

**OCONEE COUNTY**  
**REPORT ON FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

***OCONEE COUNTY  
WALHALLA, SOUTH CAROLINA***

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**COUNTY ADMINISTRATOR**

TOM HENDRICKS

**OCONEE COUNTY  
WALHALLA, SOUTH CAROLINA**

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Oconee County Council  
Walhalla, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Oconee County, South Carolina as of and for the year ended June 30, 2006, 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. We did not audit the financial statements of the Oconee County Sewer Commission and the School District of Oconee County discretely presented component units, which represent 100 percent of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for the aggregate discretely presented component units is based on the report of the 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 *Governmental 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 opinions.

In our opinion, based on our audit and the report of other auditors, 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 aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Oconee County as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, 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 a report dated December 19, 2006 on our consideration of Oconee County's internal control over financial reporting and 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, as listed in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by the 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 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's basic financial statements. The combining and individual nonmajor fund financial statements as listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and accompanying 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 presented, in all material respects, in relation to the basic financial statements taken as a whole.

December 19, 2006

ELSON DAVIS LLC

**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, 2006. Please read the information presented here in conjunction with additional information presented with the County's financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of Oconee County exceeded its liabilities at June 30, 2006 by \$77,772,398, which was an increase from the prior year of 33.5%. Of this amount \$24,882,286 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's overall increase in net assets was \$20,311,562 with the business-type activities reporting \$352,919 and the governmental activities reporting \$19,958,643.
- During the year, the County had expenditures in governmental activities that were \$22,979,878 less than the \$54,728,999 generated in tax and other revenues for governmental programs (before transfers). For comparison, the 2005 revenues were more than the 2005 expenditures by \$4,281,356 as reflected in the Changes in Net Assets (Figure 2).
- In the County's business-type activities, revenues decreased to \$4,241,647 (or -39.4 percent change), while expenses were increased by a total of \$1,385,768, or 25.1 percent from the previous year.
- The total cost of the County's governmental programs increased by \$1,137,831 with no deletions in programs from the prior year. The increase from 2005 to 2006 is 3.7%, which reflects a conservative increase of 0.7% from the 2004 to 2005 percent change of 3%.
- The General Fund reported a surplus this year of \$3,730,929 in net change in fund balances, an increase of \$2,861,923 from the previous year's surplus.
- The actual revenue sources available for appropriation were \$1,754,143 more than anticipated due primarily to revenues from licenses, permits, and fees; intergovernmental grants and subsidies; and an increase of interest income. Including the Duke Power back taxes, property tax collections were under budget by \$1 million. However, the Delinquent Tax Collector is aggressively pursuing the collection of delinquent taxes by seizing the property and selling it at public auction as allowed by the state law. Expenditures were under budget by \$2,204,128. The excess of actual revenues over the actual expenditures was nearly \$8.3 million, creating a favorable variance to the budget of almost \$4 million.

**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 and the Statement of Activities. 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.

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

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

- Governmental activities - Most of the County's basic services are reported here for departments that are included in the following categories, General Government, Judicial Services, Public Safety, Health and Welfare, and Culture and Recreation.
- Business-type activities - The County charges fees to cover the cost of providing certain services and the production of certain products made 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 14. 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 specified 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. 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 General Fund Schedule of Expenditures by Department Budget and Actual statement 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. This information includes the detailed financial statements for the non-major funds, various schedules for State and Federal requirements, compliance reports and a schedule of findings with a corrective action plan. This completed financial report will provide information indicating the accountability of the government and the County's resulting financial position.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Oconee County's Net Assets  
Figure 1

	Governmental Activities			Business-type Activities			Total		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Current and other assets	\$ 24,688,453	\$ 23,540,912	\$ 23,047,395	\$ 8,736,697	\$ 7,241,176	\$ 9,736,127	\$ 33,425,150	\$ 30,782,088	\$ 32,783,522
Capital assets	57,468,598	45,092,706	40,772,628	8,043,088	8,905,344	8,786,498	65,511,686	53,998,050	49,559,126
Total assets	<u>\$ 82,157,051</u>	<u>\$ 68,633,618</u>	<u>\$ 63,820,023</u>	<u>\$ 16,779,785</u>	<u>\$ 16,146,520</u>	<u>\$ 18,522,625</u>	<u>\$ 98,936,836</u>	<u>\$ 84,780,138</u>	<u>\$ 82,342,648</u>
Long-term liabilities									
outstanding	\$ 12,096,745	\$ 18,004,397	\$ 18,728,706	\$ 2,441,108	\$ 2,364,200	\$ 4,524,867	\$ 14,537,853	\$ 20,368,597	\$ 23,253,573
Other liabilities	5,751,619	5,725,078	5,765,767	874,966	434,753	832,729	6,626,585	6,159,831	6,598,496
Total liabilities	<u>\$ 17,848,364</u>	<u>\$ 23,729,475</u>	<u>\$ 24,494,473</u>	<u>\$ 3,316,074</u>	<u>\$ 2,798,953</u>	<u>\$ 5,357,596</u>	<u>\$ 21,164,438</u>	<u>\$ 26,528,428</u>	<u>\$ 29,852,069</u>
Net assets:									
Invested in capital assets, net of related debt	\$ 43,464,806	\$ 31,090,351	\$ 29,641,543	\$ 8,043,088	\$ 8,905,344	\$ 8,786,497	\$ 51,507,894	\$ 39,995,695	\$ 38,428,040
Restricted	1,382,218	2,048,916	2,327,107	-	-	-	1,382,218	2,048,916	2,327,107
Unrestricted	19,461,663	11,764,876	7,356,900	5,420,623	4,442,223	4,378,532	24,882,286	16,207,099	11,735,432
Total net assets	<u>\$ 64,308,687</u>	<u>\$ 44,904,143</u>	<u>\$ 39,325,550</u>	<u>\$ 13,463,711</u>	<u>\$ 13,347,567</u>	<u>\$ 13,165,029</u>	<u>\$ 77,772,398</u>	<u>\$ 58,251,710</u>	<u>\$ 52,490,579</u>

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, 2006 display combined net assets of \$77.8 million, or 33.5 percent above 2005, which has continued to increase from the 11 percent change noted in 2004. The largest portion of the net assets (66.2 percent) reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The restricted portion of the County's net assets (1.8 percent) represents resources that are subject to external restrictions on how they may be used. The final portion of net assets (32 percent) is unrestricted net assets, with a balance of \$24,882,286 at June 30, 2006.

Oconee County's Changes in Net Assets  
Figure 2

	Governmental Activities			Business-Type Activities			Total		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
<b>Revenues</b>									
Program revenues:									
Charges for services	\$ 4,411,849	\$ 4,313,660	\$ 3,547,004	\$ 4,007,677	\$ 4,396,885	\$ 4,178,250	\$ 8,419,526	\$ 8,710,545	\$ 7,725,254
Operating grants and contributions	1,366,838	1,462,414	1,809,439	25,062	7,388	6,853	1,391,900	1,469,802	1,816,292
Capital grants and contributions	2,149,799	644,983	2,292,924	-	-	-	2,149,799	644,983	2,292,924
General revenues:									
Property taxes	29,468,762	23,424,084	21,674,814	-	-	-	29,468,762	23,424,084	21,674,814
Other taxes	1,241,952	1,038,757	1,030,042	-	-	-	1,241,952	1,038,757	1,030,042
Grants and contributions not restricted to specific programs	3,119,522	2,992,182	2,955,527	-	-	-	3,119,522	2,992,182	2,955,527
Interest income	1,117,714	465,943	211,288	208,908	98,239	56,716	1,326,622	564,182	268,004
Gain (loss) on sale of fixed assets	(1,112)	9,048	-	-	-	-	(1,112)	9,048	-
Reduction in post closure liability estimate	-	-	-	-	2,501,458	-	-	-	2,501,458
Miscellaneous	4,286,662	541,575	399,956	-	-	-	4,286,662	541,575	399,956
Capital contributions	7,567,013	-	-	-	-	-	7,567,013	-	-
<b>Total revenues</b>	<b>\$ 54,728,999</b>	<b>\$ 34,892,646</b>	<b>\$ 33,920,994</b>	<b>\$ 4,241,647</b>	<b>\$ 7,003,970</b>	<b>\$ 4,241,819</b>	<b>\$ 58,970,646</b>	<b>\$ 41,896,616</b>	<b>\$ 38,162,813</b>
<b>Expenses</b>									
General government	\$ 9,703,484	\$ 10,633,510	\$ 10,684,415	\$ -	\$ -	\$ -	\$ 9,703,484	\$ 10,633,510	\$ 10,684,415
Judicial services	2,144,967	2,260,841	2,280,117	-	-	-	2,144,967	2,260,841	2,280,117
Public safety	11,385,230	10,442,183	9,275,364	-	-	-	11,385,230	10,442,183	9,275,364
Health and welfare	3,073,462	1,001,238	1,137,429	-	-	-	3,073,462	1,001,238	1,137,429
Highways and streets	717,572	2,590,376	3,031,502	-	-	-	717,572	2,590,376	3,031,502
Culture and recreation	3,102,417	2,318,058	2,378,922	-	-	-	3,102,417	2,318,058	2,378,922
Nondepartmental	899,571	-	-	-	-	-	899,571	-	-
Interest and fiscal charges	722,418	1,365,084	918,428	-	-	-	722,418	1,365,084	918,428
Rock quarry	-	-	-	2,480,151	1,820,869	1,954,729	2,480,151	1,820,869	1,954,729
Solid waste	-	-	-	4,429,812	3,703,326	3,440,710	4,429,812	3,703,326	3,440,710
<b>Total expenses</b>	<b>\$ 31,749,121</b>	<b>\$ 30,611,290</b>	<b>\$ 29,706,177</b>	<b>\$ 6,909,963</b>	<b>\$ 5,524,195</b>	<b>\$ 5,395,439</b>	<b>\$ 38,659,084</b>	<b>\$ 36,135,485</b>	<b>\$ 35,101,616</b>
Increase in net assets before transfers	\$ 22,979,878	\$ 4,281,356	\$ 4,214,817	\$ (2,668,316)	\$ 1,479,775	\$ (1,153,620)	\$ 20,311,562	\$ 5,761,131	\$ 3,061,197
Transfers	(3,021,235)	1,297,237	1,817,093	3,021,235	(1,297,237)	(1,817,093)	-	-	-
<b>Increase (decrease) in net assets</b>	<b>\$ 19,958,643</b>	<b>\$ 5,578,593</b>	<b>\$ 6,031,910</b>	<b>\$ 352,919</b>	<b>\$ 182,538</b>	<b>\$ (2,970,713)</b>	<b>\$ 20,311,562</b>	<b>\$ 5,761,131</b>	<b>\$ 3,061,197</b>

The Statement of Activities on page 13 shows that the County's total revenues, excluding special items (i.e. the reduction in post closure liability estimate) increased to \$59 million, or 49.7 percent from the prior year. The total cost of all programs and services increased 7 percent. The largest spending increase was in the health and welfare program, which contributed approximately \$2.1 million to the increase in the total expenses, while other programs' expenditures were less than the prior year resulting in an overall increase in total expenditures of \$2.5 million. The analyses below provide more detailed information on the governmental and business-type activities separately.

### Governmental Activities

Net assets of only the County's governmental activities increased from almost \$45 million to \$64.3 million or by 43 percent from 2005 to 2006. 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 \$7.7 million for a total of \$19.5 million.

The cost of all governmental activities this year was \$31.7 million compared to \$30.6 million last year. However, as shown in the Statement of Activities, the amount that our taxpayers paid in County taxes to finance these activities were only \$29.5 million. Some of the costs were paid either by those who directly benefited from the programs (\$4.4 million through charges for services) or other governments or organizations that subsidized certain programs with both operating and capital grants and contributions (\$3.5 million). Overall, the County's governmental program revenues, consisting of both fees for services and intergovernmental aid, increased from \$6.4 million in 2005 to \$7.9 million, principally based on increases in capital grants and contributions. The County paid for the remaining "public benefit" portion of governmental activities with \$46.8 million in general revenues consisting of taxes (some of which could only be used for certain programs) and with other revenues, such as miscellaneous revenues, interest, sale of capital assets, capital contributions, and grants and contributions. The largest portion of these general revenues is the capital contributions. Capital contributions consist of reportable capital assets that have been donated to rather than purchased by Oconee County. A prime example would be subdivision roads and right of ways.

### **Business-type Activities**

In comparison to the prior year, the total net assets of the business-type activities increased by \$116,144 or almost 1 percent. The increase was due mainly to the increase in current and other assets of just under \$1.5 million. However, capital assets were reduced mainly because of normal depreciation for both enterprise funds and implementation of depletion for the Rock Quarry. As the rock is mined, the value of the land because of rock production will decrease. This depletion is much like depreciation for a vehicle except it deals with special circumstances involving land that normally does not lose value. Therefore, the capital assets were reduced from the prior year by incorporating depletion into the calculation of the net value of the capital assets in 2006. Even with the slight increase of 1 percent in the business-type activities net assets, the unrestricted net assets grew by approximately \$1 million, maintaining an upward trend in the business-type net assets.

Compared to the revenue of 2005, the business-type activities revenue decreased by \$2.8 million or 39.4 percent, while expenses increased by 25.1 percent or \$1,385,768. The major difference in revenues stems from the 2005 Solid Waste one-time revenue for the reduction in the post closure liability of \$2,501,458. If this amount was not included in the comparison, the revenues would have decreased only \$260,865, or 5.8 percent. Solid Waste continues to operate at a loss, resulting in the business-type activities overall decrease in net assets before transfers of \$2.7 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 14.

### **Governmental Funds**

At completion 2006, the County's governmental funds reported total fund balances of \$21.4 million, which is an increase over last year's total of \$19.9 million.

The chief operating and major fund of the County is the General Fund. At the end of the fiscal year, the undesignated fund balance of the General Fund was \$10.8 million, while its total fund balance reached \$14.6 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. The undesignated fund balance represents 37 percent of the total General Fund expenditures, while the total fund balances represent 49.8 percent of that same amount. The General Fund revenues have increased by \$6,878,093 accompanied by an increase of \$9.1 million in the governmental funds combined revenues.

## Proprietary Funds

The combined net assets of the County's two enterprise funds realized a small increase from 2005 to 2006. This is mainly due to the fact that the Rock Quarry experienced an increase of 4.4 percent from the previous year. Solid Waste continued to operate at a deficit with a decrease of \$128,918 from 2005.

The operating revenues of both enterprise funds have decreased 8.4 percent from the previous year. In addition, the operating expenses for both these funds have increased 25.1 percent. Before transfers, the Rock Quarry had a profit of \$554,770, while Solid Waste follows its normal pattern with a \$3.2 million loss. The County usually budgets annually for a transfer to Solid Waste to offset its estimated losses and for a transfer from the Rock Quarry for its anticipated profits. This year the transfer to Solid Waste from the General Fund was \$3.1 million. Additionally, the Rock Quarry only transferred \$508,523 compared to the \$1.2 million in 2005.

## General Fund Budgetary Highlights

The 2006 General Fund original budget totaled \$31,473,348, not including the General Fund transfer to Solid Waste. This budget was amended one time during supplemental appropriations for additional tax revenues received from Duke Energy. These additional taxes allowed for the budgeted revenues to be amended by \$4,590,602, which equates to a 14.7 percent increase in revenues. The total amendments to the General Fund expenditures were a minimal \$93,749. Also, the total budgetary fund balance increased by \$4,496,853, thereby balancing the supplemental appropriation.

By the end of the year, General Fund actual revenues totaled \$37,592,593, creating a favorable budget variance of \$1.8 million. On the other hand, the actual expenditures totaled \$29,294,220, thus creating a favorable budget variance of \$2.2 million. Overall, the actual revenues created an \$8.3 million excess over the expenditures and a budget variance excess of \$4 million.

## 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, 2006, totals \$65.5 million (net of accumulated depreciation and depletion). These assets include land, buildings and improvements, vehicles and equipment, construction in progress, and infrastructure. The net increase (including additions and deductions) is \$11.5 million, or 21.3 percent, over last year.

Oconee County's Capital Assets  
Net of Accumulated Depreciation  
Figure 3

	Governmental Activities			Business-Type Activities			Total		
	2006	2005	2004	2006	2005	2004	2006	2005	2004
Land	\$ 4,983,800	\$ 2,655,509	\$ 2,665,509	\$ 803,044	\$ 1,333,038	\$ 1,333,038	\$ 5,786,844	\$ 3,988,547	\$ 3,998,547
Mineral Interests	-	-	-	344,173	-	-	344,173	-	-
Building and Improvements	16,868,422	16,776,906	16,962,535	3,786,677	4,030,861	4,267,393	20,655,099	20,807,767	21,229,928
Infrastructure Land Rights	11,059,724	2,816,860	2,165,060	-	-	-	11,059,724	2,816,860	2,165,060
Construction in Progress	11,036,267	10,425,691	5,869,175	26,589	26,589	26,589	11,062,856	10,452,280	5,895,764
Construction in Progress - Infrastructure	-	173,031	1,342,452	-	-	-	-	173,031	1,342,452
Equipment and Vehicles	8,556,980	8,652,860	8,886,915	3,082,605	3,514,856	3,159,478	11,639,585	12,167,716	12,046,393
Infrastructure	4,963,405	3,591,850	2,880,982	-	-	-	4,963,405	3,591,850	2,880,982
<b>Total</b>	<b>\$ 57,468,598</b>	<b>\$ 45,092,706</b>	<b>\$ 40,772,628</b>	<b>\$ 8,043,088</b>	<b>\$ 8,905,344</b>	<b>\$ 8,786,498</b>	<b>\$ 65,511,686</b>	<b>\$ 53,998,050</b>	<b>\$ 49,559,126</b>

Major capital asset transactions during the year include:

- Continuation of the construction in progress on Phase II of the Emergency Services facility, Oconee County 911 Communications Center, and continued renovations at the Heritage Center Museum,
- Acquisition of twenty-two vehicles for various departments and one trailer for Emergency Management and two trailers for the Sheriff's Department,
- Purchase of 397.226 acres located on Highway 59 near Fair Play for a future industrial site,
- Construction of a new bathhouse for South Cove park and playground sets for all three parks,
- Continued acquirement of furnishings, various equipment, and software packages necessary for the 911 Communications Center,
- And acquisition of an Freightliner truck and a compactor with a hopper for the Solid Waste.

