - | 5,349 |
| Airport Improvement Program | | |
| #3-45-00016-13 Capital Project Fund | - | 65,000 |
| DCSIP Special Revenue Fund | - | 7,309 |
| Total Primary Government | <u>\$ 162,984</u> | <u>\$ 162,984</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, 2005

Interfund Balances and Activity (continued)

Transfers to/from other funds for the year ended June 30, 2005 consisted of the following:

| | |
|---------------------|---|
| \$ 1,200,000 | From the rock crusher enterprise fund to the general fund to transfer a portion of the annual profits. |
| 2,226,535 | From the general fund to the solid waste commission enterprise fund to provide current year operational expenses. |
| 2,323,772 | From the solid waste commission enterprise fund to the reidhead property projects fund to provide funds for property acquisition. |
| 1,466 | From the general fund to the LLEBGP2004 special revenue fund to provide the County match portion for a federal grant. |
| 907,222 | From the general fund to the debt service fund to provide adequate resources for debt services. |
| 153,897 | From the general fund to the economic development infrastructure capital project fund to fund future infrastructure needs. |
| 56,878 | From the general fund to the rural fire homeland security special revenue fund to provide needed resources. |
| 189,412 | From the general fund to the communication center capital project fund to provide resources for capital equipment. |
| 2,605 | From the general fund to the PARD grant special revenue fund to provide needed resources. |
| 1,898 | From the general fund to the airport beacon special revenue fund to provide needed resources. |
| 2,854 | From the general fund to the DARE special revenue fund to provide needed resources. |
| <u>\$ 7,066,539</u> | Total |

G. 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, 2005 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, 2005**

G. Contingent Liabilities (continued)

Also, the County participates in an intergovernmental agreement whereby it is liable for any operational deficits for the Newry sewer system. No amount was required to be accrued under this agreement in the current year.

H. 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 \$2,618,865 at year-end. Of this amount, \$2,234,407 relates to the Seneca landfill and \$384,458 relates to the Five Forks landfill. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

I. 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.

J. 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, 2005 there were sixty-four retirees who were covered under the County's group insurance plans and the total cost of retiree health and dental benefits was \$104,039 for the fiscal year.

K. 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 | \$ 6,575,248 |
| 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><u>\$ 2,575,248</u></u> |

**Oconee County, South Carolina
Notes to Financial Statements
For the Year Ended June 30, 2005**

L. 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 |
| Thomas S. Crumpton, Jr. | 2 | December 31, 2008 |
| William S. Rinehart | 3 | December 31, 2007 |
| Marion E. Lyles | 4 | December 31, 2008 |
| H. Frank Ables, Jr., Chairman | 5 | December 31, 2008 |

The following individuals are the elected officials of Oconee County:

| | <u>Office</u> | <u>Expiration of Term</u> |
|-----------------------|----------------|---------------------------|
| Linda R. Nix | Auditor | June 30, 2009 |
| Anne C. Dodd | Treasurer | December 31, 2008 |
| Sally C. Smith | Clerk of Court | December 31, 2008 |
| Sandra H. Burgess Orr | Probate Judge | June 30, 2009 |
| Karl Addis | Coroner | December 31, 2008 |
| James Singleton | Sheriff | December 31, 2008 |

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

Oconee County, South Carolina
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2005

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|-------------------|---|
| Revenues | | | | |
| Property Taxes | \$ 22,374,440 | \$ 22,374,440 | \$ 22,224,696 | \$ (149,744) |
| Intergovernmental Revenues | 3,544,544 | 3,784,382 | 3,577,849 | (206,533) |
| Licenses, Permits and Fees | 1,894,498 | 2,020,498 | 2,461,679 | 441,181 |
| Fines and Forfeitures | 437,976 | 437,976 | 399,166 | (38,810) |
| County Airport | 494,822 | 494,822 | 499,601 | 4,779 |
| PRT Commission | 265,146 | 265,146 | 238,384 | (26,762) |
| Miscellaneous and Other | 98,339 | 140,483 | 179,060 | 38,577 |
| Payments in Lieu of Taxes and Franchise Fees | 735,000 | 735,000 | 715,404 | (19,596) |
| Interest Income | 301,000 | 301,000 | 418,661 | 117,661 |
| Total Revenues | <u>30,145,765</u> | <u>30,553,747</u> | <u>30,714,500</u> | <u>160,753</u> |
| Expenditures | | | | |
| Current Operating: | | | | |
| General Government: | | | | |
| Boards and Commissions | 13,233 | 13,233 | 9,271 | 3,962 |
| Building Codes | 387,389 | 388,934 | 380,148 | 8,786 |
| Pine Street Complex and Other Expenditures | - | 111 | 66,166 | (66,055) |
| County Council | 226,316 | 269,066 | 189,514 | 79,552 |
| County Grants | 341,958 | 341,958 | 341,957 | 1 |
| Delegation | 54,506 | 55,506 | 55,508 | (2) |
| Economic Development | 551,442 | 551,442 | 422,994 | 128,448 |
| Finance Department | 544,905 | 258,575 | 252,878 | 5,697 |
| Other Administrative Expenditures | 4,204,946 | 3,295,431 | 3,485,116 | (189,685) |
| Human Resources | 290,032 | 342,687 | 183,282 | 159,405 |
| Information Technology | 923,211 | 1,491,828 | 1,231,809 | 260,019 |
| Planning Commission | 126,137 | 126,137 | 127,266 | (1,129) |
| Procurement | 232,307 | 232,657 | 222,994 | 9,663 |
| Building Maintenance | 105,023 | 126,876 | 119,820 | 7,056 |
| Registration and Elections | 115,119 | 115,119 | 111,724 | 3,395 |
| Soil and Water Conservation | 32,149 | 32,149 | 32,121 | 28 |
| Administrator's Office | 257,941 | 499,318 | 470,173 | 29,145 |
| County Airport | 551,908 | 537,291 | 560,950 | (23,659) |
| Vehicle Maintenance | 126,772 | 213,632 | 136,758 | 76,874 |
| Environmental Services | 230,199 | 74,341 | 76,974 | (2,633) |
| Register of Deeds | 237,292 | 237,492 | 238,233 | (741) |
| Assessor | 676,301 | 717,144 | 665,981 | 51,163 |
| Auditor | 277,504 | 288,890 | 273,424 | 15,466 |
| Board of Assessment Appeals | 12,449 | 12,449 | 4,340 | 8,109 |
| Computer Tax Center | 36,800 | 76,078 | 35,228 | 40,850 |
| Tax Collector | - | 100,987 | 101,102 | (115) |
| Treasurer | 297,660 | 297,960 | 290,588 | 7,372 |
| Judicial Services: | | | | |
| Clerk of Court | 530,313 | 558,393 | 510,328 | 48,065 |
| Probate Judge | 292,148 | 298,488 | 297,376 | 1,112 |
| Solicitor | 248,800 | 279,767 | 245,058 | 34,709 |
| Magistrates | 475,460 | 510,932 | 510,071 | 861 |
| County Grants | 136,056 | 136,056 | 136,056 | - |
| Building Maintenance | 191,787 | 291,172 | 280,185 | 10,987 |
| Vehicle Maintenance | 12,807 | 11,494 | 4,923 | 6,571 |