Additional information on the County's capital assets can be found in Note 4 on pages 31-32 of the basic financial statements.

### Long-term Debt Obligations

As of June 30, 2006, the County had total bonded debt outstanding of \$12.1 million, of which \$11.4 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		
	2006	2005	2004	2006	2005	2004	2005	2004	
General obligation and special source revenue bonds	\$ 12,055,977	\$ 16,656,394	\$ 17,937,639	\$ -	\$ -	\$ -	\$ 12,055,977	\$ 16,656,394	\$ 17,937,639

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 sixth 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 \$22.6 million, which is a 84.2 percent increase from the prior year.

At June 30, 2006, the County's outstanding general obligation bonded debt in the governmental funds was \$11,415,000 and the special source revenue bonded debt is \$640,977 for a total bonded debt of \$12,055,977. The County has no bonds authorized, but un-issued at June 30, 2006.

During the year, the 2000 Lila Doyle bond was legally defeased when Oconee Memorial Hospital issued revenue bonds. As part of the agreement with the County, Oconee Memorial Hospital has placed the portion of the revenue bond proceeds for the Lila Doyle bond pay-off with a paying agent that will make the bi-annual payments until the call date. The call date is the date set at issuance that designates when the bonds can be paid in full. After 2006, County financial resources will no longer fund any portion of the Lila Doyle bond.

Additionally, the County has made the final payment on the oldest of its four capital leases. The matured capital lease financed the acquisition of ten pumper fire trucks. The remaining capital lease obligations at the close of 2006 totaled \$1,947,815. The three un-matured lease purchases finance the acquisition of eleven fire trucks for the Rural Fire department and equipment and software for the 911 Communications Center. The repayment period for all these leases is 5 years with the final payment for the most recent issue being due in the fiscal year ending 2010.

While the enterprise funds do not have any existing or pending bonded debt or capital leases, the Solid Waste fund does have long-term debt for post closure care costs. The 2006 ending balance is approximately \$2.4 million. These funds are set aside for the maintenance of the closed landfills.

The final component of long-term debt is the compensated absences, which consists of accrued accumulated unpaid vacation time earned by employees. The estimated long-term liability for annual leave is \$860,669 for the governmental funds and \$157,514 for the enterprise funds.

Additional information regarding the County's long-term debt obligations can be found in Note 5 on pages 33-35 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 decrease by 1.6 percent or \$440,325 for fiscal year 2007. The 2006 actual property tax revenues were abnormally elevated because it included the additional Duke Energy taxes paid. The 2007 tax levy includes the state mandated reassessment and growth without the need for an increase in millage. In fact, the 2007 total millage was rolled back by 10 mills. The 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 39.9 percent. The intergovernmental revenues from both State and Federal grants, entitlements and contributions are expected to decrease an estimated 8.1 percent. The County will use the overall increase in revenues to finance existing programs.

The General Fund total expenditures are expected to increase by \$10.2 million, or 34.7 percent, as reflected in the budget for 2007. Major General Fund budgetary expenditures include several transfers, made possible by the Duke Energy additional taxes in 2006, to the Capital Projects fund for various construction and/or renovations projects; upgrades in technology; increased contributions to cities for revenue sharing; the purchase of a new hazardous materials truck and other vehicles; and higher costs of health insurance. Furthermore, in 2006, the County was impacted by higher than expected energy and fuel costs. Across the entire nation, everyone felt the impact of these higher energy costs. In preparation for the 2007 budget, energy and fuels expenditures were budgeted at amounts that would cover the increase in costs for affected departments.

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 2007 original budgets will have a decrease of about 5.7 percent from the actual revenues and expenditures for 2006. Meanwhile, the Rock Quarry's budget for fiscal year ending 2007 anticipates a decrease of approximately 7.2 percent in revenues and expenses. Due to incompleteness of the rock certification lab, the Rock Quarry was not able to realize revenue growth from lab-certified rock in 2006 nor will it realize growth in the near future until the lab is established and a stone washing facility is in place. It is the goal of the Rock Quarry to produce a quality product in quantities that meet the need of the customers, while remaining good environmental stewards for the community. Finally, both the Rock Quarry and Solid Waste 2007 budgets have been affected by the increased energy and fuel costs, resulting in additional funding requests to offset the increases.

## **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:

Finance Director  
Oconee County Finance Department  
415 South Pine Street  
Walhalla, South Carolina 29691

**OCONEE COUNTY,  
SOUTH CAROLINA  
STATEMENT OF NET ASSETS  
JUNE 30, 2006**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Oconee County Sewer Commission	School District of Oconee County
<b>ASSETS</b>					
Cash and cash equivalents	\$ 21,971,685	\$ 8,204,040	\$ 30,175,725	\$ 122,476	\$ 3,066,100
Investments	-	-	-	550,036	18,052,044
Receivables:					
Taxes - Net	553,116	-	553,116	-	195,768
Accounts	-	120,006	120,006	252,076	5,815,544
Intergovernmental	1,722,130	-	1,722,130	-	-
Accrued interest receivable	88,068	35,349	123,417	5,340	-
Due from agency funds	94,777	-	94,777	-	144,841
Inventories	258,677	377,302	635,979	46,458	211,512
Prepaid expenses	-	-	-	-	563,383
Restricted Assets					
Cash	-	-	-	209,113	-
Investments	-	-	-	6,402,477	-
Capital assets:					
Land	4,983,800	803,044	5,786,844	569,577	953,690
Buildings and improvements	22,924,745	5,769,766	28,694,511	28,083,707	120,606,505
Equipment and vehicles	21,582,734	9,245,095	30,827,829	603,881	8,822,523
Other capital assets	-	576,669	576,669	17,367	-
Construction in progress	11,036,267	26,589	11,062,856	70,190	6,361,281
Infrastructure assets	16,504,264	-	16,504,264	-	821,352
Less accumulated depreciation & depletion	<u>(19,563,212)</u>	<u>(8,378,075)</u>	<u>(27,941,287)</u>	<u>(13,766,964)</u>	<u>(55,625,939)</u>
Total capital assets, net of depreciation	<u>57,468,598</u>	<u>8,043,088</u>	<u>65,511,686</u>	<u>15,577,758</u>	<u>81,939,412</u>
Total assets	<u>82,157,051</u>	<u>16,779,785</u>	<u>98,936,836</u>	<u>23,165,734</u>	<u>109,988,604</u>
<b>LIABILITIES</b>					
Accounts payable	1,219,805	633,356	1,853,161	56,599	920,570
Accrued payroll liabilities	1,426,226	61,265	1,487,491	-	14,645
Deferred revenue	187,906	-	187,906	-	455,544
Customer deposits	-	48,427	48,427	-	-
Accrued interest payable	149,966	-	149,966	16,812	270,861
Other liabilities	-	-	-	16,095	4,016,091
Long-term liabilities:					
Due within one year	2,767,716	131,918	2,899,634	418,638	5,819,298
Due in more than one year	<u>12,096,745</u>	<u>2,441,108</u>	<u>14,537,853</u>	<u>4,341,361</u>	<u>33,660,390</u>
Total liabilities	<u>17,848,364</u>	<u>3,316,074</u>	<u>21,164,438</u>	<u>4,849,505</u>	<u>45,157,399</u>
<b>NET ASSETS</b>					
Invested in capital assets net of related debt	43,464,806	8,043,088	51,507,894	10,830,718	48,725,196
Restricted for:					
Debt service	1,382,218	-	1,382,218	644,023	2,935,924
Capital outlay	-	-	-	5,950,755	305,433
Unrestricted	<u>19,461,663</u>	<u>5,420,623</u>	<u>24,882,286</u>	<u>890,733</u>	<u>12,864,652</u>
Total net assets	<u>\$ 64,308,687</u>	<u>\$ 13,463,711</u>	<u>\$ 77,772,398</u>	<u>\$ 18,316,229</u>	<u>\$ 64,831,205</u>

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



**OCONEE COUNTY, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
*For the year ended June 30, 2006*

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Oconee County Sewer Commission	School District of Oconee County
					Governmental Activities	Business type Activities	Total		
<b>PRIMARY GOVERNMENT</b>									
<b>Governmental activities</b>									
General government	\$ 9,703,484	\$ 4,272,850	\$ 188,234	\$ 410,186	\$ (4,832,214)	\$ -	\$ (4,832,214)	\$ -	\$ -
Judicial services	2,144,967	1,860	118,171	-	(2,024,936)	-	(2,024,936)	-	-
Public safety	11,385,230	137,139	749,080	695,805	(9,803,206)	-	(9,803,206)	-	-
Highways and streets	3,073,462	-	-	1,043,808	(2,029,654)	-	(2,029,654)	-	-
Health and welfare	717,572	-	160,957	-	(556,615)	-	(556,615)	-	-
Culture and Recreation	3,102,417	-	150,396	-	(2,952,021)	-	(2,952,021)	-	-
Nondepartmental	899,571	-	-	-	(899,571)	-	(899,571)	-	-
Interest and fiscal charges	722,418	-	-	-	(722,418)	-	(722,418)	-	-
Total governmental activities	31,749,121	4,411,849	1,366,838	2,149,799	(23,820,635)	-	(23,820,635)	-	-
<b>Business-type activities</b>									
Solid waste commission	4,429,812	1,014,610	25,062	-	-	\$ (3,390,140)	(3,390,140)	\$ -	\$ -
Rock quarry	2,480,151	2,993,067	-	-	-	512,916	512,916	-	-
Total business-type activities	6,909,963	4,007,677	25,062	-	-	(2,877,224)	(2,877,224)	-	-
Total primary government	<u>\$ 38,659,084</u>	<u>\$ 8,419,526</u>	<u>\$ 1,391,900</u>	<u>\$ 2,149,799</u>	(23,820,635)	(2,877,224)	(26,697,859)	-	-
<b>Component units</b>									
Oconee County Sewer Commission	2,715,667	2,736,292	-	-	-	-	-	\$ 20,625	\$ -
Oconee County School District	97,534,644	4,219,363	43,394,446	-	-	-	-	-	(49,920,835)
Total Component units	<u>\$ 100,250,311</u>	<u>\$ 6,955,655</u>	<u>\$ 43,394,446</u>	<u>\$ -</u>	-	-	-	20,625	(49,920,835)
<b>GENERAL REVENUES</b>									
Property taxes levied for:									
General purposes					27,692,444	-	27,692,444	-	49,306,976
Debt service					1,776,318	-	1,776,318	-	7,587,694
Donated capital assets					7,567,013	-	7,567,013	-	-
Accommodations tax					274,905	-	274,905	-	-
Loss on disposal of capital assets					(1,112)	-	(1,112)	-	73,816
Interest and investment income					1,117,714	208,908	1,326,622	243,176	988,561
Intergovernmental					3,119,522	-	3,119,522	-	6,922,092
Payments in lieu of taxes					967,047	-	967,047	-	-
Miscellaneous					4,286,662	-	4,286,662	750,425	76,336
<b>TRANSFERS</b>					(3,021,235)	3,021,235	-	-	-
Total general revenues and transfers					43,779,278	3,230,143	47,009,421	993,601	64,955,475
Change in net assets					19,958,643	352,919	20,311,562	1,014,226	15,034,640
Net assets, beginning of year, as originally reported					44,904,143	13,347,567	58,251,710	17,302,003	49,796,565
Prior period adjustment					(554,099)	(236,775)	(790,874)	-	-
Net assets, beginning of year, as restated					44,350,044	13,110,792	57,460,836	17,302,003	49,796,565
Net assets end of year					<u>\$ 64,308,687</u>	<u>\$ 13,463,711</u>	<u>\$ 77,772,398</u>	<u>\$ 18,316,229</u>	<u>\$ 64,831,205</u>

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

**OCONEE COUNTY, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2006**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,899,565	\$ 7,072,120	\$ 21,971,685
Receivables:			
Taxes - Net	517,323	35,793	553,116
Intergovernmental	1,352,780	369,350	1,722,130
Accrued interest receivable	88,068	-	88,068
Due from other funds	191,263	-	191,263
Inventories	<u>258,677</u>	<u>-</u>	<u>258,677</u>
 Total assets	 <b><u>\$ 17,307,676</u></b>	 <b><u>\$ 7,477,263</u></b>	 <b><u>\$ 24,784,939</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 898,302	\$ 321,503	\$ 1,219,805
Accrued payroll liabilities	1,426,226	-	1,426,226
Deferred revenue			
Property Taxes	384,539	29,545	414,084
Intergovernmental	-	270,501	270,501
Due to other funds	<u>-</u>	<u>96,486</u>	<u>96,486</u>
 Total liabilities	 <u>2,709,067</u>	 <u>718,035</u>	 <u>3,427,102</u>
<b>FUND BALANCES</b>			
Reserved for:			
Debt service	-	1,382,218	1,382,218
Inventories	258,677	-	258,677
Encumbrances	421,018	503,699	924,717
Unreserved:			
Reported in:			
General fund			
Designated for subsequent year's expenditures	1,600,000	-	1,600,000
Designated for capital improvements	517,408	-	517,408
Designated for health insurance	627,332	-	627,332
Designated for other purposes	325,228	-	325,228
Undesignated	10,848,946	-	10,848,946
Special revenue fund	-	1,026,126	1,026,126
Capital project fund	<u>-</u>	<u>3,847,185</u>	<u>3,847,185</u>
 Total fund balances	 <u>14,598,609</u>	 <u>6,759,228</u>	 <u>21,357,837</u>
 Total liabilities and fund balances	 <b><u>\$ 17,307,676</u></b>	 <b><u>\$ 7,477,263</u></b>	 <b><u>\$ 24,784,939</u></b>

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

**OCONEE COUNTY, SOUTH CAROLINA  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2006**

Total fund balances - Governmental funds	\$ 21,357,837
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 funds. These assets consist of:	
Land	4,983,800
Buildings and improvements	22,924,745
Equipment and vehicles	21,582,734
Construction in progress	11,036,267
Infrastructure assets	16,504,264
Accumulated depreciation	<u>(19,563,212)</u>
Total capital assets	<u>57,468,598</u>
Some revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	
Property taxes	414,084
Intergovernmental revenues	<u>82,595</u>
	<u>496,679</u>
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Bonds Payable	(12,055,977)
Capital leases payable	(1,947,815)
Accrued interest	(149,966)
Compensated absences	<u>(860,669)</u>
Total long-term liabilities	<u>(15,014,427)</u>
Net assets of governmental activities	<u><b>\$ 64,308,687</b></u>

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

**OCONEE COUNTY, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the year ended June 30, 2006**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 27,307,905	\$ 1,746,773	\$ 29,054,678
Intergovernmental revenue	3,727,678	3,192,446	6,920,124
Licenses, permits and fees	2,990,532	1,860	2,992,392
Fines and forfeitures	446,981	137,139	584,120
County Airport	570,288	-	570,288
PRT Commission	265,049	-	265,049
Miscellaneous and other	341,554	4,058,159	4,399,713
Fee in lieu of taxes & franchise fees	886,191	80,856	967,047
Interest and investment income	1,056,415	61,299	1,117,714
Total revenues	<u>37,592,593</u>	<u>9,278,532</u>	<u>46,871,125</u>
<b>EXPENDITURES</b>			
General government	10,265,241	784,243	11,049,484
Judicial services	1,911,437	2,105	1,913,542
Public safety	9,532,221	757,703	10,289,924
Highways and streets	3,571,120	805,880	4,377,000
Health and welfare	534,679	141,191	675,870
Culture and recreation	2,466,417	322,078	2,788,495
Capital outlay	113,534	3,722,664	3,836,198
Nondepartmental	899,571	-	899,571
Debt service:			
Principal retirement	-	5,735,001	5,735,001
Interest and fiscal charges	-	828,607	828,607
Total expenditures	<u>29,294,220</u>	<u>13,099,472</u>	<u>42,393,692</u>
Excess of revenues over (under) expenditures	<u>8,298,373</u>	<u>(3,820,940)</u>	<u>4,477,433</u>
Other financing sources (uses):			
Sale of capital assets	13,472	-	13,472
Interfund transfers in	692,676	2,206,858	2,899,534
Interfund transfers out	(5,273,592)	(647,177)	(5,920,769)
Total other financing sources (uses)	<u>(4,567,444)</u>	<u>1,559,681</u>	<u>(3,007,763)</u>
Net change in fund balances	<u>3,730,929</u>	<u>(2,261,259)</u>	<u>1,469,670</u>
Fund balances, beginning of year, as originally reported	11,421,779	9,020,487	20,442,266
Prior period adjustment	(554,099)	-	(554,099)
Fund balances, beginning of year, as restated	<u>10,867,680</u>	<u>9,020,487</u>	<u>19,888,167</u>
Fund balances, end of year	<u>\$ 14,598,609</u>	<u>\$ 6,759,228</u>	<u>\$ 21,357,837</u>