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, 2005

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|----------------------|---|
| Public Safety: | | | | |
| Sheriff's Department | 4,214,940 | 4,313,927 | 4,281,070 | 32,857 |
| Rural Fire Control | 534,653 | 555,590 | 345,666 | 209,924 |
| Coroner | 118,804 | 118,804 | 114,471 | 4,333 |
| Communications | 862,508 | 950,290 | 911,861 | 38,429 |
| Emergency Management | 309,023 | 451,649 | 486,241 | (34,592) |
| Law Enforcement Center | 1,573,729 | 1,566,587 | 1,489,146 | 77,441 |
| Probation Office | 3,200 | 3,200 | 2,947 | 253 |
| Animal Control | 204,338 | 286,415 | 201,827 | 84,588 |
| Rural Fire Insurance Fees | 119,010 | 119,010 | - | 119,010 |
| County Grants | 150,000 | - | - | - |
| Building Maintenance | 34,910 | 207,110 | 197,949 | 9,161 |
| Vehicle Maintenance | 568,526 | 577,407 | 659,137 | (81,730) |
| Health and Welfare: | | | | |
| Charity Medical | 264,754 | 184,754 | 184,366 | 388 |
| Department of Social Services | 14,010 | 94,325 | 92,072 | 2,253 |
| Health Department | 62,050 | 279,250 | 275,519 | 3,731 |
| Veteran's Affairs | 135,445 | 135,445 | 135,050 | 395 |
| Mini-Bottle Appropriation | 96,000 | - | - | - |
| County Grants | 217,515 | 20,000 | 20,000 | - |
| Building Maintenance | 77,270 | 97,289 | 82,118 | 15,171 |
| Vehicle Maintenance | 6,496 | 6,286 | 6,821 | (535) |
| Highways and Streets: | | | | |
| Road Department | 2,184,713 | 2,932,272 | 1,739,078 | 1,193,194 |
| Building Maintenance | 16,067 | 20,015 | 20,380 | (365) |
| Vehicle Maintenance | 575,393 | 530,981 | 534,201 | (3,220) |
| Culture and Recreation: | | | | |
| Arts and Historical Commission | 35,802 | 38,302 | 33,538 | 4,764 |
| Parks, Recreation and Tourism | 950,825 | 704,213 | 421,974 | 282,239 |
| Library | 1,025,368 | 1,294,690 | 1,263,718 | 30,972 |
| Building Maintenance | 87,933 | 104,773 | 102,190 | 2,583 |
| Vehicle Maintenance | 34,338 | 38,434 | 34,967 | 3,467 |
| Capital Expenditures | 3,039,599 | 5,890,628 | 1,914,933 | 3,975,695 |
| Debt Service: | | | | |
| Principal Retirement | - | - | - | - |
| Interest and Fiscal Charges | - | - | - | - |
| Total Expenditures | <u>30,258,089</u> | <u>34,305,239</u> | <u>27,621,556</u> | <u>6,683,683</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (112,324) | (3,751,492) | 3,092,944 | 6,844,436 |
| Other Financing Sources (Uses) | | | | |
| Sale of Fixed Assets | - | - | 9,915 | 9,915 |
| Contributions - Infrastructure | - | - | 108,915 | 108,915 |
| Interfund Transfers In | 2,044,531 | 2,044,531 | 1,200,000 | (844,531) |
| Interfund Transfers (Out) | (3,553,149) | (3,238,827) | (3,542,768) | (303,941) |
| Net Change in Fund Balances | (1,620,942) | (4,945,788) | 869,006 | 5,814,794 |
| Fund Balances, Beginning | <u>10,552,773</u> | <u>10,552,773</u> | <u>10,552,773</u> | <u>-</u> |
| Fund Balances, Ending | <u>\$ 8,931,831</u> | <u>\$ 5,606,985</u> | <u>\$ 11,421,779</u> | <u>\$ 5,814,794</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, 2005

Note 1 – Budgetary Process and Basis of Accounting

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.

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. Capital Improvements | 51,134 | 167,987 | (116,853) |
| B. General Expense | 3,295,431 | 3,485,116 | (189,685) |
| C. Planning | 126,137 | 127,266 | (1,129) |
| D. County Airport | 537,291 | 560,950 | (23,659) |
| E. Environmental Services | 74,341 | 76,974 | (2,633) |
| F. Tax Collector | 100,987 | 101,102 | (115) |
| G. Vechicle Maintenance Facility | 1,371,948 | 1,376,807 | (4,859) |

- A. Capital Projects - All projects have their own fund balance account to off set these accounts.
- B. General Expense – Insurance costs are in excess, but there is a withholding account to off set these expenditures.
- C. Planning – The beginning budget amount for retirement was calculated wrong.
- D. County Airport – This is in excess in order to meet the demand for AV gas and jet fuel purchased at the airport. There is also an increase in the revenue account to off set these excessive expenditures.
- E. Environmental Services – All of the salaries for this department were combined with public buildings and the temporary services were paid out of this department.
- F. Tax Collector – The excess for this department is not relevant.
- G. Vehicle Maintenance – The excess of expenditures for this department is due to excessive vehicle maintenance and fuel usage by the Sheriff's department.

SUPPLEMENTAL INFORMATION

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

| | Debt Service Fund | Special Revenue Funds | Capital Project Funds | Total Nonmajor Governmental Funds |
|--|-------------------------|-----------------------------|-----------------------------|---|
| Assets | | | | |
| Cash and Other Cash Deposits | \$1,187,614 | \$ 211,141 | \$3,419,163 | \$ 4,817,918 |
| Restricted Assets - Cash and Other Cash Deposits | - | 881,058 | 1,453,791 | 2,334,849 |
| Accounts Receivable | - | 204,803 | 168,664 | 373,467 |
| Property Taxes Receivable | 5,701 | - | - | 5,701 |
| Total Assets | <u>\$1,193,315</u> | <u>\$ 1,297,002</u> | <u>\$ 5,041,618</u> | <u>\$ 7,531,935</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ - | \$ 36,667 | \$ 417,513 | \$ 454,180 |
| Deferred Revenue - Unearned | - | 52,245 | 90,568 | 142,813 |
| Deferred Revenue - Unavailable | - | 63,258 | 141,448 | 204,706 |
| Interfund Balances | - | 92,635 | 70,349 | 162,984 |
| Total Liabilities | <u>-</u> | <u>244,805</u> | <u>719,878</u> | <u>964,683</u> |
| Fund Balances: | | | | |
| Reserved for Encumbrances | - | 52,970 | 1,128,642 | 1,181,612 |
| Unreserved | 1,193,315 | 999,227 | 3,193,098 | 5,385,640 |
| Total Fund Balances | <u>1,193,315</u> | <u>1,052,197</u> | <u>4,321,740</u> | <u>6,567,252</u> |
| Total Liabilities and Fund Balances | <u>\$1,193,315</u> | <u>\$ 1,297,002</u> | <u>\$ 5,041,618</u> | <u>\$ 7,531,935</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, 2005

| | Debt Service Fund | Special Revenue Funds | Capital Project Funds | Total Nonmajor Governmental Funds |
|--|----------------------------------|--------------------------------------|--------------------------------------|--|
| Revenues | | | | |
| Property Taxes | \$ 1,199,387 | \$ - | \$ - | \$ 1,199,387 |
| Intergovernmental Revenues | - | 1,266,694 | 362,572 | 1,629,266 |
| Licenses, Permits and Fees | - | 2,760 | 399,830 | 402,590 |
| Fines and Forfeitures | - | 135,348 | - | 135,348 |
| Miscellaneous and Other | - | 235,648 | 15,484 | 251,132 |
| Payments in Lieu of Taxes and Franchise Fees | 61,009 | - | - | 61,009 |
| Interest Income | 19,503 | 396 | 27,383 | 47,282 |
| Total Revenues | <u>1,279,899</u> | <u>1,640,846</u> | <u>805,269</u> | <u>3,726,014</u> |
| Expenditures | | | | |
| Current Operating: | | | | |
| General Government | - | 94,985 | 144,658 | 239,643 |
| Judicial Services | - | 37,355 | - | 37,355 |
| Public Safety | - | 685,326 | 6,155 | 691,481 |
| Health and Welfare | - | 138,009 | - | 138,009 |
| Culture and Recreation | - | 198,935 | - | 198,935 |
| Capital Expenditures and Projects | - | 211,529 | 4,827,206 | 5,038,735 |
| Debt Service: | | | | |
| Principal Retirement | 1,590,939 | - | - | 1,590,939 |
| Interest and Fiscal Charges | 1,353,157 | - | - | 1,353,157 |
| Total Expenditures | <u>2,944,096</u> | <u>1,366,139</u> | <u>4,978,019</u> | <u>9,288,254</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (1,664,197) | 274,707 | (4,172,750) | (5,562,240) |
| Other Financing Sources and (Uses) | | | | |
| Face Amount of Bonds and Capital Leases | - | - | 1,700,000 | 1,700,000 |
| Interfund Transfers In | 907,222 | 65,701 | 343,309 | 1,316,232 |
| Net Change in Fund Balances | (756,975) | 340,408 | (2,129,441) | (2,546,008) |
| Fund Balances, Beginning | <u>1,950,290</u> | <u>711,789</u> | <u>6,451,181</u> | <u>9,113,260</u> |
| Fund Balances, Ending | <u>\$ 1,193,315</u> | <u>\$ 1,052,197</u> | <u>\$ 4,321,740</u> | <u>\$ 6,567,252</u> |