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

**OCONEE COUNTY, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF**  
**ACTIVITIES**  
**For the year ended June 30, 2006**

Net change in fund balances - Total government funds	\$	1,469,670
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>		
Capital outlay		7,184,753
Donated capital assets		7,567,013
Transfer of equipment from proprietary funds		3,618
Depreciation expense		<u>(2,364,908)</u>
Excess of capital outlay over depreciation expense		<u>12,390,476</u>
<p>The proceeds from the disposal of capital assets are reported as revenue in the governmental funds. The cost of the capital assets are removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain or loss on disposal of capital assets on the statement of activities</p>		
Loss on disposal of capital assets		(1,112)
Proceeds from sale of capital assets		<u>(13,472)</u>
		<u>(14,584)</u>
<p>Because some revenue will not be collected for several months after the County's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year.</p>		
Property taxes		209,378
Intergovernmental		<u>82,595</u>
Total change in deferred revenues		<u>291,973</u>
<p>Repayment of long-term debt is reported as an expenditure in governmental funds. But the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consisted of:</p>		
Bond principal retirement		4,600,417
Capital lease payments		<u>1,134,584</u>
Total long-term debt repayment		<u>5,735,001</u>
<p>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</p>		
		<u>(20,082)</u>
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.</p>		
		<u>106,189</u>
Change in net assets of government activities	<b>\$</b>	<b><u>19,958,643</u></b>

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

**OCONEE COUNTY, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2006**

<i>ASSETS</i>	<u>Solid Waste Commission</u>	<u>Rock Quarry</u>	<u>Total all funds</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 5,873,980	\$ 2,330,060	\$ 8,204,040
Accounts receivable	19,421	100,585	120,006
Accrued interest receivable	34,018	1,331	35,349
Inventories	-	377,302	377,302
Total current assets	<u>5,927,419</u>	<u>2,809,278</u>	<u>8,736,697</u>
<b>CAPITAL ASSETS</b>			
Land	775,213	27,831	803,044
Buildings	5,207,458	562,308	5,769,766
Equipment and vehicles	3,133,711	6,111,384	9,245,095
Other capital assets	46,675	529,994	576,669
Construction in progress	26,589	-	26,589
	9,189,646	7,231,517	16,421,163
Less accumulated depreciation & depletion	<u>4,361,088</u>	<u>4,016,987</u>	<u>8,378,075</u>
	4,828,558	3,214,530	8,043,088
Total assets	<u>10,755,977</u>	<u>6,023,808</u>	<u>16,779,785</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 547,889	\$ 85,467	\$ 633,356
Accrued payroll liabilities	40,240	21,025	61,265
Customer deposits	48,427	-	48,427
Compensated absences	11,711	4,040	15,751
Accrued closure and post-closure care costs	116,167	-	116,167
Total current liabilities	<u>764,434</u>	<u>110,532</u>	<u>874,966</u>
<b>LONG TERM LIABILITIES</b>			
Compensated absences	105,398	36,365	141,763
Accrued closure and post-closure care costs	2,299,345	-	2,299,345
Total long term liabilities	<u>2,404,743</u>	<u>36,365</u>	<u>2,441,108</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	4,828,558	3,214,530	8,043,088
Unrestricted	<u>2,758,242</u>	<u>2,662,381</u>	<u>5,420,623</u>
Total net assets	<u>\$ 7,586,800</u>	<u>\$ 5,876,911</u>	<u>\$ 13,463,711</u>

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

**OCONEE COUNTY, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the year ended June 30, 2006**

	<b>Solid Waste Commission</b>	<b>Rock Quarry</b>	<b>Total all funds</b>
<b>OPERATING REVENUES</b>			
Outside customer sales	\$ 1,009,150	\$ 2,991,375	\$ 4,000,525
Miscellaneous fees	5,460	1,692	7,152
Operating grants	25,062	-	25,062
Total operating revenues	<u>1,039,672</u>	<u>2,993,067</u>	<u>4,032,739</u>
<b>OPERATING EXPENSES</b>			
Salaries and fringe benefits	1,897,857	955,504	2,853,361
Tipping and impact fees	1,078,104	-	1,078,104
Supplies	98,481	384,274	482,755
Individual travel	-	301	301
Electricity and natural gas	36,706	57,551	94,257
Petroleum, oil and lubricants	89,958	172,801	262,759
Water and sewer	6,525	4,233	10,758
Machinery, equipment repairs and maintenance	147,197	403,484	550,681
Building and grounds maintenance	33,338	6,137	39,475
Professional services	36,849	3,952	40,801
Miscellaneous	49,790	72,048	121,838
Closure and post-closure care costs	577,021	-	577,021
Depreciation & depletion	377,986	419,866	797,852
Total operating expenses	<u>4,429,812</u>	<u>2,480,151</u>	<u>6,909,963</u>
Income (loss) from operations	<u>(3,390,140)</u>	<u>512,916</u>	<u>(2,877,224)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	167,054	41,854	208,908
Total nonoperating revenues (expenses)	<u>167,054</u>	<u>41,854</u>	<u>208,908</u>
Income (loss) before operating transfers	<u>(3,223,086)</u>	<u>554,770</u>	<u>(2,668,316)</u>
<b>TRANSFERS IN</b>	3,134,500	398,876	3,533,376
<b>TRANSFERS OUT</b>	<u>-</u>	<u>(512,141)</u>	<u>(512,141)</u>
Net income (loss)	<u>(88,586)</u>	<u>441,505</u>	<u>352,919</u>
<b>NET ASSETS, BEGINNING OF YEAR,</b>			
<b>AS ORIGINALLY REPORTED</b>	7,715,718	5,631,849	13,347,567
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>(40,332)</u>	<u>(196,443)</u>	<u>(236,775)</u>
<b>NET ASSETS, BEGINNING OF YEAR, AS RESTATED</b>	<u>7,675,386</u>	<u>5,435,406</u>	<u>13,110,792</u>
<b>NET ASSETS, END OF YEAR</b>	<u><b>\$ 7,586,800</b></u>	<u><b>\$ 5,876,911</b></u>	<u><b>\$ 13,463,711</b></u>

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

**OCONEE COUNTY, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the year ended June 30, 2006**

	<u>Solid Waste Commission</u>	<u>Rock Quarry</u>	<u>Total all funds</u>
<b>OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,051,003	\$ 3,409,040	\$ 4,460,043
Payments to suppliers	(1,809,434)	(1,278,978)	(3,088,412)
Payments to employees	<u>(1,897,078)</u>	<u>(949,015)</u>	<u>(2,846,093)</u>
Net cash provided by (used for) operations	<u>(2,655,509)</u>	<u>1,181,047</u>	<u>(1,474,462)</u>
<b>NONCAPITAL FINANCING ACTIVITIES</b>			
Operating transfers to other funds	-	(508,523)	(508,523)
Operating transfers from other funds	<u>3,134,500</u>	<u>398,876</u>	<u>3,533,376</u>
Net cash provided by noncapital financing activities	<u>3,134,500</u>	<u>(109,647)</u>	<u>3,024,853</u>
<b>INVESTING ACTIVITIES</b>			
Interest income	<u>155,020</u>	<u>41,534</u>	<u>196,554</u>
Net cash provided by investing activities	<u>155,020</u>	<u>41,534</u>	<u>196,554</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of fixed assets	<u>(118,153)</u>	<u>-</u>	<u>(118,153)</u>
Net cash used for capital and related financing activities	<u>(118,153)</u>	<u>-</u>	<u>(118,153)</u>
Net increase in cash and equivalents	515,858	1,112,934	1,628,792
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>5,358,122</u>	<u>1,217,126</u>	<u>6,575,248</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><b>\$ 5,873,980</b></u>	<u><b>\$ 2,330,060</b></u>	<u><b>\$ 8,204,040</b></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (3,390,140)	\$ 512,916	\$ (2,877,224)
Adjustments to reconcile operating loss to net cash provided by (used for) operations			
Depreciation and depletion	377,986	419,866	797,852
Provision for closure and post-closure care costs	577,021	-	577,021
Changes in deferred and accrued amounts			
Accounts receivable	(10,526)	17,097	6,571
Inventories	-	139,054	139,054
Accounts payable	547,888	85,467	633,355
Accrued payroll liabilities	(92)	3,521	3,429
Closure and post-closure care costs	(780,374)	-	(780,374)
Customer deposits	21,857	-	21,857
Compensated absences	<u>871</u>	<u>3,126</u>	<u>3,997</u>
Net cash provided by (used for) operations	<u>(2,655,509)</u>	<u>1,181,047</u>	<u>(1,474,462)</u>
<b>NONCASH TRANSACTIONS</b>			
Transfer of equipment to general fund	-	(3,618)	(3,618)

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



**OCONEE COUNTY, SOUTH CAROLINA  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2006**

<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,800,898
Accrued interest receivable	367
Property taxes receivable	1,072,113
Accounts receivable	<u>1,931</u>
 Total assets	 <b><u><u>\$ 5,875,309</u></u></b>
 <b>LIABILITIES</b>	
 Accounts payable	 \$ 67,183
Due to general fund	94,777
Due to other taxing districts and agencies	 <u>5,713,349</u>
 Total liabilities	 <b><u><u>\$ 5,875,309</u></u></b>

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

**OCONEE COUNTY, SOUTH CAROLINA  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF OPERATIONS**

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

The primary government financial statements of Oconee County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the government's accounting policies are described below.

**REPORTING ENTITY**

Oconee County, South Carolina - the primary government - is a political subdivision of the State of South Carolina. A five-member council elected from single-member districts governs it. These financial statements present all the fund types of the County and its component units. Component units are legally separate entities that meet any one of the following criteria: (1) the County appoints a voting majority of the board of the entity and is able to impose its will on the entity and/or is in a relationship of financial benefit or burden with the entity, (2) the entity is fiscally dependent upon the County, or (3) the financial statements would be misleading if data from the entity were not included. Component units may be presented by two different methods. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County. The County has no blended component units. The following discretely presented component units, each of which has a June 30 fiscal year end, are 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 financial condition. The financial statements for the year ended June 30, 2006 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. The financial statements for the year ended June 30, 2006 can be obtained from the District's office.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**BASIS OF PRESENTATION**

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-wide financial statements**

The statement of net assets and the statement of activities display information about the County as a primary government. These statements include the financial activities of the primary government, except for fiduciary funds and component units that are fiduciary in nature. For the most part, the effect of interfund activity has been removed from the statements. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities for the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

**Fund financial statements**

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

The government reports the following major governmental funds:

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

The County reports the following major enterprise funds:

The *solid waste commission fund* accounts for the activities of the County's landfill operations.

The *rock quarry fund* accounts for the activities of the County's rock quarry operations.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Additionally, the government reports the following fund types:

**Special revenue funds**

The special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, or major capital projects) that are legally restricted to expenditures for specified purposes.

**Capital projects funds**

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Debt service fund**

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Agency funds**

The agency funds account for monies held on behalf of school districts, special districts and other agencies that use the County as a depository of property taxes that are collected on behalf of the other governments.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

**Government-wide financial statements**

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

**Fund financial statements**

All governmental funds are accounted for using a flow of *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise funds functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenues - exchange and non-exchange transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: delinquent taxes, sales tax, grants, interest, fees and charges for services.

**Deferred revenue**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Expenses/expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Budget**

County Council adopts an annual budget for general fund revenue and expenditures prior to the beginning of each fiscal year. The adopted budget specifies expenditure limits appropriated to each County department. Departmental expenditures may not exceed amounts appropriated without the approval of County Council and unexpended appropriations lapse at fiscal year-end. Budget amounts reflected in the accompanying financial statements represent the adopted budget and any revisions approved by Council during the fiscal year. Budget revisions of less than or equal to 10% of the originally approved budget amount (up to a maximum of \$5,000) with funds available are made at the discretion of the department director. Budget revisions greater than 10% of the originally approved budget or \$5,000 are approved by the County Administrator. The Council approves any budget revision in excess of \$25,000. During the year, the Council made several supplementary budget appropriations, which increased general fund estimated revenues available.

The budget is prepared on a consistent basis of accounting with actual financial statement results, including significant accruals, to provide meaningful comparisons.

The County has an appropriated budget for the enterprise funds but is not required to report budgetary comparisons in the financial statements.

**Cash and investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County. Investments with a readily determined fair value are stated at fair value in accordance with GASB 31. State statutes authorize the County to invest in:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
4. Repurchase agreements when collateralized by securities as set forth in this section.
5. No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of the County, if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (1), (2), and (5) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The County Treasurer co-mingles cash and time deposits of some of the funds, but separate fund balance accounts are maintained for accounting purposes so that the equity of each fund is properly reflected in the overall cash. The purpose of co-mingling funds is to obtain maximum return of interest through the investment of funds considered temporarily surplus. This practice does not apply to certain funds earmarked for specific purposes, such as the school bond fund.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Receivables**

All trade and property taxes receivable are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to two percent of outstanding property taxes at June 30, 2006.

**Intergovernmental receivable**

Amounts due from federal grants represent reimbursable costs, which have been incurred by the County but have not been reimbursed by the grantor agency. Costs under grant programs are recognized as expenditures in the period in which they are incurred by the County.

**Inventories and prepaid assets**

The County's inventories consist of consumable supplies. Parts inventory in the general fund is reported using the weighted average method, the inventory at the rock crusher is reported on the actual cost of production method. The costs of inventories are recorded as expenditures when consumed rather than when purchased or produced. The County expenses charges that cover more than one year in the year the expenditure is made and does not record any portion as prepaid asset.

**Compensated absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements.

**Use of estimates**

The financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenditures. Actual results could differ from these estimates.

**Interfund transactions**

Transactions among County's funds that would be treated as revenues and expenditures or expenses if they involved organizations external to County government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective fund's operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

(Continued)



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Noncurrent portions of long-term inter-fund loan receivables are reported as advances within the governmental funds and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

**Capital assets**

Capital assets, which include property, plant equipment, and infrastructure assets (e.g., roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of proprietary capital assets is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Infrastructure	25-40 years
Buildings and improvements	15-40 years
Equipment and vehicles	5-15 years

**Fund equity**

Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

**Net assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

**Deposits**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash on hand consists of a checking account which has an overnight investment sweep agreement with the financial institution.

At June 30, 2006, the carrying amount of the County's deposits was \$34,970,841 and the bank balance was \$36,150,792. The County's deposits at year-end of \$36,128,011 were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the County's name. Of the remaining balance, \$22,781 was uncollateralized. Petty cash funds of \$5,782 are reflected as cash on the general fund balance sheet.

**Interest rate risk**

The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit risk**

The County has no investment policy that would further limit its investment choices other than state law.

**Concentration of credit risk**

The County places no limit on the amount the County may invest in any one issuer.

**NOTE 3 - PROPERTY TAXES**

Property taxes are levied on the assessed value of real and personal property, excluding automobiles, as of December 31 of the calendar year preceding the fiscal year (i.e., taxes collected for the year ended June 30, 2006, were levied on the assessed value as of December 31, 2004). The levy date for automobiles is the first day of the month in which the vehicle license expires and the tax is due by the end of the same month. Liens attach to the property at the time taxes are levied. Taxes are due without penalty, for real and personal property excluding automobiles, through January 15. After that time, penalties are added depending on the date paid as follows:

January 16 through February 1	3% of tax
February 2 through March 16	10% of tax
March 17 and thereafter	15% of tax

Property tax revenues are recognized when due or past due and collectible within the current period or soon enough thereafter (defined as sixty days) to pay liabilities of the current period.

The County bills and collects its own property taxes, and also collects taxes for the Rural Fire Districts and the School District. Collections of the County taxes and remittance of them to the Districts are accounted for in the agency funds.

Also, the County collects taxes for surrounding municipalities. The amount collected but not remitted at June 30, 2006 was \$14,348 for surrounding municipalities.

(Continued)

**NOTE 3 - PROPERTY TAXES, Continued**

Deferred revenue (property taxes) represents that portion of property taxes which is deemed not available to pay current expenditures. Property taxes receivable as of year end for the government's individual major funds, nonmajor funds in the aggregate and agency funds including the applicable allowance for uncollectible accounts are as follows:

	<u>General</u>	<u>Nonmajor governmental</u>	<u>Agency</u>
Property taxes receivable	\$ 527,881	\$ 36,522	\$ 1,093,992
Less: Allowance	<u>(10,558)</u>	<u>(729)</u>	<u>(21,879)</u>
Net taxes receivable	<u><b>\$ 517,323</b></u>	<u><b>\$ 35,793</b></u>	<u><b>\$ 1,072,113</b></u>

**NOTE 4 - CAPITAL ASSETS**

Primary Government capital asset activity for the year ended June 30, 2006 was as follows:

	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2006</u>
<b>Governmental Activities</b>					
Capital assets not being depreciated					
Land	\$ 2,655,509	\$ 2,328,291	\$ -	\$ -	\$ 4,983,800
Infrastructure land rights and other costs	2,816,860	8,242,864	-	-	11,059,724
Construction in progress	10,425,691	1,393,411	10,740	(772,095)	11,036,267
Infrastructure construction in progress	<u>173,031</u>	<u>-</u>	<u>-</u>	<u>(173,031)</u>	<u>-</u>
Total capital assets at historical cost not being depreciated	<u>16,071,091</u>	<u>11,964,566</u>	<u>10,740</u>	<u>(945,126)</u>	<u>27,079,791</u>
Capital assets being depreciated					
Building and improvements	21,917,416	235,234	-	772,095	22,924,745
Equipment and vehicles	20,762,954	1,174,003	292,689	(61,534)	21,582,734
Infrastructure	<u>3,893,546</u>	<u>1,377,963</u>	<u>-</u>	<u>173,031</u>	<u>5,444,540</u>
Total capital assets at historical cost being depreciated	<u>46,573,916</u>	<u>2,787,200</u>	<u>292,689</u>	<u>883,592</u>	<u>49,952,019</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,426,530)	(629,793)	-	-	(6,056,323)
Equipment and vehicles	(11,824,075)	(1,555,676)	(288,845)	65,152	(13,025,754)
Infrastructure	<u>(301,696)</u>	<u>(179,439)</u>	<u>-</u>	<u>-</u>	<u>(481,135)</u>
Total accumulated depreciation	<u>(17,552,301)</u>	<u>(2,364,908)</u>	<u>(288,845)</u>	<u>65,152</u>	<u>(19,563,212)</u>
Total capital assets being depreciated, net	<u>29,021,615</u>	<u>422,292</u>	<u>3,844</u>	<u>948,744</u>	<u>30,388,807</u>
Governmental activities capital assets, net	<u><b>\$ 45,092,706</b></u>	<u><b>\$ 12,386,858</b></u>	<u><b>\$ 14,584</b></u>	<u><b>\$ 3,618</b></u>	<u><b>\$ 57,468,598</b></u>

(Continued)

**NOTE 4 - CAPITAL ASSETS, Continued**

Depreciation expense was charged to functions as follows:

General government	\$ 308,195
Judicial services	231,425
Public Safety	1,095,306
Health and welfare	41,702
Highways and streets	374,358
Culture and recreation	<u>313,922</u>
Total Governmental Activities	
Depreciation Expense	<u><b>\$ 2,364,908</b></u>

	<u>Balance June 30, 2005</u>	<u>Prior period adjustment</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2006</u>
<b>Business-type activities</b>						
Capital assets not being depreciated or depleted						
Land	\$ 1,333,038	\$ -	\$ -	\$ -	\$ (529,994)	\$ 803,044
Construction in progress	26,589	-	-	-	-	26,589
Total capital assets at historical cost not being depreciated	<u>1,359,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(529,994)</u>	<u>829,633</u>
Capital assets being depreciated and depleted						
Buildings and improvements	5,769,766	-	-	-	-	5,769,766
Equipment and vehicles	9,174,163	-	118,153	108,755	61,534	9,245,095
Other assets	46,675	-	-	-	529,994	576,669
Total capital assets at historical cost being depreciated	<u>14,990,604</u>	<u>-</u>	<u>118,153</u>	<u>108,755</u>	<u>591,528</u>	<u>15,591,530</u>
Less accumulated depreciation and depletion for:						
Buildings and improvements	(1,747,935)	-	(235,154)	-	-	(1,983,089)
Equipment and vehicles	(5,650,277)	-	(555,816)	(108,755)	(65,152)	(6,162,490)
Other assets	(46,675)	(178,939)	(6,882)	-	-	(232,496)
Total accumulated depreciation and depletion	<u>(7,444,887)</u>	<u>(178,939)</u>	<u>(797,852)</u>	<u>(108,755)</u>	<u>(65,152)</u>	<u>(8,378,075)</u>
Total capital assets being depreciated and depleted, net	<u>7,545,717</u>	<u>(178,939)</u>	<u>(679,699)</u>	<u>-</u>	<u>526,376</u>	<u>7,213,455</u>
Business-type activities capital assets, net	<u><b>\$ 8,905,344</b></u>	<u><b>\$ (178,939)</b></u>	<u><b>\$ (679,699)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ (3,618)</b></u>	<u><b>\$ 8,043,088</b></u>

Transfers include transfers of equipment from governmental funds to the rock quarry with historical cost of \$73,594 and accumulated depreciation of \$73,594 and transfers of equipment from the rock quarry fund to governmental funds with historical cost of \$12,060 and accumulated depreciation of \$8,442.

Included in other capital assets is \$529,994 in mineral interests associated with the rock quarry. The accumulated depletion of these interests at year end was \$185,821, and current year depletion was \$6,882.

**NOTE 5 - LONG-TERM DEBT**

**Bonds**

Bonds payable at June 30, 2006 are comprised of the following individual issues:

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2006</u>	<u>Amounts</u> <u>due within</u> <u>one year</u>
<b>General obligation bonds</b>					
\$2,800,000 1996 Tri-County Tech bonds due in annual installments of \$213,668 to \$284,580 for principal and interest through March, 2011, interest at 4.65% to 6.60%	\$ 1,400,000	\$ -	\$ 205,000	\$ 1,195,000	\$ 210,000
\$4,115,000 2000 Lila Doyle expansion bonds due in annual installments of \$269,663 to \$389,500 for principal and interest through September, 2016, interest at 4.50% to 6.50%	3,435,000	-	3,435,000	-	-
\$8,000,000 2001 Courthouse construction bonds due in annual installments of \$238,400 to \$746,316 for principal and interest through September 2017, interest at 4.47%	7,030,000	-	385,000	6,645,000	405,000
\$5,000,000 2002 EMS Facility construction bonds due in annual installments of \$631,420 to \$748,935 for principal and interest through April 2012, interest at 3.20% to 3.80%	<u>4,075,000</u>	<u>-</u>	<u>500,000</u>	<u>3,575,000</u>	<u>525,000</u>
<b>Total general obligation bonds</b>	<u>15,940,000</u>	<u>-</u>	<u>4,525,000</u>	<u>11,415,000</u>	<u>1,140,000</u>
<b>Special source revenue bonds</b>					
\$629,887 1996 Borg-Warner expansion bonds due in annual installments of \$65,296 to \$134,940 for principal and interest through March 2007, interest at 8.61%	116,394	-	56,340	60,054	60,054
\$600,000 2003 Shell building construction bonds due in annual installments of \$9,450 to \$ 599,803 for principal and interest through December 2006, interest at 4.50% to 6.50%	<u>600,000</u>	<u>-</u>	<u>19,077</u>	<u>580,923</u>	<u>580,923</u>
<b>Total special source revenue bonds</b>	<u>716,394</u>	<u>-</u>	<u>75,417</u>	<u>640,977</u>	<u>640,977</u>
	<u>\$ 16,656,394</u>	<u>\$ -</u>	<u>\$ 4,600,417</u>	<u>\$ 12,055,977</u>	<u>\$ 1,780,977</u>

Oconee Memorial Hospital issued hospital refunding revenue bonds on September 9, 2005. Part of these proceeds were used to advance refund the County 2000 general obligation bonds (\$3,225,000).

As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets.

(Continued)

**NOTE 5 - LONG-TERM DEBT, Continued**

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2006, including interest payments, are as follows:

<b>Year ending June 30,</b>	<b>General obligation bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	\$ 1,140,000	\$ 476,160	\$ 1,616,160
2008	1,200,000	430,099	1,630,099
2009	1,275,000	381,131	1,656,131
2010	1,335,000	327,906	1,662,906
2011	1,410,000	270,905	1,680,905
2012-2016	3,630,000	688,808	4,318,808
2017-2021	1,425,000	64,480	1,489,480
	<b><u>\$ 11,415,000</u></b>	<b><u>\$ 2,639,489</u></b>	<b><u>\$ 14,054,489</u></b>

Debt service funds of \$1,382,218 are available to service the general obligation bonds.

The general obligation bonds are secured by a pledge of the full faith, credit and taxing power of the County.

In accordance with the South Carolina Constitution, the County is allowed to incur general obligations (general purpose) bonded indebtedness in an amount not exceeding eight percent of the assessed value of all taxable property of the County. Based on the taxable assessed property valuation net of exemptions of \$407,321,641 (unaudited), the legal debt limit is \$32,585,731, leaving a legal debt margin as of June 30, 2006 of \$22,552,949.

Article X, Section 14, of the Constitution of the State of South Carolina, as amended, provides that indebtedness payable solely from a special source which does not involve revenues from any tax or license, may be issued by a county. State law empowers Oconee county to receive and retain revenues from a fee in lieu of taxes, to issue special source revenue bonds secured by and payable from all or a part of such revenues, for the purpose of defraying a portion of the cost of designing, acquiring, constructing, improving, or expanding the infrastructure serving the County in order to enhance the economic development of the County.

The annual requirements to amortize all special source revenue bonds outstanding as of June 30, 2006, including interest payments, are as follows:

<b>Year ending June 30,</b>	<b>General obligation bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	\$ 640,977	\$ 24,122	\$ 665,099
	<b><u>\$ 640,977</u></b>	<b><u>\$ 24,122</u></b>	<b><u>\$ 665,099</u></b>

The special source revenue Shell building bonds are secured by fee in lieu of agreements with the County. The special source revenue Borg-Warner bonds are secured by fee in lieu of agreements with the County.

(Continued)

**NOTE 5 - LONG-TERM DEBT, Continued**

**Capital Leases**

The County has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of equipment leased under capital leases as of June 30, 2006:

	<b>Governmental funds</b>
	<hr/>
Machinery and equipment	\$ 4,595,497
Less: Accumulated depreciation	<u>(1,261,698)</u>
	<b><u>\$ 3,333,799</u></b>

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2006:

<b>Fiscal year ending June 30,</b>	<b>Governmental funds</b>
	<hr/>
2007	\$ 958,019
2008	368,167
2009	368,168
2010	<u>368,168</u>
Total minimum lease payments	2,062,522
Less: Amount representing interest	<u>(114,707)</u>
	<b><u>\$ 1,947,815</u></b>

Lease obligations are payable from the general fund.

**Changes in long-term debt**

The following is a summary of long-term debt transactions of the County for the year ended June 30, 2006:

	Estimated long term liability for annual leave		General obligation bonds	Special source revenue bonds	Lease obligations	Postclosure care costs
	Governmental fund	Enterprise funds				
Payable at July 1, 2005	\$ 840,588	\$ 153,518	\$ 15,940,000	\$ 716,394	\$ 3,082,399	\$ 2,618,865
Amounts incurred	104,140	19,349	-	-	-	577,021
Amounts retired	<u>(84,059)</u>	<u>(15,353)</u>	<u>(4,525,000)</u>	<u>(75,417)</u>	<u>(1,134,584)</u>	<u>(780,374)</u>
Payable at June 30, 2006	<b><u>\$ 860,669</u></b>	<b><u>\$ 157,514</u></b>	<b><u>\$ 11,415,000</u></b>	<b><u>\$ 640,977</u></b>	<b><u>\$ 1,947,815</u></b>	<b><u>\$ 2,415,512</u></b>
Amounts due within one year	<b><u>\$ 86,067</u></b>	<b><u>\$ 15,751</u></b>	<b><u>\$ 1,140,000</u></b>	<b><u>\$ 640,977</u></b>	<b><u>\$ 900,672</u></b>	<b><u>\$ 116,167</u></b>

**NOTE 6 - INTERFUND ASSETS AND LIABILITIES**

The balances of interfund receivables and payables at June 30, 2006 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency	\$ 94,777
General Fund	Nonmajor Governmental	<u>96,486</u>
		<b><u>\$ 191,263</u></b>

All of the above balances are scheduled to be collected in the subsequent year. The balances at June 30 resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Any transactions to transfer revenues from the fund budgeted to receive them to the fund budgeted to expend them are reported as transfers from and to other funds. Total transfers during the year ended June 30, 2006 consisted of the following individual amounts:

<u>Transfer In Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental	\$ 180,535
General fund	Rock Quarry	<u>512,141</u>
		692,676
Nonmajor governmental	General fund	1,838,690
Nonmajor governmental	Nonmajor governmental	<u>368,168</u>
		2,206,858
Total governmental fund transfers in		<b><u>\$ 2,899,534</u></b>
Rock Quarry	General fund	\$ 300,402
Rock Quarry	Nonmajor governmental	98,474
Solid waste commission	General fund	<u>3,134,500</u>
Total proprietary fund transfers in		<b><u>\$ 3,533,376</u></b>

**NOTE 7 - EMPLOYEE BENEFITS**

**Retirement Plan**

Substantially all County employees are members of the South Carolina Retirement System, (SCRS) or the Police Officers Retirement System (PORS). These systems are cost-sharing multiple-employer plans administered by the Retirement Division of the State Budget and Control Board. The Plan offers retirement and disability benefits, cost of living adjustments on an ad hoc basis, and life and survivor benefits. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws. The State is authorized by statute to establish and amend all plan provisions. Covered payroll was \$10,274,253, \$13,605,335 and \$12,779,743 for the years ended June 30, 2006, 2005 and 2004, respectively.

Generally all employees are required to participate in the SCRS or PORS as a condition of employment.

(Continued)



**NOTE 7 - EMPLOYEE BENEFITS, Continued**

Under South Carolina Retirement System (SCRS), employees are eligible for normal retirement with no reduction of benefits upon reaching age 65 or completion of 28 years credited service regardless of age. The benefit formula effective July 1, 1989, for the System is 1.82% of an employee's average final compensation multiplied by the number of years of credited service. An early retirement option with reduced benefits is available as early as age 60. Employees are vested for a deferred annuity after 5 years service and qualify for a survivor's benefit upon completion of 15 years credited service. A group-life insurance benefit equal to an active employee's annual rate of compensation is payable upon the death of an employee with a minimum of one year of credited service. Employees are required to contribute 6.25% of their salary for the year ended June 30, 2006 (6.00% for the years ended June 30, 2005 and 2004). The County is required to contribute 7.55% of employees' salary for the year ended June 30, 2006 (6.70% for the years ended June 30, 2005 and 2004). In addition, the County pays .15% of payroll for group life contributions.

Police Officers Retirement System (PORS) - Participating employees contribute 6.5% of their annual covered payroll. The County contributes on their behalf 10.3% of annual payroll plus an additional .2% of payroll for accidental death contributions and another .2% of payroll for group life contributions.

The Pension Plans provide death and disability as well retirement benefits. Both employees and employers are required to contribute to the Plan at rates established under authority of Title 9 of the SC Code of Laws. Contribution information for the year ended June 30, 2006 and the two years prior is as follows:

	<u>Employee Amount</u>	<u>Contributions % of Wages</u>	<u>Employer Amount</u>	<u>Contributions % of Wages</u>	<u>Total</u>
<b><u>SCRS</u></b>					
June 30, 2006	\$ 639,911	6.25%	\$ 791,120	7.55%	\$ 1,431,031
June 30, 2005	593,610	6.00%	710,710	6.70%	1,304,320
June 30, 2004	562,886	6.00%	673,564	6.70%	1,236,450
<b><u>PORS</u></b>					
June 30, 2006	\$ 266,466	6.50%	\$ 431,790	10.30%	\$ 698,256
June 30, 2005	241,271	6.50%	418,220	10.30%	659,491
June 30, 2004	222,190	6.50%	385,182	10.30%	607,372

Employees eligible for service retirement may participate in the Teacher and Retiree Incentive Program (TERI). TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2006, TERI participants who entered the program before July 1, 2005 do not have to contribute SCRS as long as they are covered under the TERI program.

Ten year historical trend information presenting the retirement system's progress in accumulating sufficient assets to pay benefits when due is presented in the Component Unit Financial Report issued annually by the South Carolina Retirement Systems.

A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Retirement System, P.O. Box 11960, Columbia, S.C. 29211-1960.

(Continued)

**NOTE 7 - EMPLOYEE BENEFITS, Continued**

**Deferred Compensation Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, which is administered and controlled by the State of South Carolina. The plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Citistreet, PO Box 9182, Boston MA 02209, (under state contract) is the program administrator of the 457 plan as well as the 401k plan, which is also available to County and component unit employees at their option.

**Post-employment Health Care Benefits**

In addition to providing pension benefits through the South Carolina Retirement System, the County provides certain health care benefits for qualified retired employees who elect health care coverage through the County upon retirement. County health care benefits become secondary to Medicare when retiree becomes eligible. Substantially all of the County's employees may become eligible for those benefits if they reach normal retirement age, years of service, or qualify as a disabled retiree through the South Carolina Retirement System, while working for the County. Retired participants contribute to the health care plan by payment of monthly premiums.

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, 2006 there were 70 retirees who were covered under the County's group insurance plans and the total cost of retiree health and dental benefits was \$132,691 for the fiscal year.

**NOTE 8 - CONTINGENT LIABILITIES**

The County participates in a number of federal and state assisted grant programs. These programs are subject to audits by grantors or their representatives. The audits of these programs for or including the year ended June 30, 2006, 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.

**NOTE 9 - LITIGATION**

There are several pending lawsuits in which the County is involved. The County attorney estimates that the potential claims against the County, not covered by insurance, resulting from such litigation, would not materially affect the financial statements of the County.