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

| | <u>Airport Donations</u> | <u>Library Donations</u> | <u>Duke Power Emergency Preparedness</u> | <u>Tourism ATAX 30%</u> | <u>Tourism ATAX 65%</u> | <u>25 % Local Accommodation Tax</u> | <u>75 % Local Accommodation Tax</u> | <u>Mapping System Grant</u> |
|---|------------------------------|------------------------------|--|-----------------------------|-----------------------------|---|---|-------------------------------------|
| Assets | | | | | | | | |
| Cash and Other Cash Deposits | \$ 616 | \$ 8,714 | \$ 87,940 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted Assets - Cash and Other Cash Deposits | - | - | - | - | 15,709 | 62,834 | 190,469 | 11,926 |
| Accounts Receivable | - | 2 | - | 16,377 | 35,704 | 4,159 | 12,477 | - |
| Total Assets | <u>\$ 616</u> | <u>\$ 8,716</u> | <u>\$ 87,940</u> | <u>\$ 16,377</u> | <u>\$ 51,413</u> | <u>\$ 66,993</u> | <u>\$ 202,946</u> | <u>\$ 11,926</u> |
| Liabilities and Fund Balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Deferred Revenue - Unearned | - | - | - | - | - | - | - | - |
| Deferred Revenue - Unavailable | - | - | - | - | - | - | - | - |
| Interfund Balances | - | - | - | - | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | | | | |
| Reserved for Encumbrances | - | - | 38,312 | - | - | - | - | - |
| Unreserved | 616 | 8,716 | 49,628 | 16,377 | 51,413 | 66,993 | 202,946 | 11,926 |
| Total Fund Balances | <u>616</u> | <u>8,716</u> | <u>87,940</u> | <u>16,377</u> | <u>51,413</u> | <u>66,993</u> | <u>202,946</u> | <u>11,926</u> |
| Total Liabilities and Fund Balances | <u>\$ 616</u> | <u>\$ 8,716</u> | <u>\$ 87,940</u> | <u>\$ 16,377</u> | <u>\$ 51,413</u> | <u>\$ 66,993</u> | <u>\$ 202,946</u> | <u>\$ 11,926</u> |

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

| | Rural Homeland Security | Sheriff DEA State Funds | Sheriff DEA Federal Funds | Duke Power 911 Equipment | Local Emergency Preparedness | Rescue Squad Banquet Donations | DARE Fund | Economic Development BellSouth |
|---|-------------------------------|-------------------------------|---------------------------------|--------------------------------|------------------------------------|---|--------------|--------------------------------------|
| Assets | | | | | | | | |
| Cash and Other Cash Deposits | \$ 56,878 | \$ - | \$ - | \$ - | \$ 11,607 | \$ 2,120 | \$ - | \$ - |
| Restricted Assets - Cash and Other Cash Deposits | - | 201,536 | 22,298 | 6,575 | - | - | - | 625 |
| Accounts Receivable | - | - | - | - | - | - | - | - |
| Total Assets | <u>\$ 56,878</u> | <u>\$ 201,536</u> | <u>\$ 22,298</u> | <u>\$ 6,575</u> | <u>\$ 11,607</u> | <u>\$ 2,120</u> | <u>\$ -</u> | <u>\$ 625</u> |
| Liabilities and Fund Balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Deferred Revenue - Unearned | - | - | - | - | - | - | - | - |
| Deferred Revenue - Unavailable | - | - | - | - | - | - | - | - |
| Interfund Balances | - | - | - | - | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | | | | |
| Reserved for Encumbrances | - | - | - | - | - | - | - | - |
| Unreserved | 56,878 | 201,536 | 22,298 | 6,575 | 11,607 | 2,120 | - | 625 |
| Total Fund Balances | <u>56,878</u> | <u>201,536</u> | <u>22,298</u> | <u>6,575</u> | <u>11,607</u> | <u>2,120</u> | <u>-</u> | <u>625</u> |
| Total Liabilities and Fund Balances | <u>\$ 56,878</u> | <u>\$ 201,536</u> | <u>\$ 22,298</u> | <u>\$ 6,575</u> | <u>\$ 11,607</u> | <u>\$ 2,120</u> | <u>\$ -</u> | <u>\$ 625</u> |

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

| | Seneca Health Clinic | DHEC EMS Grant In Aid | HMEP Planning Grant | Rescue Squad Equipment Donations | County Park Brochures | Industrial Park Development | Clerk of Court | Clerk of Court Victim's Assistance |
|---|----------------------------|-----------------------------|---------------------------|---|-----------------------------|-----------------------------------|-------------------|---|
| Assets | | | | | | | | |
| Cash and Other Cash Deposits | \$ - | \$ - | \$ - | \$ 3,329 | \$ 3,000 | \$ - | \$ 14,005 | \$ - |
| Restricted Assets - Cash and Other Cash Deposits | 11,791 | - | - | - | - | 35,000 | - | 53,474 |
| Accounts Receivable | - | 22,030 | - | - | - | - | 160 | - |
| Total Assets | <u>\$ 11,791</u> | <u>\$ 22,030</u> | <u>\$ -</u> | <u>\$ 3,329</u> | <u>\$ 3,000</u> | <u>\$ 35,000</u> | <u>\$ 14,165</u> | <u>\$ 53,474</u> |
| Liabilities and Fund Balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Deferred Revenue - Unearned | - | - | - | - | - | - | - | - |
| Deferred Revenue - Unavailable | - | - | - | - | - | - | - | - |
| Interfund Balances | - | 22,030 | - | - | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>22,030</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | | | | | |
| Reserved for Encumbrances | - | - | - | - | - | - | - | - |
| Unreserved | 11,791 | - | - | 3,329 | 3,000 | 35,000 | 14,165 | 53,474 |
| Total Fund Balances | <u>11,791</u> | <u>-</u> | <u>-</u> | <u>3,329</u> | <u>3,000</u> | <u>35,000</u> | <u>14,165</u> | <u>53,474</u> |
| Total Liabilities and Fund Balances | <u>\$ 11,791</u> | <u>\$ 22,030</u> | <u>\$ -</u> | <u>\$ 3,329</u> | <u>\$ 3,000</u> | <u>\$ 35,000</u> | <u>\$ 14,165</u> | <u>\$ 53,474</u> |

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

| | Clerk of Court Child Support Enforcement | Magistrate Victim's Assistance | U.S. District Court Community Fund | LLEBGP 2004 LBBX | Animal Control Donations | Arts and Historical Donation | Rural Fire Training | Child/Elder Abuse Grant |
|---|---|--------------------------------------|---|------------------------|--------------------------------|------------------------------------|---------------------------|-------------------------------|
| Assets | | | | | | | | |
| Cash and Other Cash Deposits | \$ - | \$ - | \$ - | \$ - | \$ 9,199 | \$ 1,000 | \$ 61 | \$ - |
| Restricted Assets - Cash and Other Cash Deposits | 59,391 | 150,549 | 3,871 | 14,827 | - | - | - | - |
| Accounts Receivable | 8,888 | - | - | - | - | - | - | 11,596 |
| Total Assets | <u>\$ 68,279</u> | <u>\$ 150,549</u> | <u>\$ 3,871</u> | <u>\$ 14,827</u> | <u>\$ 9,199</u> | <u>\$ 1,000</u> | <u>\$ 61</u> | <u>\$ 11,596</u> |
| Liabilities and Fund Balances | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Deferred Revenue - Unearned | - | - | - | 13,196 | - | - | - | - |
| Deferred Revenue - Unavailable | - | - | - | - | - | - | - | 11,496 |
| Interfund Balances | - | - | - | - | - | - | - | 11,596 |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,196</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>23,092</u> |
| Fund Balances: | | | | | | | | |
| Reserved for Encumbrances | 10,341 | 157 | - | - | - | - | - | 472 |
| Unreserved | 57,938 | 150,392 | 3,871 | 1,631 | 9,199 | 1,000 | 61 | (11,968) |
| Total Fund Balances | <u>68,279</u> | <u>150,549</u> | <u>3,871</u> | <u>1,631</u> | <u>9,199</u> | <u>1,000</u> | <u>61</u> | <u>(11,496)</u> |
| Total Liabilities and Fund Balances | <u>\$ 68,279</u> | <u>\$ 150,549</u> | <u>\$ 3,871</u> | <u>\$ 14,827</u> | <u>\$ 9,199</u> | <u>\$ 1,000</u> | <u>\$ 61</u> | <u>\$ 11,596</u> |

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

| | Homeland Security Sherriff | Pard Grant | Mini Bottle | PRT Alexander Cannon Hill House | LLEBGP 2002 LBBX1621 | LLEBGP 2003 LBBX2446 | Homeland Security Grant | Citizens Corps Grant | DCSIP Grant |
|---|----------------------------------|-----------------|------------------|---|----------------------------|----------------------------|-------------------------------|----------------------------|------------------|
| Assets | | | | | | | | | |
| Cash and Other Cash Deposits | \$ - | \$ - | \$ - | \$ 10,000 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted Assets - Cash and Other Cash Deposits | - | - | - | - | - | 25,390 | - | 5,899 | - |
| Accounts Receivable | 10,812 | 3,000 | 34,529 | - | - | 100 | 28,089 | 6,037 | 10,843 |
| Total Assets | <u>\$ 10,812</u> | <u>\$ 3,000</u> | <u>\$ 34,529</u> | <u>\$ 10,000</u> | <u>\$ -</u> | <u>\$ 25,490</u> | <u>\$ 28,089</u> | <u>\$ 11,936</u> | <u>\$ 10,843</u> |
| Liabilities and Fund Balances | | | | | | | | | |
| Liabilities: | | | | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ 34,529 | \$ - | \$ - | \$ - | \$ 2,138 | \$ - | \$ - |
| Deferred Revenue - Unearned | - | - | - | 10,000 | - | 21,136 | - | - | - |
| Deferred Revenue - Unavailable | 10,812 | - | - | - | - | - | 28,090 | 2,017 | 10,843 |
| Interfund Balances | 10,812 | 3,000 | - | - | - | - | 25,952 | 11,936 | 7,309 |
| Total Liabilities | <u>21,624</u> | <u>3,000</u> | <u>34,529</u> | <u>10,000</u> | <u>-</u> | <u>21,136</u> | <u>56,180</u> | <u>13,953</u> | <u>18,152</u> |
| Fund Balances: | | | | | | | | | |
| Reserved for Encumbrances | - | - | - | - | - | 3,688 | - | - | - |
| Unreserved | (10,812) | - | - | - | - | 666 | (28,091) | (2,017) | (7,309) |
| Total Fund Balances | <u>(10,812)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,354</u> | <u>(28,091)</u> | <u>(2,017)</u> | <u>(7,309)</u> |
| Total Liabilities and Fund Balances | <u>\$ 10,812</u> | <u>\$ 3,000</u> | <u>\$ 34,529</u> | <u>\$ 10,000</u> | <u>\$ -</u> | <u>\$ 25,490</u> | <u>\$ 28,089</u> | <u>\$ 11,936</u> | <u>\$ 10,843</u> |

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

| | Library Construction Donation | Rural Fire Hazemat Team | Library Lottery Funds | Library Tier 2 Staying Connected | Total Nonmajor Special Revenue Funds |
|---|-------------------------------------|-------------------------------|-----------------------------|---|---|
| Assets | | | | | |
| Cash and Other Cash Deposits | \$ 1,051 | \$ 1,621 | \$ - | \$ - | \$ 211,141 |
| Restricted Assets - Cash and Other Cash Deposits | - | - | 981 | 7,913 | 881,058 |
| Accounts Receivable | - | - | - | - | 204,803 |
| Total Assets | <u>\$ 1,051</u> | <u>\$ 1,621</u> | <u>\$ 981</u> | <u>\$ 7,913</u> | <u>\$ 1,297,002</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ 36,667 |
| Deferred Revenue - Unearned | - | - | - | 7,913 | 52,245 |
| Deferred Revenue - Unavailable | - | - | - | - | 63,258 |
| Interfund Balances | - | - | - | - | 92,635 |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,913</u> | <u>244,805</u> |
| Fund Balances: | | | | | |
| Reserved for Encumbrances | - | - | - | - | 52,970 |
| Unreserved | 1,051 | 1,621 | 981 | - | 999,227 |
| Total Fund Balances | <u>1,051</u> | <u>1,621</u> | <u>981</u> | <u>-</u> | <u>1,052,197</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,051</u> | <u>\$ 1,621</u> | <u>\$ 981</u> | <u>\$ 7,913</u> | <u>\$ 1,297,002</u> |

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, 2005

| | 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 | \$ - | \$ - | \$ - | \$ 32,135 | \$ 69,626 | \$ - | \$ - |
| Licenses, Permits and Fees | - | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - | - |
| Miscellaneous and Other | 2,500 | 10,336 | 71,486 | - | - | 32,556 | 97,670 |
| Interest Income | - | - | - | - | 248 | 37 | 111 |
| Total Revenues | 2,500 | 10,336 | 71,486 | 32,135 | 69,874 | 32,593 | 97,781 |
| Expenditures | | | | | | | |
| Current Operating: | | | | | | | |
| General Government | 4,682 | - | - | - | - | - | - |
| Judicial Services | - | - | - | - | - | - | - |
| Public Safety | - | - | 28,759 | - | - | - | - |
| Health and Welfare | - | - | - | - | - | - | - |
| Culture and Recreation | - | 11,272 | - | 31,081 | 52,820 | 655 | - |
| Capital Expenditures | - | 368 | - | - | - | - | - |
| Total Expenditures | 4,682 | 11,640 | 28,759 | 31,081 | 52,820 | 655 | - |
| Excess (Deficiency) of Revenues Over Expenditures | (2,182) | (1,304) | 42,727 | 1,054 | 17,054 | 31,938 | 97,781 |
| Other Financing Sources and (Uses) | | | | | | | |
| Interfund Transfers In | - | - | - | - | - | - | - |
| Interfund Transfers (Out) | - | - | - | - | - | - | - |
| Net Change in Fund Balances | (2,182) | (1,304) | 42,727 | 1,054 | 17,054 | 31,938 | 97,781 |
| Fund Balances, Beginning | 2,798 | 10,020 | 45,213 | 15,323 | 34,359 | 35,055 | 105,165 |
| Fund Balances, Ending | \$ 616 | \$ 8,716 | \$ 87,940 | \$ 16,377 | \$ 51,413 | \$ 66,993 | \$ 202,946 |

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, 2005

| | Rural Fire Homeland Security | Mapping System Grant | Sheriff DEA State Funds | Sheriff DEA Federal Funds | Duke Power 911 Equipment | Local Emergency Preparedness | Rescue Squad Banquet Donations |
|--|------------------------------------|----------------------------|-------------------------------|---------------------------------|--------------------------------|------------------------------------|---|
| Revenues | | | | | | | |
| Intergovernmental Revenues | \$ - | \$ - | \$ 403,784 | \$ 13,740 | \$ - | \$ - | \$ - |
| Licenses, Permits and Fees | - | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - | - |
| Miscellaneous and Other | - | - | - | - | - | - | 3,250 |
| Interest Income | - | - | - | - | - | - | - |
| Total Revenues | <u>-</u> | <u>-</u> | <u>403,784</u> | <u>13,740</u> | <u>-</u> | <u>-</u> | <u>3,250</u> |
| Expenditures | | | | | | | |
| Current Operating: | | | | | | | |
| General Government | - | 5,012 | - | - | - | - | - |
| Judicial Services | - | - | - | - | - | - | - |
| Public Safety | - | - | 193,790 | 9,762 | - | - | 1,996 |
| Health and Welfare | - | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - | - |
| Capital Expenditures | - | - | 42,459 | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>5,012</u> | <u>236,249</u> | <u>9,762</u> | <u>-</u> | <u>-</u> | <u>1,996</u> |
| Excess (Deficiency) of Revenues Over Expenditures | - | (5,012) | 167,535 | 3,978 | - | - | 1,254 |
| Other Financing Sources and (Uses) | | | | | | | |
| Interfund Transfers In | 56,878 | - | - | - | - | - | - |
| Interfund Transfers (Out) | - | - | - | - | - | - | - |
| Net Change in Fund Balances | 56,878 | (5,012) | 167,535 | 3,978 | - | - | 1,254 |
| Fund Balances, Beginning | <u>-</u> | <u>16,938</u> | <u>34,001</u> | <u>18,320</u> | <u>6,575</u> | <u>11,607</u> | <u>866</u> |
| Fund Balances, Ending | <u>\$ 56,878</u> | <u>\$ 11,926</u> | <u>\$ 201,536</u> | <u>\$ 22,298</u> | <u>\$ 6,575</u> | <u>\$ 11,607</u> | <u>\$ 2,120</u> |