**NOTE 10 - 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; and natural disasters for which the County carries insurance through the State Budget and Control Board Office of Insurance Reserve Fund. The County pays premiums to the Fund for its general insurance coverage. The agreement for formation of the Fund provides that the Fund will be self-sustaining through member premiums and will reinsure through commercial companies for each insured event. Additionally, the County participates in a self-funded program to provide workers' compensation insurance through the South Carolina Association of Counties, which works in a similar way as the Insurance Reserve Fund.

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**NOTE 10 - RISK MANAGEMENT, Continued**

The County continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**NOTE 11 - OTHER COMMITMENTS**

The County leases copiers, postage meters and office space under operating leases. Future minimum lease payments required under the operating leases are as follows:

<b>Fiscal year ending June 30,</b>	<b>Total minimum lease payments</b>
2007	\$ 47,485
2008	22,730
2009	4,976
2010	2,789
2011	2,060
2012 - 2016	<u>10,300</u>
	<b><u>\$ 90,340</u></b>

The construction work in progress amounts in Note 4 relate to construction costs. Construction commitments at June 30, 2006 totaled approximately \$4,268,000.

**NOTE 12 - LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS**

State and federal laws and regulations require that the County place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and post-closure care costs is based on the amount of available landfill space used during the year. The estimated liability for landfill closure and post-closure care costs has a balance of \$2,415,512 at June 30, 2006 (\$116,167 estimated due within one year), which is based on 100% usage of the previous landfill sites which were closed during the year ended June 30, 1998. In addition, \$780,374 were expended to close and monitor the previous landfill site during the current year. The actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

**NOTE 13 - 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 \$75,000 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 \$627,332 and are recorded as a liability and expenditure within the general fund. The following indicates claims versus premiums for the past three fiscal years:

<u>Fiscal Year</u>	<u>Premiums</u>	<u>Claims Paid</u>	<u>Claims Incurred</u>
2006	775,110	4,575,254	3,990,123
2005	612,909	4,041,408	4,031,340
2004	553,744	3,109,016	2,330,464

**NOTE 14 - ECONOMIC DEPENDENCY**

Duke Energy provides a major source of property tax revenues. During the year ended June 30, 2006 the company paid property taxes in the amount of \$27.6 million based on assessed property value of \$139.6 million. This represents approximately 34.2% of the 2005 levy. Approximately \$17.5 million of the amount collected was appropriated for the School District of Oconee County and Tri-County Technical College.

**NOTE 15 - COMPONENT UNIT INFORMATION**

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the component units have been included in the financial reporting entity. The Oconee County Sewer Commission and the School District of Oconee County are discretely presented on the financial statements and the following are the associated note disclosures.

Condensed component units’ cash and investments for the year ended June 30, 2006 was as follows:

**Sewer Commission**

The Commission’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

At June 30, 2006, the carrying amount of the Commission’s deposits was \$331,589.

**School District**

The School District’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

At June 30, 2006, the carrying amount of the district’s deposits was \$2,973,804 and the bank balance was \$4,508,932. All of the School District’s deposits at year end were covered by federal depository insurance or by collateral held in the pledging financial institutions’ trust departments in the School District’s name.

(Continued)

**NOTE 15 - COMPONENT UNIT INFORMATION, Continued**

As of June 30, 2006, the component units' had the following investments:

**Sewer Commission**

<u>June 30, 2006</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Maturities</u>
Treasury bills	<u>\$ 6,952,513</u>	<u>\$ 6,952,513</u>	Less than 1 year

**School District**

<u>June 30, 2006</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Maturities</u>
South Carolina local government investment pool	\$ 18,052,044	\$ 18,052,044	No maturity
Certificates of deposit	<u>92,296</u>	<u>92,296</u>	Various
	<u><b>\$ 18,144,340</b></u>	<u><b>\$ 18,144,340</b></u>	

Condensed component units' capital asset activity for the year ended June 30, 2006 was as follows:

**Sewer Commission**

	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated				
Land	\$ 569,577	\$ -	\$ -	\$ 569,577
Infrastructure construction in progress	<u>-</u>	<u>70,190</u>	<u>-</u>	<u>70,190</u>
Total capital assets at historical cost not being depreciated	<u>569,577</u>	<u>70,190</u>	<u>-</u>	<u>639,767</u>
Capital assets being depreciated				
Building and improvements	28,083,707	-	-	28,083,707
Equipment and vehicles	553,561	50,320	-	603,881
Other capital assets	<u>17,367</u>	<u>-</u>	<u>-</u>	<u>17,367</u>
Total capital assets at historical cost being depreciated	<u>28,654,635</u>	<u>50,320</u>	<u>-</u>	<u>28,704,955</u>
Total accumulated depreciation	<u>(13,011,125)</u>	<u>(755,839)</u>	<u>-</u>	<u>(13,766,964)</u>
Total capital assets being depreciated, net	<u>15,643,510</u>	<u>(705,519)</u>	<u>-</u>	<u>14,937,991</u>
Governmental activities capital assets, net	<u><b>\$ 16,213,087</b></u>	<u><b>\$ (635,329)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 15,577,758</b></u>

(Continued)

**NOTE 15 - COMPONENT UNIT INFORMATION, Continued**

**School District**

	<b>Balance June 30, 2005</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2006</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 946,704	\$ 13,400	\$ 6,414	\$ 953,690
Infrastructure construction in progress	<u>1,132,952</u>	<u>6,141,559</u>	<u>913,230</u>	<u>6,361,281</u>
Total capital assets at historical cost not being depreciated	<u>2,079,656</u>	<u>6,154,959</u>	<u>919,644</u>	<u>7,314,971</u>
Capital assets being depreciated				
Building and improvements	118,567,343	2,694,861	655,699	120,606,505
Equipment and vehicles	6,730,299	569,824	555,109	6,745,014
Infrastructure	<u>809,083</u>	<u>18,275</u>	<u>6,006</u>	<u>821,352</u>
Total capital assets at historical cost being depreciated	<u>126,106,725</u>	<u>3,282,960</u>	<u>1,216,814</u>	<u>128,172,871</u>
Less accumulated depreciation for:				
Buildings and improvements	(46,040,170)	(3,806,603)	(470,893)	(49,375,880)
Equipment and vehicles	(4,098,402)	(566,308)	(544,189)	(4,120,521)
Infrastructure	<u>(346,501)</u>	<u>(37,700)</u>	<u>(4,216)</u>	<u>(379,985)</u>
Total accumulated depreciation	<u>(50,485,073)</u>	<u>(4,410,611)</u>	<u>(1,019,298)</u>	<u>(53,876,386)</u>
Total capital assets being depreciated, net	<u>75,621,652</u>	<u>(1,127,651)</u>	<u>197,516</u>	<u>74,296,485</u>
Governmental activities capital assets, net	<b><u>\$ 77,701,308</u></b>	<b><u>\$ 5,027,308</u></b>	<b><u>\$ 1,117,160</u></b>	<b><u>\$ 81,611,456</u></b>
<b>Business-Type Activities</b>				
Capital assets being depreciated				
Equipment and vehicles	\$ 2,045,169	\$ 32,340	\$ -	\$ 2,077,509
Less accumulated depreciation for:				
Equipment and vehicles	<u>(1,660,729)</u>	<u>(88,824)</u>	<u>-</u>	<u>(1,749,553)</u>
Business-type activities capital assets, net	<b><u>\$ 384,440</u></b>	<b><u>\$ (56,484)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 327,956</u></b>

(Continued)

**NOTE 15 - COMPONENT UNIT INFORMATION, Continued**

Condensed component units' long term liability activity for the year ended June 30, 2006 was as follows:

**Sewer Commission**

	<u>Compensated Absences</u>	<u>Bonds Payable</u>
Payable at July 1, 2005	\$ 16,218	\$ 5,144,621
Amounts incurred	1,606	-
Amounts retired	<u>(4,865)</u>	<u>(397,581)</u>
Payable at June 30, 2006	<u>\$ 12,959</u>	<u>\$ 4,747,040</u>
Amounts due within one year	<u>\$ 3,888</u>	<u>\$ 414,750</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2006, including interest payments, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 414,750	\$ 195,197	\$ 609,947
2008	432,659	177,288	609,947
2009	451,343	158,604	609,947
2010	470,833	139,114	609,947
2011	491,164	118,783	609,947
2012-2016	<u>2,486,291</u>	<u>258,471</u>	<u>2,744,762</u>
	<u>\$ 4,747,040</u>	<u>\$ 1,047,457</u>	<u>\$ 5,794,497</u>

(Continued)

**NOTE 15 - COMPONENT UNIT INFORMATION, Continued**

**School District**

	<u>Compensated Absences</u>	<u>Bonds Payable</u>
Payable at July 1, 2005	\$ 4,315,439	\$ 42,594,964
Amounts incurred	-	-
Amounts retired	<u>(670,099)</u>	<u>(6,760,616)</u>
Payable at June 30, 2006	<u>\$ 3,645,340</u>	<u>\$ 35,834,348</u>
Amounts due within one year	<u>\$ 394,298</u>	<u>\$ 5,425,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2006, including interest payments, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 5,425,000	\$ 1,339,063	\$ 6,764,063
2008	5,550,000	1,154,238	6,704,238
2009	5,780,000	958,863	6,738,863
2010	4,300,000	750,013	5,050,013
2011	4,440,000	584,813	5,024,813
2012-2016	<u>10,339,348</u>	<u>851,564</u>	<u>11,190,912</u>
	<u>\$ 35,834,348</u>	<u>\$ 5,638,554</u>	<u>\$ 41,472,902</u>



**NOTE 16 - PRIOR PERIOD ADJUSTMENT**

During 2005 the County's general fund understated expenses and overstated fund balance by \$418,095 by not accruing for payroll liabilities. Additionally, at June 30, 2005 the County's general fund's accounts payable was understated by \$136,004 leading to an overstatement of fund balance. The effect of these restatements decreased beginning net assets and general fund fund balance by \$554,099. In addition, the County's solid waste fund understated expenses and overstated net assets by \$40,332 by not accruing for payroll liabilities. The effect of this restatement decreased beginning net assets by \$40,332. Additionally, the County's rock quarry fund understated expenses and overstated net assets by \$17,504 by not accruing for payroll liabilities and understated expenses and overstated net assets by \$178,939 by not calculating depletion on land owned for rock quarry operations. The effect of these restatements decreased beginning net assets by \$196,443.

	<b>Financial Statements</b>				
	<b>Government</b>				
	<b>Wide</b>				
	<b>Governmental</b>	<b>Business - type</b>	<b>General</b>	<b>Fund Solid waste</b>	<b>Rock quarry</b>
Net assets beginning of year - as originally reported/fund balance	\$ 44,904,143	\$ 13,347,567	\$ 11,421,779	\$ 7,715,718	\$ 5,631,849
Prior period adjustment					
General fund	(554,099)	-	(554,099)	-	-
Solid waste fund	-	(40,332)	-	(40,332)	-
Rock quarry fund	-	(196,443)	-	-	(196,443)
Net assets, beginning of year, as restated	<b><u>\$ 44,350,044</u></b>	<b><u>\$ 13,110,792</u></b>	<b><u>\$ 10,867,680</u></b>	<b><u>\$ 7,675,386</u></b>	<b><u>\$ 5,435,406</u></b>

**OCONEE COUNTY, SOUTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES BY DEPARTMENT**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the year ended June 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>Revenues</b>				
Property taxes	\$ 23,791,000	\$ 28,312,853	\$ 27,307,905	\$ (1,004,948)
Intergovernmental revenues	3,036,363	3,036,363	3,727,678	691,315
Licenses, permits and fees	2,090,500	2,090,500	2,990,532	900,032
Fines and forfeitures	615,000	615,000	446,981	(168,019)
County airport	505,000	505,000	570,288	65,288
PRT commission	275,000	275,000	265,049	(9,951)
Miscellaneous and other	259,985	259,985	341,554	81,569
Payments in lieu of taxes and franchise fees	425,000	493,749	886,191	392,442
Interest income	250,000	250,000	1,056,415	806,415
	<u>31,247,848</u>	<u>35,838,450</u>	<u>37,592,593</u>	<u>1,754,143</u>
<b>Expenditures</b>				
<b>Current operating:</b>				
<b>General government:</b>				
Building codes	566,395	566,395	536,279	30,116
County council	303,989	303,989	194,222	109,767
County grants	48,803	48,803	48,518	285
Delegation	81,051	81,051	83,027	(1,976)
Economic development	682,093	682,093	308,616	373,477
Finance department	901,481	901,481	498,949	402,532
Non-departmental expenditures	287,505	287,505	149,226	138,279
Human resources	1,446,526	1,446,526	857,076	589,450
Information technology	880,071	880,071	955,329	(75,258)
Planning commission	156,034	156,034	144,567	11,467
Procurement	231,366	231,366	244,365	(12,999)
Building maintenance	570,561	570,561	1,047,194	(476,633)
Registration and elections	133,738	133,738	132,999	739
Soil and water conservation	61,154	61,154	45,070	16,084
Administrator's office	708,600	708,600	554,494	154,106
County airport	759,797	759,797	638,344	121,453
Vehicle maintenance	809,956	809,956	1,630,475	(820,519)
Register of deeds	389,866	389,866	377,508	12,358
Assessor	769,192	794,192	791,758	2,434
Auditor	329,584	329,584	336,191	(6,607)
Board of assessment appeals	13,640	13,640	3,151	10,489
Computer tax center	156,543	156,543	136,193	20,350
Tax collector	196,442	196,442	200,431	(3,989)
Treasurer	360,503	360,503	351,259	9,244
<b>Total general government</b>	<u>10,844,890</u>	<u>10,869,890</u>	<u>10,265,241</u>	<u>604,649</u>
<b>Judicial services:</b>				
Clerk of court	822,366	822,366	653,600	168,766
Probate judge	342,825	342,825	357,628	(14,803)
Solicitor	355,084	355,084	343,955	11,129
Magistrates	603,137	603,137	556,254	46,883
County grants	199,256	199,256	-	199,256
<b>Total judicial services</b>	<u>2,322,668</u>	<u>2,322,668</u>	<u>1,911,437</u>	<u>411,231</u>

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES BY DEPARTMENT**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**For the year ended June 30, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>Public safety:</b>				
Sheriff's department	5,635,937	5,635,937	5,308,609	327,328
Rural fire control	1,474,689	1,474,689	529,863	944,826
Coroner	118,945	118,945	143,102	(24,157)
Communications	1,031,829	1,031,829	983,977	47,852
Emergency management	478,535	478,535	325,533	153,002
Law enforcement center	2,103,050	2,103,050	1,901,676	201,374
Probation, parole and pardon	-	-	3,143	(3,143)
Animal control	307,107	307,107	336,318	(29,211)
<b>Total public safety</b>	<u>11,150,092</u>	<u>11,150,092</u>	<u>9,532,221</u>	<u>1,617,871</u>
<b>Highways and streets:</b>				
Road department	3,832,887	3,832,887	3,571,120	261,767
<b>Health and welfare:</b>				
Charity medical	-	-	299,366	(299,366)
Department of social services	645,825	645,825	5,657	640,168
Health department	-	-	59,233	(59,233)
Veteran's affairs	166,316	166,316	170,423	(4,107)
<b>Total health and welfare</b>	<u>812,141</u>	<u>812,141</u>	<u>534,679</u>	<u>277,462</u>
<b>Culture and recreation:</b>				
Arts and historical commission	24,548	24,548	23,248	1,300
Parks, recreation and tourism	1,137,248	1,137,248	1,181,297	(44,049)
Library	1,348,874	1,348,874	1,261,872	87,002
<b>Total culture and recreation</b>	<u>2,510,670</u>	<u>2,510,670</u>	<u>2,466,417</u>	<u>44,253</u>
<b>Capital outlay</b>	<u>-</u>	<u>-</u>	<u>113,534</u>	<u>(113,534)</u>
<b>Nondepartmental</b>				
Bond sinking distribution	-	-	5,122	(5,122)
Direct aid	-	-	894,449	(894,449)
<b>Total nondepartmental</b>	<u>-</u>	<u>-</u>	<u>899,571</u>	<u>(899,571)</u>
<b>Total expenditures</b>	<u>31,473,348</u>	<u>31,498,348</u>	<u>29,294,220</u>	<u>2,204,128</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ (225,500)</u>	<u>\$ 4,340,102</u>	<u>\$ 8,298,373</u>	<u>\$ 3,958,271</u>
<b>Other financing sources (uses)</b>				
Sale of capital assets	-	-	13,472	13,472
Interfund transfers in	3,700,000	3,700,000	692,676	(3,007,324)
Interfund transfers (out)	(3,474,500)	(3,474,500)	(5,273,592)	(1,799,092)
<b>Total other financing sources (uses)</b>	<u>225,500</u>	<u>225,500</u>	<u>(4,567,444)</u>	<u>(4,792,944)</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>4,565,602</u>	<u>3,730,929</u>	<u>(834,673)</u>
Fund balance, beginning of year, as originally reported	11,421,779	11,421,779	11,421,779	-
Prior period adjustment	(554,099)	(554,099)	(554,099)	-
Fund balance, beginning of year, as restated	<u>10,867,680</u>	<u>10,867,680</u>	<u>10,867,680</u>	<u>-</u>
Fund balance, ending of year	<u>\$ 10,867,680</u>	<u>\$ 15,433,282</u>	<u>\$ 14,598,609</u>	<u>\$ (834,673)</u>