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, 2005

| | Economic Development Bell South | Clerk of Court Child Support Enforcement | Animal Control Donation | DARE Fund | Seneca Health Clinic | Arts and Historical Donations | Rescue Squad Equipment Donations |
|--|---------------------------------------|--|-------------------------------|----------------|----------------------------|-------------------------------------|---|
| Revenues | | | | | | | |
| Intergovernmental Revenues | \$ - | \$ 102,886 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses, Permits and Fees | - | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - | - |
| Miscellaneous and Other | - | - | 9,199 | - | - | 3,000 | 4,800 |
| Interest Income | - | - | - | - | - | - | - |
| Total Revenues | <u>-</u> | <u>102,886</u> | <u>9,199</u> | <u>-</u> | <u>-</u> | <u>3,000</u> | <u>4,800</u> |
| Expenditures | | | | | | | |
| Current Operating: | | | | | | | |
| General Government | 1,875 | - | - | - | - | - | - |
| Judicial Services | - | 34,607 | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - | 2,446 |
| Health and Welfare | - | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | 2,000 | - |
| Capital Expenditures | - | - | - | - | - | - | - |
| Total Expenditures | <u>1,875</u> | <u>34,607</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,000</u> | <u>2,446</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (1,875) | 68,279 | 9,199 | - | - | 1,000 | 2,354 |
| Other Financing Sources and (Uses) | | | | | | | |
| Interfund Transfers In | - | - | - | 2,854 | - | - | - |
| Interfund Transfers (Out) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | (1,875) | 68,279 | 9,199 | 2,854 | - | 1,000 | 2,354 |
| Fund Balances, Beginning | <u>2,500</u> | <u>-</u> | <u>-</u> | <u>(2,854)</u> | <u>11,791</u> | <u>-</u> | <u>975</u> |
| Fund Balances, Ending | <u>\$ 625</u> | <u>\$ 68,279</u> | <u>\$ 9,199</u> | <u>\$ -</u> | <u>\$ 11,791</u> | <u>\$ 1,000</u> | <u>\$ 3,329</u> |

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, 2005

| | County Park Brochures | Industrial Park Development | DHEC EMS Grant | Clerk of Court | Clerk of Court Victim's Assistance | Magistrate Victim's Assistance | U. S. District Court Community Assistance |
|--|-----------------------------|-----------------------------------|----------------------|-------------------|--|--------------------------------------|--|
| Revenues | | | | | | | |
| Intergovernmental Revenues | \$ - | \$ - | \$ 22,030 | \$ - | \$ - | \$ - | \$ - |
| Licenses, Permits and Fees | - | - | - | 2,760 | - | - | - |
| Fines and Forfeitures | - | - | - | - | 38,988 | 96,360 | - |
| Miscellaneous and Other | - | - | - | - | - | - | - |
| Interest Income | - | - | - | - | - | - | - |
| Total Revenues | <u>-</u> | <u>-</u> | <u>22,030</u> | <u>2,760</u> | <u>38,988</u> | <u>96,360</u> | <u>-</u> |
| Expenditures | | | | | | | |
| Current Operating: | | | | | | | |
| General Government | - | - | - | - | - | - | - |
| Judicial Services | - | - | - | 2,748 | - | - | - |
| Public Safety | - | - | - | - | 49,662 | 172,748 | - |
| Health and Welfare | - | - | 22,030 | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - | - |
| Capital Expenditures | - | - | - | - | - | 5,219 | - |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>22,030</u> | <u>2,748</u> | <u>49,662</u> | <u>177,967</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over Expenditures | - | - | - | 12 | (10,674) | (81,607) | - |
| Other Financing Sources and (Uses) | | | | | | | |
| Interfund Transfers In | - | - | - | - | - | - | - |
| Interfund Transfers (Out) | - | - | - | - | - | - | - |
| Net Change in Fund Balances | - | - | - | 12 | (10,674) | (81,607) | - |
| Fund Balances, Beginning | <u>3,000</u> | <u>35,000</u> | <u>-</u> | <u>14,151</u> | <u>64,150</u> | <u>232,156</u> | <u>3,871</u> |
| Fund Balances, Ending | <u>\$ 3,000</u> | <u>\$ 35,000</u> | <u>\$ -</u> | <u>\$ 14,163</u> | <u>\$ 53,476</u> | <u>\$ 150,549</u> | <u>\$ 3,871</u> |

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, 2005

| | LLEBGP 2004LBBX | LLEBGP 2002 LBBX1621 | LLEBGP 2003 LBBX2446 | Homeland Security Grant | DCSIP Grant | Rural Fire Training | Rural Fire Hazmat Team |
|--|----------------------------|-------------------------------------|-------------------------------------|--|------------------------|--------------------------------|---------------------------------------|
| Revenues | | | | | | | |
| Intergovernmental Revenues | \$ 165 | \$ 4,569 | \$ 11,789 | \$ 141,051 | \$ 29,420 | \$ - | \$ - |
| Licenses, Permits and Fees | - | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - | - |
| Miscellaneous and Other | - | - | - | - | - | 500 | 250 |
| Interest Income | - | - | - | - | - | - | - |
| Total Revenues | 165 | 4,569 | 11,789 | 141,051 | 29,420 | 500 | 250 |
| Expenditures | | | | | | | |
| Current Operating: | | | | | | | |
| General Government | - | - | - | - | - | - | - |
| Judicial Services | - | - | - | - | - | - | - |
| Public Safety | - | 9,258 | 11,234 | 104,577 | 36,729 | 439 | - |
| Health and Welfare | - | - | - | - | - | - | - |
| Culture and Recreation | - | - | - | - | - | - | - |
| Capital Expenditures | - | - | - | 64,565 | - | - | - |
| Total Expenditures | - | 9,258 | 11,234 | 169,142 | 36,729 | 439 | - |
| Excess (Deficiency) of Revenues Over Expenditures | 165 | (4,689) | 555 | (28,091) | (7,309) | 61 | 250 |
| Other Financing Sources and (Uses) | | | | | | | |
| Interfund Transfers In | 1,466 | - | - | - | - | - | - |
| Interfund Transfers (Out) | - | - | - | - | - | - | - |
| Net Change in Fund Balances | 1,631 | (4,689) | 555 | (28,091) | (7,309) | 61 | 250 |
| Fund Balances, Beginning | - | 4,689 | 3,799 | - | - | - | 1,371 |
| Fund Balances, Ending | \$ 1,631 | \$ - | \$ 4,354 | \$ (28,091) | \$ (7,309) | \$ 61 | \$ 1,621 |

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, 2005

| | Library Lottery Funds | Child/Elder Abuse Grant | Citizens Corps Grant | Homeland Security Sheriff | National Forestry Title III | Library Surplus Lottery | Airport Rotation Beacon |
|--|--------------------------------------|--|-------------------------------------|--|--|--|--|
| Revenues | | | | | | | |
| Intergovernmental Revenues | \$ 47,862 | \$ 49,901 | \$ 7,721 | \$ 24,654 | \$ 75,824 | \$ 50,000 | \$ 5,694 |
| Licenses, Permits and Fees | - | - | - | - | - | - | - |
| Fines and Forfeitures | - | - | - | - | - | - | - |
| Miscellaneous and Other | - | - | - | - | - | - | - |
| Interest Income | - | - | - | - | - | - | - |
| Total Revenues | <u>47,862</u> | <u>49,901</u> | <u>7,721</u> | <u>24,654</u> | <u>75,824</u> | <u>50,000</u> | <u>5,694</u> |
| Expenditures | | | | | | | |
| Current Operating: | | | | | | | |
| General Government | - | - | - | - | 75,824 | - | 7,592 |
| Judicial Services | - | - | - | - | - | - | - |
| Public Safety | - | 45,740 | 9,738 | 8,448 | - | - | - |
| Health and Welfare | - | - | - | - | - | - | - |
| Culture and Recreation | 24,311 | - | - | - | - | 43,691 | - |
| Capital Expenditures | 22,570 | 15,657 | - | 27,018 | - | 6,309 | - |
| Total Expenditures | <u>46,881</u> | <u>61,397</u> | <u>9,738</u> | <u>35,466</u> | <u>75,824</u> | <u>50,000</u> | <u>7,592</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 981 | (11,496) | (2,017) | (10,812) | - | - | (1,898) |
| Other Financing Sources and (Uses) | | | | | | | |
| Interfund Transfers In | - | - | - | - | - | - | 1,898 |
| Interfund Transfers (Out) | - | - | - | - | - | - | - |
| Net Change in Fund Balances | 981 | (11,496) | (2,017) | (10,812) | - | - | - |
| Fund Balances, Beginning | - | - | - | - | - | - | - |
| Fund Balances, Ending | <u>\$ 981</u> | <u>\$ (11,496)</u> | <u>\$ (2,017)</u> | <u>\$ (10,812)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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, 2005

| | PARD Grant | Mini Bottle | Library Construction Donation | Library Space Science NASA | Library Books, etc. State | Total Nonmajor Special Revenue Funds |
|--|-----------------------|------------------------|--|---|--|---|
| Revenues | | | | | | |
| Intergovernmental Revenues | \$ 3,000 | \$ 115,979 | \$ - | \$ 500 | \$ 54,364 | \$ 1,266,694 |
| Licenses, Permits and Fees | - | - | - | - | - | 2,760 |
| Fines and Forfeitures | - | - | - | - | - | 135,348 |
| Miscellaneous and Other | - | - | 101 | - | - | 235,648 |
| Interest Income | - | - | - | - | - | 396 |
| Total Revenues | 3,000 | 115,979 | 101 | 500 | 54,364 | 1,640,846 |
| Expenditures | | | | | | |
| Current Operating: | | | | | | |
| General Government | - | - | - | - | - | \$ 94,985 |
| Judicial Services | - | - | - | - | - | 37,355 |
| Public Safety | - | - | - | - | - | 685,326 |
| Health and Welfare | - | 115,979 | - | - | - | 138,009 |
| Culture and Recreation | 5,605 | - | - | 500 | 27,000 | 198,935 |
| Capital Expenditures | - | - | - | - | 27,364 | 211,529 |
| Total Expenditures | 5,605 | 115,979 | - | 500 | 54,364 | 1,366,139 |
| Excess (Deficiency) of Revenues Over Expenditures | (2,605) | - | 101 | - | - | 274,707 |
| Other Financing Sources and (Uses) | | | | | | |
| Interfund Transfers In | 2,605 | - | - | - | - | 65,701 |
| Interfund Transfers (Out) | - | - | - | - | - | - |
| Net Change in Fund Balances | - | - | 101 | - | - | 340,408 |
| Fund Balances, Beginning | - | - | 950 | - | - | 711,789 |
| Fund Balances, Ending | \$ - | \$ - | \$ 1,051 | \$ - | \$ - | \$ 1,052,197 |

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2005

| | 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 | \$ - | \$ - | \$ - | \$ 1,531 | \$ 41,918 | \$ 432,288 |
| Restricted Assets - Cash and Other Cash Deposits | 91,261 | - | - | - | - | - |
| Accounts Receivable | - | 5,869 | - | - | - | - |
| Total Assets | <u>\$ 91,261</u> | <u>\$ 5,869</u> | <u>\$ -</u> | <u>\$ 1,531</u> | <u>\$ 41,918</u> | <u>\$ 432,288</u> |
| Liabilities and Fund Balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | \$ 1,000 | \$ - | \$ - | \$ - | \$ - | \$ 1,800 |
| Deferred Revenue-Unearned | - | - | - | - | - | - |
| Deferred Revenue-Unavailable | - | - | - | - | - | - |
| Interfund Balances | - | 5,349 | - | - | - | - |
| Total Liabilities | <u>1,000</u> | <u>5,349</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,800</u> |
| Fund Balances: | | | | | | |
| Reserved for Encumbrances | 11,310 | - | 13,639 | - | - | 76,564 |
| Unreserved | 78,951 | 520 | (13,639) | 1,531 | 41,918 | 353,924 |
| Total Fund Balances | <u>90,261</u> | <u>520</u> | <u>-</u> | <u>1,531</u> | <u>41,918</u> | <u>430,488</u> |
| Total Liabilities and Fund Balances | <u>\$ 91,261</u> | <u>\$ 5,869</u> | <u>\$ -</u> | <u>\$ 1,531</u> | <u>\$ 41,918</u> | <u>\$ 432,288</u> |

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2005

| | EMS Facility Expansion | Airport Improvement Program #3-45-16-13 | Airport Improvement Program #3-45-16-14 | Bellsouth Fund | 911 Clec Fees | State Wireless Fund |
|--|---------------------------------------|--|--|---------------------------|------------------------------|------------------------------------|
| Assets | | | | | | |
| Cash and Other Cash Deposits | \$ - | \$ - | \$ - | | \$ - | \$ - |
| Restricted Assets - Cash and Other Cash Deposits | 546,901 | - | - | 51,815 | 17,631 | 84,071 |
| Accounts Receivable | - | 65,000 | 76,448 | - | 3,166 | 18,181 |
| Total Assets | <u>\$ 546,901</u> | <u>\$ 65,000</u> | <u>\$ 76,448</u> | <u>\$ 51,815</u> | <u>\$ 20,797</u> | <u>\$ 102,252</u> |
| Liabilities and Fund Balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | \$ 294,571 | \$ - | \$ 78,408 | \$ - | \$ - | \$ 3,418 |
| Deferred Revenue-Unearned | - | - | - | - | - | - |
| Deferred Revenue-Unavailable | - | 65,000 | 76,448 | - | - | - |
| Interfund Balances | - | 65,000 | - | - | - | - |
| Total Liabilities | <u>294,571</u> | <u>130,000</u> | <u>154,856</u> | <u>-</u> | <u>-</u> | <u>3,418</u> |
| Fund Balances: | | | | | | |
| Reserved for Encumbrances | 503,693 | - | - | - | 275 | 8,376 |
| Unreserved | (251,363) | (65,000) | (78,408) | 51,815 | 20,522 | 90,458 |
| Total Fund Balances | <u>252,330</u> | <u>(65,000)</u> | <u>(78,408)</u> | <u>51,815</u> | <u>20,797</u> | <u>98,834</u> |
| Total Liabilities and Fund Balances | <u>\$ 546,901</u> | <u>\$ 65,000</u> | <u>\$ 76,448</u> | <u>\$ 51,815</u> | <u>\$ 20,797</u> | <u>\$ 102,252</u> |

See independent auditors' report.

Oconee County, South Carolina
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2005

| | 911 Equipment Lease | 911 Apco Grant | Economic Development Infrastructure | Other County Infrastructure | DSS Office Construction | Total Nonmajor Capital Project Funds |
|--|---------------------------|----------------------|---|-----------------------------------|----------------------------|---|
| Assets | | | | | | |
| Cash and Other Cash Deposits | \$ - | \$ - | \$ 541,666 | \$ 900,000 | \$ 1,501,760 | \$ 3,419,163 |
| Restricted Assets - Cash and Other Cash Deposits | 571,544 | 90,568 | - | - | - | 1,453,791 |
| Accounts Receivable | - | - | - | - | - | 168,664 |
| Total Assets | <u>\$ 571,544</u> | <u>\$ 90,568</u> | <u>\$ 541,666</u> | <u>\$ 900,000</u> | <u>\$ 1,501,760</u> | <u>\$ 5,041,618</u> |
| Liabilities and Fund Balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | \$ 10,287 | \$ - | \$ 16,920 | \$ 11,109 | \$ - | \$ 417,513 |
| Deferred Revenue-Unearned | - | 90,568 | - | - | - | 90,568 |
| Deferred Revenue-Unavailable | - | - | - | - | - | 141,448 |
| Interfund Balances | - | - | - | - | - | 70,349 |
| Total Liabilities | <u>10,287</u> | <u>90,568</u> | <u>16,920</u> | <u>11,109</u> | <u>-</u> | <u>719,878</u> |
| Fund Balances: | | | | | | |
| Reserved for Encumbrances | 453,639 | - | 61,146 | - | - | 1,128,642 |
| Unreserved | 107,618 | - | 463,600 | 888,891 | 1,501,760 | 3,193,098 |
| Total Fund Balances | <u>561,257</u> | <u>-</u> | <u>524,746</u> | <u>888,891</u> | <u>1,501,760</u> | <u>4,321,740</u> |
| Total Liabilities and Fund Balances | <u>\$ 571,544</u> | <u>\$ 90,568</u> | <u>\$ 541,666</u> | <u>\$ 900,000</u> | <u>\$ 1,501,760</u> | <u>\$ 5,041,618</u> |

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, 2005

| | <u>Court House</u> | <u>Airport Improvement Program #3-45-0016-11</u> | <u>Airport Improvement Program #3-45-0016-12</u> | <u>Newry Infrastructure Project</u> | <u>Rural Fire Burn Building</u> | <u>Communications Center</u> |
|--|------------------------|--|--|---|---|----------------------------------|
| Revenues | | | | | | |
| Intergovernmental Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses, Permits and Fees | - | - | - | - | - | - |
| Miscellaneous and Other | - | - | - | - | - | - |
| Interest Income | - | - | - | 22 | - | - |
| Total Revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>22</u> | <u>-</u> | <u>-</u> |
| Expenditures | | | | | | |
| Current Operating: | | | | | | |
| General Government | - | - | - | - | - | - |
| Public Safety | - | - | - | - | 6,155 | - |
| Capital Expenditures | 40,092 | - | - | - | - | 148,924 |
| Total Expenditures | <u>40,092</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,155</u> | <u>148,924</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (40,092) | - | - | 22 | (6,155) | (148,924) |
| Other Financing Sources and (Uses) | | | | | | |
| Face Amount of Bonds and Capital Leases | - | - | - | - | - | - |
| Interfund Transfers In | - | - | - | - | - | 189,412 |
| Interfund Transfers (Out) | - | - | - | - | - | - |
| Net Change in Fund Balances | <u>(40,092)</u> | <u>-</u> | <u>-</u> | <u>22</u> | <u>(6,155)</u> | <u>40,488</u> |
| Fund Balances, Beginning | <u>130,353</u> | <u>520</u> | <u>-</u> | <u>1,509</u> | <u>48,073</u> | <u>390,000</u> |
| Fund Balances, Ending | <u>\$ 90,261</u> | <u>\$ 520</u> | <u>\$ -</u> | <u>\$ 1,531</u> | <u>\$ 41,918</u> | <u>\$ 430,488</u> |