**OCONEE COUNTY,  
SOUTH CAROLINA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006**

	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,375,934	\$ 1,412,283	\$ 4,283,903	\$ 7,072,120
Receivables:				
Taxes	35,793	-	-	35,793
Intergovernmental	<u>36</u>	<u>162,000</u>	<u>207,314</u>	<u>369,350</u>
Total assets	<b><u>\$ 1,411,763</u></b>	<b><u>\$ 1,574,283</u></b>	<b><u>\$ 4,491,217</u></b>	<b><u>\$ 7,477,263</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 277,136	\$ 44,367	\$ 321,503
Deferred revenue				
Property Taxes	29,545	-	-	29,545
Intergovernmental	-	93,756	176,745	270,501
Due to other funds	<u>-</u>	<u>94,520</u>	<u>1,966</u>	<u>96,486</u>
Total liabilities	<u>29,545</u>	<u>465,412</u>	<u>223,078</u>	<u>718,035</u>
<b>Fund balances</b>				
Reserved for:				
Debt service	1,382,218	-	-	1,382,218
Encumbrances	-	82,745	420,954	503,699
Unreserved:				
Undesignated reported in:				
Special revenue fund	-	1,026,126	-	1,026,126
Capital Projects	<u>-</u>	<u>-</u>	<u>3,847,185</u>	<u>3,847,185</u>
Total fund balances	<u>1,382,218</u>	<u>1,108,871</u>	<u>4,268,139</u>	<u>6,759,228</u>
Total liabilities and fund balances	<b><u>\$ 1,411,763</u></b>	<b><u>\$ 1,574,283</u></b>	<b><u>\$ 4,491,217</u></b>	<b><u>\$ 7,477,263</u></b>

**OCONEE COUNTY, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**For the year ended June 30, 2006**

	<b>Nonmajor Debt Service Fund</b>	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 1,746,773	\$ -	\$ -	\$ 1,746,773
Intergovernmental	-	2,289,878	902,568	3,192,446
Licenses, permits and fees	-	1,860	-	1,860
Fines and forfeitures	-	137,139	-	137,139
Miscellaneous and other	3,597,812	183,112	277,235	4,058,159
Fee in lieu of taxes	80,856	-	-	80,856
Interest	34,861	5,017	21,421	61,299
Total revenues	<u>5,460,302</u>	<u>2,617,006</u>	<u>1,201,224</u>	<u>9,278,532</u>
<b>EXPENDITURES</b>				
General government	-	104,548	679,695	784,243
Judicial services	-	2,105	-	2,105
Public safety	-	757,703	-	757,703
Highways and streets	-	805,880	-	805,880
Health and welfare	-	141,191	-	141,191
Culture and recreation	-	322,078	-	322,078
Capital outlay	-	462,238	3,260,426	3,722,664
Debt service				
Principal retirement	5,735,001	-	-	5,735,001
Interest and fiscal charges	828,607	-	-	828,607
Total expenditures	<u>6,563,608</u>	<u>2,595,743</u>	<u>3,940,121</u>	<u>13,099,472</u>
Excess of revenues over expenditures	<u>(1,103,306)</u>	<u>21,263</u>	<u>(2,738,897)</u>	<u>(3,820,940)</u>
Other financing sources:				
Operating transfers in	1,292,209	202,164	712,485	2,206,858
Operating transfers out	-	(166,753)	(480,424)	(647,177)
Total other financing sources (uses)	<u>1,292,209</u>	<u>35,411</u>	<u>232,061</u>	<u>1,559,681</u>
Net change in fund balances	188,903	56,674	(2,506,836)	(2,261,259)
Fund balances, beginning of the year	<u>1,193,315</u>	<u>1,052,197</u>	<u>6,774,975</u>	<u>9,020,487</u>
Fund balances, end of the year	<u><b>\$ 1,382,218</b></u>	<u><b>\$ 1,108,871</b></u>	<u><b>\$ 4,268,139</b></u>	<u><b>\$ 6,759,228</b></u>

**OCONEE COUNTY, SOUTH CAROLINA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006**

	<u>Tourism ATAX 30%</u>	<u>Tourism ATAX 65%</u>	<u>25% local accommodation tax</u>	<u>75% local accommodation tax</u>	<u>Economic development Bell South</u>	<u>Industrial park development</u>	<u>Seneca health clinic</u>	<u>Homeland security sheriff</u>	<u>Bullet proof vest</u>
<b>ASSETS</b>									
Cash and cash equivalent	\$ 7,500	\$ -	\$ 87,355	\$ 291,021	\$ 625	\$ 35,000	\$ 11,791	\$ 99	\$ 1,920
Intergovernmental receivable	<u>15,712</u>	<u>34,042</u>	<u>3,369</u>	<u>10,103</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,768</u>	<u>1,920</u>
Total assets	<u><b>\$ 23,212</b></u>	<u><b>\$ 34,042</b></u>	<u><b>\$ 90,724</b></u>	<u><b>\$ 301,124</b></u>	<u><b>\$ 625</b></u>	<u><b>\$ 35,000</b></u>	<u><b>\$ 11,791</b></u>	<u><b>\$ 16,867</b></u>	<u><b>\$ 3,840</b></u>
<b>LIABILITIES AND FUND BALANCE:</b>									
Liabilities									
Accounts payable	\$ 15,712	\$ -	\$ -	\$ 77,770	\$ -	\$ -	\$ -	\$ 50	\$ -
Deferred revenue	-	-	-	-	-	-	-	16,768	1,920
Due to other funds	<u>7,500</u>	<u>14,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>1,920</u>
Total liabilities	<u>23,212</u>	<u>14,231</u>	<u>-</u>	<u>77,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,867</u>	<u>3,840</u>
Fund balances									
Reserved for encumbrance	-	-	100	-	-	-	-	16,718	-
Unreserved	<u>-</u>	<u>19,811</u>	<u>90,624</u>	<u>223,354</u>	<u>625</u>	<u>35,000</u>	<u>11,791</u>	<u>(16,718)</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>19,811</u>	<u>90,724</u>	<u>223,354</u>	<u>625</u>	<u>35,000</u>	<u>11,791</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u><b>\$ 23,212</b></u>	<u><b>\$ 34,042</b></u>	<u><b>\$ 90,724</b></u>	<u><b>\$ 301,124</b></u>	<u><b>\$ 625</b></u>	<u><b>\$ 35,000</b></u>	<u><b>\$ 11,791</b></u>	<u><b>\$ 16,867</b></u>	<u><b>\$ 3,840</b></u>

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006**

	<u>Sheriff DEA state funds</u>	<u>Sheriff DEA federal funds</u>	<u>LLEBGP 2003 LBBX2446</u>	<u>LLEBGP 2004LBBX</u>	<u>Edward Byrne memorial grant</u>	<u>Child/elder abuse grant</u>	<u>DCSIP grant</u>	<u>Magistrate victim's assistance</u>	<u>Clerk of court victim's assistance</u>
<b>ASSETS</b>									
Cash and cash equivalent	\$ 51,585	\$ 69,165	\$ 805	\$ 8,442	\$ 3,809	\$ 6,560	\$ 4,225	\$ 59,985	\$ 44,498
Intergovernmental receivable	-	-	-	-	-	23,059	24,124	-	-
Total assets	<u>\$ 51,585</u>	<u>\$ 69,165</u>	<u>\$ 805</u>	<u>\$ 8,442</u>	<u>\$ 3,809</u>	<u>\$ 29,619</u>	<u>\$ 28,349</u>	<u>\$ 59,985</u>	<u>\$ 44,498</u>
<b>LIABILITIES AND FUND BALANCE:</b>									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24	\$ 71	\$ 159	\$ 36
Deferred revenue	-	-	-	6,296	3,533	10,343	11,141	-	-
Due to other funds	-	-	-	-	-	19,252	17,137	-	-
Total liabilities	-	-	-	6,296	3,533	29,619	28,349	159	36
Fund balances									
Reserved for encumbrance	-	-	-	-	4,187	-	-	-	-
Unreserved	51,585	69,165	805	2,146	(3,911)	-	-	59,826	44,462
Total fund balances	51,585	69,165	805	2,146	276	-	-	59,826	44,462
Total liabilities and fund balances	<u>\$ 51,585</u>	<u>\$ 69,165</u>	<u>\$ 805</u>	<u>\$ 8,442</u>	<u>\$ 3,809</u>	<u>\$ 29,619</u>	<u>\$ 28,349</u>	<u>\$ 59,985</u>	<u>\$ 44,498</u>

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006**

	Clerk of court	U.S. district court community assistance	PARD grant	PRT Alexander Cannon - Hill house	County park brocures	2005-2006 HMEP planning grant	Homeland security grant	Duke power 911 equipment	Duke power emergency preparedness	Citizens corps grant
<b>ASSETS</b>										
Cash and cash equivalent	\$ 14,861	\$ 3,871	\$ -	\$ 20,000	\$ 3,000	\$ 1,557	\$ 17,906	\$ 3,996	\$ 26,101	\$ -
Intergovernmental receivable	<u>158</u>	<u>-</u>	<u>10,053</u>	<u>-</u>	<u>-</u>	<u>3,864</u>	<u>14,586</u>	<u>-</u>	<u>-</u>	<u>4,242</u>
Total assets	<u><b>\$ 15,019</b></u>	<u><b>\$ 3,871</b></u>	<u><b>\$ 10,053</b></u>	<u><b>\$ 20,000</b></u>	<u><b>\$ 3,000</b></u>	<u><b>\$ 5,421</b></u>	<u><b>\$ 32,492</b></u>	<u><b>\$ 3,996</b></u>	<u><b>\$ 26,101</b></u>	<u><b>\$ 4,242</b></u>
<b>LIABILITIES AND FUND BALANCE:</b>										
Liabilities										
Accounts payable	\$ 1,101	\$ -	\$ -	\$ -	\$ -	\$ 1,557	\$ 5,772	\$ -	\$ 915	\$ 1,559
Deferred revenue	-	-	-	10,000	-	-	14,586	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>5,100</u>	<u>-</u>	<u>-</u>	<u>1,867</u>	<u>12,134</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,101</u>	<u>-</u>	<u>5,100</u>	<u>10,000</u>	<u>-</u>	<u>3,424</u>	<u>32,492</u>	<u>-</u>	<u>915</u>	<u>1,559</u>
Fund balances										
Reserved for encumbrance	-	-	-	-	-	-	2,890	-	-	-
Unreserved	<u>13,918</u>	<u>3,871</u>	<u>4,953</u>	<u>10,000</u>	<u>3,000</u>	<u>1,997</u>	<u>(2,890)</u>	<u>3,996</u>	<u>25,186</u>	<u>2,683</u>
Total fund balances	<u>13,918</u>	<u>3,871</u>	<u>4,953</u>	<u>10,000</u>	<u>3,000</u>	<u>1,997</u>	<u>-</u>	<u>3,996</u>	<u>25,186</u>	<u>2,683</u>
Total liabilities and fund balances	<u><b>\$ 15,019</b></u>	<u><b>\$ 3,871</b></u>	<u><b>\$ 10,053</b></u>	<u><b>\$ 20,000</b></u>	<u><b>\$ 3,000</b></u>	<u><b>\$ 5,421</b></u>	<u><b>\$ 32,492</b></u>	<u><b>\$ 3,996</b></u>	<u><b>\$ 26,101</b></u>	<u><b>\$ 4,242</b></u>

(Continued)



**OCONEE COUNTY, SOUTH CAROLINA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006**

	<u>Rescue squad equipment donations</u>	<u>Rescue squad banquet donations</u>	<u>Rural fire training</u>	<u>Rural fire hazmat team</u>	<u>Rural fire homeland security</u>	<u>Local emergency preparedness</u>	<u>DHEC EMS grant</u>	<u>Airport donations</u>	<u>Animal control donation</u>
<b>ASSETS</b>									
Cash and cash equivalent	\$ 3,429	\$ 1,617	\$ 61	\$ 1,036	\$ 33,632	\$ 11,607	\$ 26,002	\$ 316	\$ 10,077
Intergovernmental receivable	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 3,429</u>	<u>\$ 1,617</u>	<u>\$ 61</u>	<u>\$ 1,036</u>	<u>\$ 33,632</u>	<u>\$ 11,607</u>	<u>\$ 26,002</u>	<u>\$ 316</u>	<u>\$ 10,077</u>
<b>LIABILITIES AND FUND BALANCE:</b>									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,002	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	26,002	-	-
Fund balances									
Reserved for encumbrance	-	-	-	-	-	-	-	-	-
Unreserved	3,429	1,617	61	1,036	33,632	11,607	-	316	10,077
Total fund balances	3,429	1,617	61	1,036	33,632	11,607	-	316	10,077
Total liabilities and fund balances	<u>\$ 3,429</u>	<u>\$ 1,617</u>	<u>\$ 61</u>	<u>\$ 1,036</u>	<u>\$ 33,632</u>	<u>\$ 11,607</u>	<u>\$ 26,002</u>	<u>\$ 316</u>	<u>\$ 10,077</u>

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006**

	Arts and historical donations	Library donations	Library construction donation	Library lottery funds	Library books, etc. state	Walhalla health department HVAC	Registration & elections HAVA grant	Mapping system grant	Mini bottle
<b>ASSETS</b>									
Cash and cash equivalent	\$ 1,000	\$ 9,236	\$ 1,201	\$ 49	\$ 16,717	\$ 19,169	\$ 30,660	\$ 11,926	\$ 37,354
Intergovernmental receivable	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 1,000</u>	<u>\$ 9,236</u>	<u>\$ 1,201</u>	<u>\$ 49</u>	<u>\$ 16,717</u>	<u>\$ 19,169</u>	<u>\$ 30,660</u>	<u>\$ 11,926</u>	<u>\$ 37,354</u>
<b>LIABILITIES AND FUND BALANCE:</b>									
Liabilities									
Accounts payable	\$ -	\$ 38	\$ -	\$ 49	\$ 359	\$ -	\$ 15,330	\$ -	\$ 37,354
Deferred revenue	-	-	-	-	-	19,169	-	-	-
Due to other funds	-	-	-	-	-	-	15,330	-	-
Total liabilities	-	38	-	49	359	19,169	30,660	-	37,354
Fund balances									
Reserved for encumbrance	-	-	-	-	-	-	-	-	-
Unreserved	1,000	9,198	1,201	-	16,358	-	-	11,926	-
Total fund balances	1,000	9,198	1,201	-	16,358	-	-	11,926	-
Total liabilities and fund balances	<u>\$ 1,000</u>	<u>\$ 9,236</u>	<u>\$ 1,201</u>	<u>\$ 49</u>	<u>\$ 16,717</u>	<u>\$ 19,169</u>	<u>\$ 30,660</u>	<u>\$ 11,926</u>	<u>\$ 37,354</u>

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006**

	<b>National forestry title I roads</b>	<b>National forestry title III</b>	<b>Valenite turning lanes grant</b>	<b>Nonmajor special revenue funds</b>
<b>ASSETS</b>				
Cash and cash equivalent	\$ 329,462	\$ 1,744	\$ 90,311	\$ 1,412,283
Intergovernmental receivable	-	-	-	162,000
Total assets	<b>\$ 329,462</b>	<b>\$ 1,744</b>	<b>\$ 90,311</b>	<b>\$ 1,574,283</b>
<b>LIABILITIES AND FUND BALANCE:</b>				
Liabilities				
Accounts payable	\$ 1,223	\$ 1,744	\$ 90,311	\$ 277,136
Deferred revenue	-	-	-	93,756
Due to other funds	-	-	-	94,520
Total liabilities	1,223	1,744	90,311	465,412
Fund balances				
Reserved for encumbrance	58,190	-	660	82,745
Unreserved	270,049	-	(660)	1,026,126
Total fund balances	328,239	-	-	1,108,871
Total liabilities and fund balances	<b>\$ 329,462</b>	<b>\$ 1,744</b>	<b>\$ 90,311</b>	<b>\$ 1,574,283</b>

**OCONEE COUNTY, SOUTH CAROLINA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the fiscal year ended June 30, 2006**

	<u>Tourism ATAX 30%</u>	<u>Tourism ATAX 65%</u>	<u>25% local accommodation tax</u>	<u>75% local accommodation tax</u>	<u>Economic development Bell South</u>	<u>Industrial park development</u>	<u>Seneca health clinic</u>	<u>Homeland security sheriff</u>	<u>Bullet proof vest</u>
<b>REVENUES</b>									
Intergovernmental	\$ 33,808	\$ 73,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,467	\$ -
Licenses, permits and fees	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Miscellaneous and other	-	-	34,364	102,848	-	-	-	-	-
Interest	-	711	561	1,910	-	-	-	-	-
Total revenues	<u>33,808</u>	<u>73,961</u>	<u>34,925</u>	<u>104,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,467</u>	<u>-</u>
<b>EXPENDITURES</b>									
Current operating:									
General government	-	-	-	-	-	-	-	-	-
Judicial services	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	22,678	1,920
Highways and streets	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-
Culture and recreation	57,685	105,563	11,194	84,350	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	6,026	-
Total expenditures	<u>57,685</u>	<u>105,563</u>	<u>11,194</u>	<u>84,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,704</u>	<u>1,920</u>
Excess (deficiency) of revenues over expenditures	<u>(23,877)</u>	<u>(31,602)</u>	<u>23,731</u>	<u>20,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,763</u>	<u>(1,920)</u>
<b>OTHER FINANCING SOURCES</b>									
Operating transfers in	7,500	-	-	-	-	-	-	49	1,920
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>1,920</u>
Net change in fund balance	<u>(16,377)</u>	<u>(31,602)</u>	<u>23,731</u>	<u>20,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,812</u>	<u>-</u>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>16,377</u>	<u>51,413</u>	<u>66,993</u>	<u>202,946</u>	<u>625</u>	<u>35,000</u>	<u>11,791</u>	<u>(10,812)</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 19,811</u>	<u>\$ 90,724</u>	<u>\$ 223,354</u>	<u>\$ 625</u>	<u>\$ 35,000</u>	<u>\$ 11,791</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the fiscal year ended June 30, 2006**