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, 2005

| | EMS Facility Expansion | Airport Improvement Program #3-45-16-13 | Airport Improvement Program #3-45-16-14 | Bellsouth Fund | 911 Clec Fees | State Wireless Fund | 911 Equipment Lease |
|--|---------------------------------------|--|--|---------------------------|------------------------------|------------------------------------|------------------------------------|
| Revenues | | | | | | | |
| Intergovernmental Revenues | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 62,572 | \$ - |
| Licenses, Permits and Fees | - | - | - | 369,000 | 30,830 | - | - |
| Miscellaneous and Other | - | - | - | - | - | - | - |
| Interest Income | 3,211 | - | - | - | 290 | 115 | 20,853 |
| Total Revenues | <u>3,211</u> | <u>-</u> | <u>-</u> | <u>369,000</u> | <u>31,120</u> | <u>62,687</u> | <u>20,853</u> |
| Expenditures | | | | | | | |
| Current Operating: | | | | | | | |
| General Government | - | 65,000 | 78,408 | - | - | - | - |
| Public Safety | - | - | - | - | - | - | - |
| Capital Expenditures | 2,501,985 | - | - | 317,185 | 36,081 | 275,484 | 1,159,596 |
| Total Expenditures | <u>2,501,985</u> | <u>65,000</u> | <u>78,408</u> | <u>317,185</u> | <u>36,081</u> | <u>275,484</u> | <u>1,159,596</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (2,498,774) | (65,000) | (78,408) | 51,815 | (4,961) | (212,797) | (1,138,743) |
| Other Financing Sources and (Uses) | | | | | | | |
| Face Amount of Bonds and Capital Leases | - | - | - | - | - | - | 1,700,000 |
| Interfund Transfers In | - | - | - | - | - | - | - |
| Interfund Transfers (Out) | - | - | - | - | - | - | - |
| Net Change in Fund Balances | <u>(2,498,774)</u> | <u>(65,000)</u> | <u>(78,408)</u> | <u>51,815</u> | <u>(4,961)</u> | <u>(212,797)</u> | <u>561,257</u> |
| Fund Balances, Beginning | <u>2,751,104</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>25,758</u> | <u>311,631</u> | <u>-</u> |
| Fund Balances, Ending | <u>\$ 252,330</u> | <u>\$ (65,000)</u> | <u>\$ (78,408)</u> | <u>\$ 51,815</u> | <u>\$ 20,797</u> | <u>\$ 98,834</u> | <u>\$ 561,257</u> |

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, 2005

| | <u>911 Apco Grant</u> | <u>Economic Development Infrastructure</u> | <u>Other County Infrastructure</u> | <u>DSS Office Construction</u> | <u>Total Nonmajor Capital Project Funds</u> |
|--|-------------------------------|--|--|--|---|
| Revenues | | | | | |
| Intergovernmental Revenues | \$ - | \$ - | \$ 300,000 | \$ - | \$ 362,572 |
| Licenses, Permits and Fees | - | - | - | - | 399,830 |
| Miscellaneous and Other | 15,484 | - | - | - | 15,484 |
| Interest Income | - | 2,892 | - | - | 27,383 |
| Total Revenues | <u>15,484</u> | <u>2,892</u> | <u>300,000</u> | <u>-</u> | <u>805,269</u> |
| Expenditures | | | | | |
| Current Operating: | | | | | |
| General Government | - | 1,250 | - | - | 144,658 |
| Public Safety | - | - | - | - | 6,155 |
| Capital Expenditures | 15,484 | 324,675 | - | 7,700 | 4,827,206 |
| Total Expenditures | <u>15,484</u> | <u>325,925</u> | <u>-</u> | <u>7,700</u> | <u>4,978,019</u> |
| Excess (Deficiency) of Revenues Over Expenditures | - | (323,033) | 300,000 | (7,700) | (4,172,750) |
| Other Financing Sources and (Uses) | | | | | |
| Face Amount of Bonds and Capital Leases | - | - | - | - | 1,700,000 |
| Interfund Transfers In | - | 153,897 | - | - | 343,309 |
| Interfund Transfers (Out) | - | - | - | - | - |
| Net Change in Fund Balances | <u>-</u> | <u>(169,136)</u> | <u>300,000</u> | <u>(7,700)</u> | <u>(2,129,441)</u> |
| Fund Balances, Beginning | <u>-</u> | <u>693,882</u> | <u>588,891</u> | <u>1,509,460</u> | <u>6,451,181</u> |
| Fund Balances, Ending | <u>\$ -</u> | <u>\$ 524,746</u> | <u>\$ 888,891</u> | <u>\$ 1,501,760</u> | <u>\$ 4,321,740</u> |

See independent auditors' report.

Oconee County, South Carolina
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005

| | 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 | \$ 525,084 | \$ 450,151 | \$ 25,020 | \$ 13,539 | \$ 21,180 | \$ 6,599 | \$ 37,430 | \$ 154,643 |
| Accrued Interest Receivable | - | - | - | - | - | - | - | 732 |
| Property Taxes Receivable | - | - | - | - | - | 3,021 | 131 | - |
| Accounts Receivable | - | - | - | - | - | - | - | 116,368 |
| Total Assets | <u>\$ 525,084</u> | <u>\$ 450,151</u> | <u>\$ 25,020</u> | <u>\$ 13,539</u> | <u>\$ 21,180</u> | <u>\$ 9,620</u> | <u>\$ 37,561</u> | <u>\$ 271,743</u> |
| Liabilities | | | | | | | | |
| Due to Other Taxing Districts and Agencies | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 9,620 | \$ 37,561 | \$ 271,743 |
| Payable to General Fund | 72,926 | - | - | - | 21,180 | - | - | - |
| Due to Others | 452,158 | 450,151 | 25,020 | 13,539 | - | - | - | - |
| Total Liabilities | <u>\$ 525,084</u> | <u>\$ 450,151</u> | <u>\$ 25,020</u> | <u>\$ 13,539</u> | <u>\$ 21,180</u> | <u>\$ 9,620</u> | <u>\$ 37,561</u> | <u>\$ 271,743</u> |

See independent auditors' report.

Oconee County, South Carolina
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2005

| | 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 | \$ 443,292 | \$ 3,244,695 | \$ 5,673 | \$ 271,890 | \$ 3,264 | \$ 19,863 | \$ 5,222,323 |
| Accrued Interest Receivable | - | - | - | - | - | - | 732 |
| Property Taxes Receivable | 142,885 | 19,926 | - | - | 442 | - | 166,405 |
| Accounts Receivable | - | - | - | - | - | - | 116,368 |
| Total Assets | <u><u>\$ 586,177</u></u> | <u><u>\$ 3,264,621</u></u> | <u><u>\$ 5,673</u></u> | <u><u>\$ 271,890</u></u> | <u><u>\$ 3,706</u></u> | <u><u>\$ 19,863</u></u> | <u><u>\$ 5,505,828</u></u> |
| Liabilities | | | | | | | |
| Due to Other Taxing Districts and Agencies | \$ 586,177 | \$ 3,264,621 | \$ - | \$ - | \$ 3,706 | \$ - | \$ 4,173,428 |
| Payable to General Fund | - | - | - | - | - | - | 94,106 |
| Due to Others | - | - | 5,673 | 271,890 | - | 19,863 | 1,238,294 |
| Total Liabilities | <u><u>\$ 586,177</u></u> | <u><u>\$ 3,264,621</u></u> | <u><u>\$ 5,673</u></u> | <u><u>\$ 271,890</u></u> | <u><u>\$ 3,706</u></u> | <u><u>\$ 19,863</u></u> | <u><u>\$ 5,505,828</u></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, 2005