	Sheriff DEA state funds	Sheriff DEA federal funds	LLEBGP 2003 LBBX2446	LLEBGP 2004LBBX	Edward Byrne memorial grant	Child/elder abuse grant	DCSIP grant	Magistrate victim's assistance	Clerk of court victim's assistance	Clerk of court
<b>REVENUES</b>										
Intergovernmental	\$ 16,883	\$ 55,328	\$ 21,137	\$ 6,900	\$ 19,711	\$ 46,863	\$ 45,723	\$ -	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-	-	-	-	1,860
Fines and forfeitures	-	-	-	-	-	-	-	93,619	43,520	-
Miscellaneous and other	-	-	-	-	-	-	-	-	-	-
Interest	-	-	1,046	514	275	-	-	-	-	-
Total revenues	<u>16,883</u>	<u>55,328</u>	<u>22,183</u>	<u>7,414</u>	<u>19,986</u>	<u>46,863</u>	<u>45,723</u>	<u>93,619</u>	<u>43,520</u>	<u>1,860</u>
<b>EXPENDITURES</b>										
Current operating:										
General government	-	-	-	-	-	-	-	-	-	-
Judicial services	-	-	-	-	-	-	-	-	-	2,105
Public safety	123,845	8,461	25,732	6,899	19,710	46,097	47,299	184,342	52,534	-
Highways and streets	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Capital expenditures	<u>42,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>166,834</u>	<u>8,461</u>	<u>25,732</u>	<u>6,899</u>	<u>19,710</u>	<u>46,097</u>	<u>47,299</u>	<u>184,342</u>	<u>52,534</u>	<u>2,105</u>
Excess (deficiency) of revenues over expenditures	<u>(149,951)</u>	<u>46,867</u>	<u>(3,549)</u>	<u>515</u>	<u>276</u>	<u>766</u>	<u>(1,576)</u>	<u>(90,723)</u>	<u>(9,014)</u>	<u>(245)</u>
<b>OTHER FINANCING SOURCES</b>										
Operating transfers in	-	-	-	-	-	10,730	8,885	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,730</u>	<u>8,885</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(149,951)	46,867	(3,549)	515	276	11,496	7,309	(90,723)	(9,014)	(245)
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>201,536</u>	<u>22,298</u>	<u>4,354</u>	<u>1,631</u>	<u>-</u>	<u>(11,496)</u>	<u>(7,309)</u>	<u>150,549</u>	<u>53,476</u>	<u>14,163</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 51,585</u>	<u>\$ 69,165</u>	<u>\$ 805</u>	<u>\$ 2,146</u>	<u>\$ 276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,826</u>	<u>\$ 44,462</u>	<u>\$ 13,918</u>

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the fiscal year ended June 30, 2006**

	Clerk of court child support enforcement	U.S. district cort community assistance	PARD grant	PRT Alexander Cannon - Hill house	County park brocures	HMEP planning grant	2005-2006 HMEP planning grant	Homeland security grant	Duke power 911 equipment	Duke power emergency preparedness
<b>REVENUES</b>										
Intergovernmental	\$ -	\$ -	\$ 10,053	\$ -	\$ -	\$ 1,000	\$ 4,000	\$ 173,181	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Miscellaneous and other	-	-	-	-	-	-	-	-	-	39,810
Interest	-	-	-	-	-	-	-	-	-	-
Total revenues	-	-	10,053	-	-	1,000	4,000	173,181	-	39,810
<b>EXPENDITURES</b>										
Current operating:										
General government	-	-	-	-	-	-	-	-	-	-
Judicial services	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	1,000	2,003	64,074	2,579	102,564
Highways and streets	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	5,100	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	93,426	-	-
Total expenditures	-	-	5,100	-	-	1,000	2,003	157,500	2,579	102,564
Excess (deficiency) of revenues over expenditures	-	-	4,953	-	-	-	1,997	15,681	(2,579)	(62,754)
<b>OTHER FINANCING SOURCES</b>										
Operating transfers in	-	-	-	10,000	-	-	-	12,410	-	-
Operating transfers out	(68,279)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(68,279)	-	-	10,000	-	-	-	12,410	-	-
Net change in fund balance	(68,279)	-	4,953	10,000	-	-	1,997	28,091	(2,579)	(62,754)
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	68,279	3,871	-	-	3,000	-	-	(28,091)	6,575	87,940
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ 3,871	\$ 4,953	\$ 10,000	\$ 3,000	\$ -	\$ 1,997	\$ -	\$ 3,996	\$ 25,186

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the fiscal year ended June 30, 2006**

	Citizens corps grant	Rescue squad equipment donations	Rescue squad banquet donations	Rural fire training	Rural fire hazmat team	Rural fire homeland security	Local emergency preparedness	DHEC EMS grant	Airport donations	Animal control donation
<b>REVENUES</b>										
Intergovernmental	\$ 15,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,461	\$ -	\$ -
Licenses, permits and fees	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-
Miscellaneous and other	-	100	750	-	450	-	-	-	-	2,667
Interest	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>15,668</u>	<u>100</u>	<u>750</u>	<u>-</u>	<u>450</u>	<u>-</u>	<u>-</u>	<u>29,461</u>	<u>-</u>	<u>2,667</u>
<b>EXPENDITURES</b>										
Current operating:										
General government	-	-	-	-	-	-	-	-	300	-
Judicial services	-	-	-	-	-	-	-	-	-	-
Public safety	16,066	-	1,253	-	1,035	23,246	-	-	-	1,789
Highways and streets	-	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	29,461	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Capital expenditures	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>16,066</u>	<u>-</u>	<u>1,253</u>	<u>-</u>	<u>1,035</u>	<u>23,246</u>	<u>-</u>	<u>29,461</u>	<u>300</u>	<u>1,789</u>
Excess (deficiency) of revenues over expenditures	<u>(398)</u>	<u>100</u>	<u>(503)</u>	<u>-</u>	<u>(585)</u>	<u>(23,246)</u>	<u>-</u>	<u>-</u>	<u>(300)</u>	<u>878</u>
<b>OTHER FINANCING SOURCES</b>										
Operating transfers in	5,098	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>5,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	4,700	100	(503)	-	(585)	(23,246)	-	-	(300)	878
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>(2,017)</u>	<u>3,329</u>	<u>2,120</u>	<u>61</u>	<u>1,621</u>	<u>56,878</u>	<u>11,607</u>	<u>-</u>	<u>616</u>	<u>9,199</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 2,683</u>	<u>\$ 3,429</u>	<u>\$ 1,617</u>	<u>\$ 61</u>	<u>\$ 1,036</u>	<u>\$ 33,632</u>	<u>\$ 11,607</u>	<u>\$ -</u>	<u>\$ 316</u>	<u>\$ 10,077</u>

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the fiscal year ended June 30, 2006**

	Arts and historical donations	Library donations	Library construction donation	Library lottery funds	Library tier II staying connected	Library books, etc. state	Registration & elections HAVA grant	Mapping system grant	Mini bottle
<b>REVENUES</b>									
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 7,913	\$ 132,430	\$ 11,350	\$ -	\$ 74,376
Licenses, permits and fees	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-
Miscellaneous and other	1,000	973	150	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Total revenues	<u>1,000</u>	<u>973</u>	<u>150</u>	<u>-</u>	<u>7,913</u>	<u>132,430</u>	<u>11,350</u>	<u>-</u>	<u>74,376</u>
<b>EXPENDITURES</b>									
Current operating:									
General government	-	-	-	-	-	-	26,680	-	-
Judicial services	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-	111,730
Culture and recreation	1,000	491	-	-	7,913	48,782	-	-	-
Capital expenditures	-	-	-	981	-	67,290	-	-	-
Total expenditures	<u>1,000</u>	<u>491</u>	<u>-</u>	<u>981</u>	<u>7,913</u>	<u>116,072</u>	<u>26,680</u>	<u>-</u>	<u>111,730</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>482</u>	<u>150</u>	<u>(981)</u>	<u>-</u>	<u>16,358</u>	<u>(15,330)</u>	<u>-</u>	<u>(37,354)</u>
<b>OTHER FINANCING SOURCES</b>									
Operating transfers in	-	-	-	-	-	-	15,330	-	37,354
Operating transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,330</u>	<u>-</u>	<u>37,354</u>
Net change in fund balance	-	482	150	(981)	-	16,358	-	-	-
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>1,000</u>	<u>8,716</u>	<u>1,051</u>	<u>981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,926</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 1,000</u>	<u>\$ 9,198</u>	<u>\$ 1,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,358</u>	<u>\$ -</u>	<u>\$ 11,926</u>	<u>\$ -</u>

(Continued)



**OCONEE COUNTY, SOUTH CAROLINA**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the fiscal year ended June 30, 2006**

	C funds	National forestry title I roads	National forestry title III	Rocky Gap	Valenite turning lanes grant	Homeland security Oakway rescue	Nonmajor special revenue funds
<b>REVENUES</b>							
Intergovernmental	\$ 667,255	\$ 376,553	\$ 77,568	\$ 350,000	\$ -	\$ -	\$ 2,289,878
Licenses, permits and fees	-	-	-	-	-	-	1,860
Fines and forfeitures	-	-	-	-	-	-	137,139
Miscellaneous and other	-	-	-	-	-	-	183,112
Interest	-	-	-	-	-	-	5,017
Total revenues	<u>667,255</u>	<u>376,553</u>	<u>77,568</u>	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>2,617,006</u>
<b>EXPENDITURES</b>							
Current operating:							
General government	-	-	77,568	-	-	-	104,548
Judicial services	-	-	-	-	-	-	2,105
Public safety	-	-	-	-	-	2,577	757,703
Highways and streets	667,255	48,314	-	-	90,311	-	805,880
Health and welfare	-	-	-	-	-	-	141,191
Culture and recreation	-	-	-	-	-	-	322,078
Capital expenditures	-	-	-	251,526	-	-	462,238
Total expenditures	<u>667,255</u>	<u>48,314</u>	<u>77,568</u>	<u>251,526</u>	<u>90,311</u>	<u>2,577</u>	<u>2,595,743</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>328,239</u>	<u>-</u>	<u>98,474</u>	<u>(90,311)</u>	<u>(2,577)</u>	<u>21,263</u>
<b>OTHER FINANCING SOURCES</b>							
Operating transfers in	-	-	-	-	90,311	2,577	202,164
Operating transfers out	-	-	-	(98,474)	-	-	(166,753)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,474)</u>	<u>90,311</u>	<u>2,577</u>	<u>35,411</u>
Net change in fund balance	<u>-</u>	<u>328,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,674</u>
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,052,197</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 328,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,108,871</u>

**OCONEE COUNTY, SOUTH CAROLINA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006**

	<b>Other county infrastructure</b>	<b>Court house</b>	<b>EMS facility expansion</b>	<b>Airport improvement program #3-45-16-11</b>	<b>Airport improvement program #3-45-16-12</b>	<b>Airport improvement program #3-45-16-13</b>	<b>Airport improvement program #3-45-16-14</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 268,711	\$ 91,261	\$ 63,157	\$ -	\$ 341	\$ 1,625	\$ 1,385
Intergovernmental receivable	-	-	-	309	-	-	1,350
Total assets	<b><u>\$ 268,711</u></b>	<b><u>\$ 91,261</u></b>	<b><u>\$ 63,157</u></b>	<b><u>\$ 309</u></b>	<b><u>\$ 341</u></b>	<b><u>\$ 1,625</u></b>	<b><u>\$ 2,735</u></b>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ 11,109	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,385
Deferred revenue	-	-	-	309	-	-	1,350
Due to other funds	-	-	-	-	341	1,625	-
Total liabilities	<u>11,109</u>	<u>-</u>	<u>-</u>	<u>309</u>	<u>341</u>	<u>1,625</u>	<u>2,735</u>
Fund balances							
Reserved for encumbrances	-	-	-	-	6,820	4,402	-
Unreserved	<u>257,602</u>	<u>91,261</u>	<u>63,157</u>	<u>-</u>	<u>(6,820)</u>	<u>(4,402)</u>	<u>-</u>
Total fund balances	<u>257,602</u>	<u>91,261</u>	<u>63,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<b><u>\$ 268,711</u></b>	<b><u>\$ 91,261</u></b>	<b><u>\$ 63,157</u></b>	<b><u>\$ 309</u></b>	<b><u>\$ 341</u></b>	<b><u>\$ 1,625</u></b>	<b><u>\$ 2,735</u></b>

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006**

	<u>Economic development infrastructure</u>	<u>Newry infrastructure project</u>	<u>DSS office construction</u>	<u>Bellsouth fund</u>	<u>911 clec fees</u>	<u>State wireless fund</u>	<u>911 equipment lease</u>	<u>911 apco grant</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 783,567	\$ 1,584	\$ 1,501,760	\$ 48,211	\$ 57,411	\$ 83,260	\$ 374,802	\$ 148,908
Intergovernmental receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,100</u>	<u>202,555</u>	<u>-</u>	<u>-</u>
Total assets	<u><b>\$ 783,567</b></u>	<u><b>\$ 1,584</b></u>	<u><b>\$ 1,501,760</b></u>	<u><b>\$ 48,211</b></u>	<u><b>\$ 60,511</b></u>	<u><b>\$ 285,815</b></u>	<u><b>\$ 374,802</b></u>	<u><b>\$ 148,908</b></u>
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities								
Accounts payable	\$ 96	\$ -	\$ -	\$ -	\$ 7,376	\$ 4,173	\$ -	\$ -
Deferred revenue	-	-	-	-	26,178	-	-	148,908
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>96</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,554</u>	<u>4,173</u>	<u>-</u>	<u>148,908</u>
Fund balances								
Reserved for encumbrances	29,659	-	-	-	-	-	322,714	-
Unreserved	<u>753,812</u>	<u>1,584</u>	<u>1,501,760</u>	<u>48,211</u>	<u>26,957</u>	<u>281,642</u>	<u>52,088</u>	<u>-</u>
Total fund balances	<u>783,471</u>	<u>1,584</u>	<u>1,501,760</u>	<u>48,211</u>	<u>26,957</u>	<u>281,642</u>	<u>374,802</u>	<u>-</u>
Total liabilities and fund balances	<u><b>\$ 783,567</b></u>	<u><b>\$ 1,584</b></u>	<u><b>\$ 1,501,760</b></u>	<u><b>\$ 48,211</b></u>	<u><b>\$ 60,511</b></u>	<u><b>\$ 285,815</b></u>	<u><b>\$ 374,802</b></u>	<u><b>\$ 148,908</b></u>

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA  
NONMAJOR CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2006**

	<u>Reidhead property</u>	<u>Communications center</u>	<u>Rural fire burn building</u>	<u>Seneca library</u>	<u>Recreation complex</u>	<u>Animal shelter</u>	<u>Nonmajor capital project funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 384,423	\$ 137,754	\$ 41,918	\$ 93,825	\$ 100,000	\$ 100,000	\$ 4,283,903
Intergovernmental receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,314</u>
Total assets	<u><b>\$ 384,423</b></u>	<u><b>\$ 137,754</b></u>	<u><b>\$ 41,918</b></u>	<u><b>\$ 93,825</b></u>	<u><b>\$ 100,000</b></u>	<u><b>\$ 100,000</b></u>	<u><b>\$ 4,491,217</b></u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities							
Accounts payable	\$ -	\$ 20,228	\$ -	\$ -	\$ -	\$ -	\$ 44,367
Deferred revenue	-	-	-	-	-	-	176,745
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,966</u>
Total liabilities	<u>-</u>	<u>20,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,078</u>
Fund balances							
Reserved for encumbrances	-	52,359	-	5,000	-	-	420,954
Unreserved	<u>384,423</u>	<u>65,167</u>	<u>41,918</u>	<u>88,825</u>	<u>100,000</u>	<u>100,000</u>	<u>3,847,185</u>
Total fund balances	<u>384,423</u>	<u>117,526</u>	<u>41,918</u>	<u>93,825</u>	<u>100,000</u>	<u>100,000</u>	<u>4,268,139</u>
Total liabilities and fund balances	<u><b>\$ 384,423</b></u>	<u><b>\$ 137,754</b></u>	<u><b>\$ 41,918</b></u>	<u><b>\$ 93,825</b></u>	<u><b>\$ 100,000</b></u>	<u><b>\$ 100,000</b></u>	<u><b>\$ 4,491,217</b></u>

**OCONEE COUNTY, SOUTH CAROLINA**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the fiscal year ended June 30, 2006**

	<u>Other county infrastructure</u>	<u>Court house</u>	<u>EMS facility expansion</u>	<u>Airport improvement program #3-45-16-11</u>	<u>Airport improvement program #3-45-16-12</u>	<u>Airport improvement program #3-45-16-13</u>	<u>Airport improvement program #3-45-16-14</u>
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 6,479	\$ 63,375	\$ 114,659
Miscellaneous and other	-	1,000	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>6,479</u>	<u>63,375</u>	<u>114,659</u>
<b>EXPENDITURES</b>							
Current operating							
General government	631,289	-	-	-	6,820	-	40,575
Capital expenditures	-	-	271,973	-	-	-	-
Total expenditures	<u>631,289</u>	<u>-</u>	<u>271,973</u>	<u>-</u>	<u>6,820</u>	<u>-</u>	<u>40,575</u>
Excess (deficiency) of revenues over expenditures	(631,289)	1,000	(271,973)	-	(341)	63,375	74,084
<b>OTHER FINANCING SOURCES</b>							
Operating transfers in	-	-	82,800	-	341	1,625	4,324
Operating transfers out	-	-	-	(520)	-	-	-
Total financing sources	<u>-</u>	<u>-</u>	<u>82,800</u>	<u>(520)</u>	<u>341</u>	<u>1,625</u>	<u>4,324</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(631,289)	1,000	(189,173)	(520)	-	65,000	78,408
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>888,891</u>	<u>90,261</u>	<u>252,330</u>	<u>520</u>	<u>-</u>	<u>(65,000)</u>	<u>(78,408)</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 257,602</u>	<u>\$ 91,261</u>	<u>\$ 63,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the fiscal year ended June 30, 2006**

	<u>Economic development infrastructure</u>	<u>Newry infrastructure project</u>	<u>DSS office construction</u>	<u>Bellsouth fund</u>	<u>911 clec fees</u>	<u>State wireless fund</u>
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 695,805
Miscellaneous and other	-	-	-	-	32,756	-
Interest income	1,105	53	-	-	630	-
Total revenues	<u>1,105</u>	<u>53</u>	<u>-</u>	<u>-</u>	<u>33,386</u>	<u>695,805</u>
<b>EXPENDITURES</b>						
Current operating						
General government	1,011	-	-	-	-	-
Capital expenditures	13,578	-	-	3,604	24,026	74,829
Total expenditures	<u>14,589</u>	<u>-</u>	<u>-</u>	<u>3,604</u>	<u>24,026</u>	<u>74,829</u>
Excess (deficiency) of revenues over expenditures	(13,484)	53	-	(3,604)	9,360	620,976
<b>OTHER FINANCING SOURCES</b>						
Operating transfers in	301,145	-	-	-	-	-
Operating transfers out	(28,936)	-	-	-	(3,200)	(438,168)
Total financing sources	<u>272,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,200)</u>	<u>(438,168)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	258,725	53	-	(3,604)	6,160	182,808
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>524,746</u>	<u>1,531</u>	<u>1,501,760</u>	<u>51,815</u>	<u>20,797</u>	<u>98,834</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 783,471</u>	<u>\$ 1,584</u>	<u>\$ 1,501,760</u>	<u>\$ 48,211</u>	<u>\$ 26,957</u>	<u>\$ 281,642</u>

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the fiscal year ended June 30, 2006**

	<u>911 equipment lease</u>	<u>Reidhead property</u>	<u>Communications center</u>	<u>Rural fire burn building</u>	<u>Shiloh road relocation</u>	<u>Seneca library</u>
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 22,250	\$ -
Miscellaneous and other	-	243,479	-	-	-	-
Interest income	19,633	-	-	-	-	-
Total revenues	<u>19,633</u>	<u>243,479</u>	<u>-</u>	<u>-</u>	<u>22,250</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current operating						
General government	-	-	-	-	-	-
Capital expenditures	206,088	2,312,291	303,362	-	44,500	6,175
Total expenditures	<u>206,088</u>	<u>2,312,291</u>	<u>303,362</u>	<u>-</u>	<u>44,500</u>	<u>6,175</u>
Excess (deficiency) of revenues over expenditures	(186,455)	(2,068,812)	(303,362)	-	(22,250)	(6,175)
<b>OTHER FINANCING SOURCES</b>						
Operating transfers in	-	-	-	-	22,250	100,000
Operating transfers out	-	-	(9,600)	-	-	-
Total financing sources	<u>-</u>	<u>-</u>	<u>(9,600)</u>	<u>-</u>	<u>22,250</u>	<u>100,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(186,455)	(2,068,812)	(312,962)	-	-	93,825
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	<u>561,257</u>	<u>2,453,235</u>	<u>430,488</u>	<u>41,918</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 374,802</u>	<u>\$ 384,423</u>	<u>\$ 117,526</u>	<u>\$ 41,918</u>	<u>\$ -</u>	<u>\$ 93,825</u>

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**For the fiscal year ended June 30, 2006**

	<b>Recreation complex</b>	<b>Animal shelter</b>	<b>Nonmajor capital project funds</b>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ -	\$ 902,568
Miscellaneous and other	-	-	277,235
Interest income	-	-	21,421
	-	-	1,201,224
<b>EXPENDITURES</b>			
Current operating			
General government	-	-	679,695
Capital expenditures	-	-	3,260,426
	-	-	3,940,121
Excess (deficiency) of revenues over expenditures	-	-	(2,738,897)
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in	100,000	100,000	712,485
Operating transfers out	-	-	(480,424)
	100,000	100,000	232,061
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	100,000	100,000	(2,506,836)
<b>FUND BALANCES (DEFICIT), BEGINNING OF YEAR</b>	-	-	6,774,975
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 4,268,139</b>



**OCONEE COUNTY, SOUTH CAROLINA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2006**

	<u>Tax collector property sold</u>	<u>Clerk of court</u>	<u>Register of deeds</u>	<u>Probate judge</u>	<u>Family court</u>	<u>Tri-county technical college</u>	<u>Municipal tax collection fund</u>	<u>Fireman's insurance and inspection fund</u>	<u>SCDOC general fund</u>	<u>SCDOC debt retirement</u>	<u>Magistrate cash bond/juror fund</u>	<u>Sheriff's pending confiscated funds</u>
<b>ASSETS</b>												
Cash and cash equivalent	\$ 546,633	\$ 283,459	\$ 7,001	\$ 13,580	\$ 21,851	\$ 84,467	\$ 71,090	\$ 149,024	\$ 410,260	\$ 2,910,780	\$ 3,829	\$ 274,594
Accrued interest receivable	-	-	-	-	-	-	-	367	-	-	-	-
Property taxes receivable	-	-	-	-	-	16,784	-	-	932,340	121,086	-	-
Accounts receivable	670	-	-	-	-	18	-	-	1,091	152	-	-
Total assets	<u>\$ 547,303</u>	<u>\$ 283,459</u>	<u>\$ 7,001</u>	<u>\$ 13,580</u>	<u>\$ 21,851</u>	<u>\$ 101,269</u>	<u>\$ 71,090</u>	<u>\$ 149,391</u>	<u>\$ 1,343,691</u>	<u>\$ 3,032,018</u>	<u>\$ 3,829</u>	<u>\$ 274,594</u>
<b>LIABILITIES</b>												
Liabilities												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,403	\$ 56,742	\$ -	\$ -	\$ -	\$ -	\$ -
Due to general fund	-	72,926	-	-	21,851	-	-	-	-	-	-	-
Due to other taxing districts and agencies	547,303	210,533	7,001	13,580	-	93,866	14,348	149,391	1,343,691	3,032,018	3,829	274,594
Total liabilities	<u>\$ 547,303</u>	<u>\$ 283,459</u>	<u>\$ 7,001</u>	<u>\$ 13,580</u>	<u>\$ 21,851</u>	<u>\$ 101,269</u>	<u>\$ 71,090</u>	<u>\$ 149,391</u>	<u>\$ 1,343,691</u>	<u>\$ 3,032,018</u>	<u>\$ 3,829</u>	<u>\$ 274,594</u>

(Continued)

**OCONEE COUNTY, SOUTH CAROLINA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2006**

	<b>Keowee fire district</b>	<b>Escrow fund</b>	<b>Pickens tax collection fund</b>	<b>Total all funds</b>
<b>ASSETS</b>				
Cash and cash equivalent	\$ 3,283	\$ 19,863	\$ 1,184	\$ 4,800,898
Accrued interest receivable	-	-	-	367
Property taxes receivable	1,903	-	-	1,072,113
Accounts receivable	-	-	-	1,931
Total assets	<b>\$ 5,186</b>	<b>\$ 19,863</b>	<b>\$ 1,184</b>	<b>\$ 5,875,309</b>
<b>LIABILITIES</b>				
Liabilities				
Accounts payable	\$ 3,038	\$ -	\$ -	\$ 67,183
Due to general func	-	-	-	94,777
Due to other taxing districts and agencies	2,148	19,863	1,184	5,713,349
Total liabilities	<b>\$ 5,186</b>	<b>\$ 19,863</b>	<b>\$ 1,184</b>	<b>\$ 5,875,309</b>

**OCONEE COUNTY, SOUTH CAROLINA**  
**FINES AND ASSESSMENTS**  
**For the year ended June 30, 2006**

	<u>Clerk of Court</u>	<u>Magistrate</u>	<u>Municipal</u>
Fines Collected	\$ 16,861	\$ 443,638	\$ -
Assessments from general sessions	17,448	499,353	-
Surcharges collected	<u>55,571</u>	<u>269,025</u>	<u>-</u>
Total fines, assessments, and surcharges collected	<b><u>\$ 89,880</u></b>	<b><u>\$ 1,212,016</u></b>	<b><u>\$ -</u></b>
Fines retained by County Treasurer	-	443,638	-
Assessments retained by County Treasurer	5,515	53,197	-
Surcharges retained by County Treasurer	<u>38,006</u>	<u>42,275</u>	<u>-</u>
Total fines, assessments, and surcharges retained by County Treasurer	<b><u>\$ 43,521</u></b>	<b><u>\$ 539,110</u></b>	<b><u>\$ -</u></b>
Fines remitted to State Treasurer	16,861	-	-
Assessments remitted to State Treasurer	11,933	446,156	-
Surcharges remitted to State Treasurer	<u>17,565</u>	<u>226,750</u>	<u>-</u>
Total fines, assessments, and surcharges remitted to State Treasurer	<b><u>\$ 46,359</u></b>	<b><u>\$ 672,906</u></b>	<b><u>\$ -</u></b>

*Table 1*

**OCONEE COUNTY, SOUTH CAROLINA  
COMPUTATION OF LEGAL DEBT MARGIN  
JUNE 30, 2006**

<b>ASSESSED VALUATION</b>		\$ 407,321,641
<b>LEGAL DEBT MARGIN</b>		
Debt limit - Eight percent of assessed value		32,585,731
<b>DEBT APPLICABLE TO DEBT LIMIT</b>		
Total bonded debt	\$ 12,055,977	
Less: Special revenue bonds	(640,977)	
Less: Amount available for repayment of general obligation bonds	<u>(1,382,218)</u>	
Total debt applicable to limitation		<u>10,032,782</u>
<b>LEGAL DEBT MARGIN</b>		<b><u>\$ 22,552,949</u></b>

Source: Oconee County Auditor, Treasurer

**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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Oconee County as of and for the year ended June 30, 2006, which collectively comprise Oconee County, South Carolina's basic financial statements and have issued our report thereon dated December 19, 2006. We did not audit the financial statements of the Oconee County Sewer Commission and the School District of Oconee County discretely presented component units, which represent 100 percent of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion insofar as it relates to the amounts included for the aggregate discretely presented component units is based on the report of the 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.

**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. Our consideration of the internal control over financial reporting 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 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.

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

## Compliance and other Matters

As part of obtaining reasonable 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2006B.1.

However, we noted other matters involving the internal control over financial reporting that we have reported to management of Oconee County in a separate letter dated December 19, 2006.

This report is intended solely for the information and use of management, others within the organization and County Council and is not intended to be and should not be used by anyone other than these specified parties.

December 19, 2006

Eugene Davis LLC

**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 with the types of compliance requirements described in the *United States 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, 2006. Oconee County's major federal programs are identified in the Summary of Auditor's Result section of the accompanying schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is 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 auditing standards generally accepted in the United States of America; 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 consider 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, 2006.

**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 considered to be material weaknesses.

This report is intended for the information and use of Oconee County Council and management and is not intended to be and should not be used by anyone other than those specified parties.

December 19, 2006

ELIZABETH DAVIS LLC



**OCONEE COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2006**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA number</u>	<u>Pass-through grantor's number</u>	<u>Expenditures</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed through U.S. Department of Transportation			
Airport Improvement Program	20.106	3-45-0016	\$ 46,009
Passed through SC Office of the Adjunct General			
Interagency Hazardous Materials Public Sector Training & Planning Grants Program	20.703	HMESC5042130	<u>4,000</u>
			<b><u>\$ 50,009</u></b>
<b><u>DEPARTMENT OF JUSTICE</u></b>			
Passed through SC Department of Public Safety			
Byrne formula grant program	16.579	1D04050; 2005DJBX1306	\$ 57,833
Passed through U.S. Department of Justice			
Local Law Enforcement Block Grant	16.592	LBBX-2446; LBBX-1524	30,264
Bullet Proof Vest Partnership Program	16.607	4022927	1,920
Justice Assistance Grants Program	16.738	1D05015; 1D05016	<u>91,588</u>
			<b><u>\$ 181,605</u></b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through South Carolina Department of Social Services			
State Administration Matching Grant Food Stamp Program	10.561	Not Applicable	<b><u>\$ 8,784</u></b>
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Passed through South Carolina Department of Social Services			
Transaction Reimbursement	93.563	Not Applicable	\$ 83,396
Incentive Payments	93.563	Not Applicable	30,020
Filing Fees	93.563	Not Applicable	26,550
Sheriff's office of Process Payments	93.563	Not Applicable	8,448
Enforcement Title IV-D Program, Child Welfare Services State	93.563	Not Applicable	19
Family Preservation	93.556	Not Applicable	197
Temporary Assistance for Needy Families Program	93.558	Not Applicable	12,029
Child Welfare Services State Grants Program	93.645	Not Applicable	1,066

**OCONEE COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2006**

<u>Federal grantor/pass-through grantor/program title</u>	<u>Federal CFDA number</u>	<u>Pass-through grantor's number</u>	<u>Expenditures</u>
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES, Continued</u></b>			
Title IV-E Foster Care	93.658	Not Applicable	1,884
Title IV-E Adoption Assistance	93.659	Not Applicable	3
Social Services Block Grant	93.667	Not Applicable	3,678
Medicad Programs	93.778	Not Applicable	<u>4,656</u>
			<b><u>\$ 171,946</u></b>
<b><u>U. S. HOMELAND SECURITY ADMINISTRATION</u></b>			
Passed through S C Emergency Management Division: Emergency Management Performance Grants	97.042	EMPG01	\$ 24,145
Passed through S C State Law Enforcement Division State Domestic Preparedness Equipment Support Program	97.067	5SHSP	159,364
Passed through S C Emergency Management Division: Law Enforcement Terrorism Prevention	97.067	4CC01; 4CC02; 5CC01	<u>45,422</u>
			<b><u>\$ 228,931</u></b>
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
Passed through S C Emergency Management Division: Citizens Corps Program	83.564	4CC01; 4CC02; 5CC01	<b><u>\$ 14,696</u></b>
			<b><u>\$ 655,971</u></b>

**OCONEE COUNTY, SOUTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the year ended June 30, 2006*

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Oconee County, South Carolina.
2. No reportable conditions relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. One instances of noncompliance material to the financial statements of Oconee County, South Carolina was disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Schedule of Findings and Questioned Costs.
5. The auditor's report on compliance for the major federal award program for Oconee County, South Carolina expresses an unqualified opinion.
6. No audit findings relative to the major federal award programs for Oconee County, South Carolina are reported.
7. The programs tested as major programs were:

Law Enforcement Terrorism Prevention	CFDA	97.067
State Domestic Preparedness Equipment	CFDA	97.067

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Oconee County, South Carolina qualified as a low risk auditee.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**2006B.1**

South Carolina Code of Laws, Section 12-45-220 collateral pledging requirement to secure deposits in excess of federal depository insurance coverage.

Condition and Criteria

Deposits invested with one financial institution were not in full compliance with SC Code of Laws Section 12-45-220.

Effect

The County had \$22,781 of uncollateralized deposits invested with one financial institution.

Cause

Procedures were not followed to insure collateral was pledged by the financial institution for funds deposited in excess of federal depository insurance coverage.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT, Continued**

Auditor's Recommendation

We recommend that the County fully comply with SC Code of Laws, Section 12-45-220 and periodic verifications of collateral pledged be obtained from financial institutions where County deposits are invested which exceed the federal depository insurance coverage amounts.

Management Response

Management concurs with the recommendation. The treasurer will be reminded of the importance of verifying that collateral is pledged to secure any deposits invested with any financial institution in excess of federal depository insurance coverage.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None

***OCONEE COUNTY, SOUTH CAROLINA***  
***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***  
***For the year ended June 30, 2006***

**FINDINGS – FINANCIAL STATEMENT AUDIT**

Condition and Criteria

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.

Auditor's Recommendation

The auditors recommend that the County Auditor's office implement necessary billing review procedures to detect such billing errors before tax notices are mailed.

Current Status

No similar findings were noted in the audit for the year ended June 30, 2006