| | <u>Budget</u> | <u>Actual</u> | <u>Variance With Budget Positive (Negative)</u> |
|--|--------------------|--------------------|---|
| County Revenues | | | |
| County Airport Revenue | \$ 494,822 | \$ 499,601 | \$ 4,779 |
| County Expenditures | | | |
| Salaries | 174,860 | 159,302 | 15,558 |
| Social Security | 13,378 | 11,924 | 1,454 |
| Employee Benefits | 31,528 | 29,766 | 1,762 |
| Maintenance | 3,000 | 2,297 | 703 |
| Equipment Maintenance | 7,725 | 5,272 | 2,453 |
| Professional | - | 4,934 | (4,934) |
| Equipment Rental | 2,500 | 2,105 | 395 |
| Operational | 3,370 | 2,907 | 463 |
| Postage | 200 | 126 | 74 |
| Telephone | 1,700 | 1,127 | 573 |
| Utilities | 14,300 | 12,977 | 1,323 |
| Other Expenditures | 11,355 | 5,085 | 6,270 |
| Vehicle | 9,000 | 7,633 | 1,367 |
| Aviation and Jet Fuel | 275,000 | 323,130 | (48,130) |
| Total County Expenditures | <u>547,916</u> | <u>568,585</u> | <u>(20,669)</u> |
| Excess (Deficiency) of Revenue Over Expenditures - County | <u>\$ (53,094)</u> | <u>\$ (68,984)</u> | <u>\$ (15,890)</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, 2005

| | <u>Clerk of Court</u> | <u>Magistrate Court</u> | <u>Municipal Court</u> | <u>Probate Judge</u> |
|---|---------------------------|-----------------------------|----------------------------|--------------------------|
| County Fines Retained | \$ 17,007 | \$ 378,694 | \$ 1,815 | \$ - |
| Assessments Remitted to State | \$ 11,849 | \$ 381,387 | \$ 3,420 | \$ - |
| Victims Assessments and Surcharges Retained by County | \$ 38,989 | \$ 95,680 | \$ 680 | \$ - |
| Fines Remitted to State | \$ 13,363 | \$ - | \$ - | \$ - |
| 5% Service Fees Retained by County | \$ 130,570 | \$ - | \$ - | \$ - |
| 5 % Services Fees Remitted to State | \$ 100,278 | \$ - | \$ - | \$ - |
| Court Motion Fees Remitted to State | \$ 38,175 | \$ - | \$ - | \$ - |
| DUI Assessments, Surcharges, and DPS Remitted to State | \$ 7,942 | \$ 28,996 | \$ - | \$ - |
| New Case Fees Remitted to State | \$ 80,990 | \$ - | \$ - | \$ - |
| Marriage License Fees Remitted to State | \$ - | \$ - | \$ - | \$ 14,360 |
| Public Defender Fees Remitted to State | \$ 11,160 | \$ - | \$ - | \$ - |
| Municipal Court Fines Remitted to Towns | \$ - | \$ - | \$ 1,815 | \$ - |
| Law Enforcement Surcharge Remitted to State | \$ 4,255 | \$ 200,255 | \$ 2,250 | \$ - |
| Victim Assistance Fund Balance Available for Appropriation | \$ 53,474 | \$ 150,549 | \$ - | \$ - |

See independent auditors' report.

FEDERAL FINANCIAL ASSISTANCE SECTION

Oconee County, South Carolina
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

| | <u>Federal CFDA Numbers</u> | <u>Pass-Through Grantor's Numbers</u> | <u>Disbursements/ Expenditures</u> |
|---|---------------------------------|---|--|
| Federal Awards | | | |
| Department of Homeland Security | | | |
| State Domestic Preparedness Equipment Support Program Passed Through South Carolina State Law Enforcement Division | 97.004 | 4SHSP70 | 202,468 |
| Citizen Corps Program Passed Through South Carolina Emergency Management Division | 97.004 | 4CC01 | 7,324 |
| Homeland Security Grant Program Passed Through South Carolina Emergency Management Division | 97.067 | 5EMPG01 | <u>27,029</u> |
| Total Department of Homeland Security | | | <u>236,821</u> |
| 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 | 34,608 |
| Sheriff's Office Service of Process Payments | 93.563 | N/A | 5,407 |
| Promoting Safe and Stable Families Program, Temporary | 93.556 | | |
| Assistance for Needy Families Program, Child Support | 93.558 | | |
| Enforcement Title IV-D Program, Child Welfare Services State | 93.563 | | |
| Grants Program, Foster Care Title IV-E Program, Social Services | 93.645 | | |
| Block Grant Program, Medical Assistance Program and State | 93.658 | | |
| Administrative Matching Grants for Food Stamp Program Passed | 93.667 | | |
| Through South Carolina Department of Social Services County | 93.778 | | |
| DSS Administrative Expense | 10.561 | N/A | <u>57,244</u> |
| Total Department of Health and Human Services | | | <u>97,259</u> |

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, 2005

| | <u>Federal CFDA Numbers</u> | <u>Pass-Through Grantor's Numbers</u> | <u>Disbursements/ Expenditures</u> |
|--|---------------------------------|---|--|
| Federal Emergency Management Agency | | | |
| Citizen Corps Program Passed Through South Carolina Emergency Preparedness Division | 83.564 | EMA-2002-GR-5084 | <u>2,414</u> |
| Total Federal Emergency Management Agency | | | <u>2,414</u> |
| | | | |
| Department of Transportation | | | |
| Airport Improvement Program | 20.106 | 3-45-0016-13/14 | <u>136,238</u> |
| Total Department of Transportation | | | <u>136,238</u> |
| | | | |
| Department of Justice | | | |
| Local Law Enforcement Block Grants Program | 16.592 | 2002-LBBX-1621 | |
| Byrne Formula Grant Program Passes Through The South Carolina Department of Public Safety | 16.579 | 2003-LBBX-2446 1D04026 1D04034 | <u>20,492</u> <u>98,125</u> |
| Total Department of Justice | | | <u>118,617</u> |
| | | | |
| General Services Administration | | | |
| Donation of Federal Surplus Personal Property Passed Through Budget and Control Board of General Services | 39.003 | N/A | <u>185,056</u> |
| Total General Service Administration | | | <u>185,056</u> |
| | | | |
| Total Federal Awards | | | <u><u>\$ 776,405</u></u> |

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, 2005

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.

**Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial
Statements Performed in Accordance with
*Government Auditing Standards***

Oconee County Council
Oconee County
Walhalla, South Carolina

We have audited the financial statements of 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, 2005, and have issued our report thereon dated January 10, 2006. 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.

Internal Control Over Financial Reporting

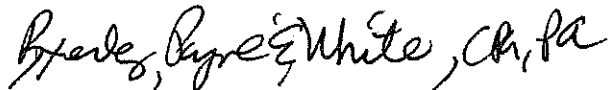
In planning and performing our audit, we considered Oconee County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Oconee County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 05-1.

A material weakness is a reportable 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 caused by error or fraud 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. The reportable condition referenced above is considered to be a material weakness.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 & White, CPA, PA


Kirk S. Messick, CPA, PA

January 10, 2006

**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, 2005. 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, 2005.

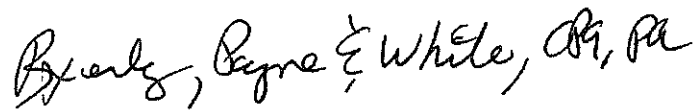
Internal Control Over Compliance

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.

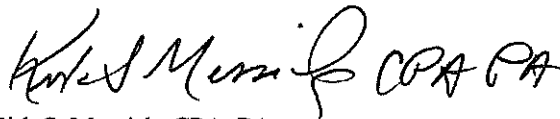
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud 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 & White, CPA, PA".

Byerley, Payne & White, CPA, PA

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

Kirk S. Messick, CPA, PA

January 10, 2006

**Oconee County, South Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005**

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. One material reportable condition is 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 require reporting under Section 510(a). The County had two major programs during its fiscal year ended June 30, 2005 as follows:

CFDA #: 97.004

Name: State Domestic Preparedness Equipment Support Program

Federal Agency: Department of Homeland Security

CFDA #: 39.003

Name: Donation of Federal Surplus Personal Property

Federal Agency: General Services Administration

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**

Reportable Condition

05-1 – During the course of the audit, it was discovered that the County Auditor's office failed to calculate correctly the assessed value of a major taxpayer. This error resulted in a significant under billing of property taxes to the major taxpayer. The auditors recommend that the County Auditor's office implement necessary billing review procedures to detect such billing errors before tax notices are mailed.

**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, 2005**

Financial Statement Level

04-1 – Corrected this fiscal year.

04-2 – Corrected this fiscal year.

04-3 – Corrected this fiscal year.

Federal Program Level

None

**Oconee County, South Carolina
Corrective Action Plan
For the Year Ended June 30, 2005**

Financial Statement Level

05-1 – The County Auditor's office will implement necessary billing review procedures as recommended.

Federal Program Level

None