

Oconee County, South Carolina

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



OCONEE COUNTY, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2010

PREPARED BY FINANCE OFFICE

**SCOTT MOULDER
COUNTY ADMINISTRATOR**

**KENDRA BROWN
ASSISTANT COUNTY ADMINISTRATOR
FOR ADMINISTRATIVE SERVICES AND FINANCE**

OCONEE COUNTY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Letter of Transmittal		1-3
GFOA Certificate of Achievement for Excellence in Financial Reporting		4
Organizational Chart		5
List of Principal Officials		6
County Council District Map		7
County Voting Precincts Map		8
County Population Density Map		9
County Median Income Map		10
County Emergency Services Map		11
County Public Buildings Map		12
County National Register of Historic Places Map		13
School District of Oconee County Schools Map		14
FINANCIAL SECTION		
Independent Auditors' Report		15-16
Management's Discussion and Analysis (Required Supplementary Information)		17-28
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Assets	A	29
Statement of Activities	B	30
Fund Financial Statements:		
Balance Sheet – Governmental Funds	C-1	31
Reconciliation of the Total Governmental Funds Balance Sheet to the Statement of Net Assets	C-2	32

OCONEE COUNTY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS – Continued

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION - Continued		
Fund Financial Statements – Continued:		
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	D-1	33
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	D-2	34
Statement of Net Assets – Proprietary Fund	E	35
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund	F	36
Statement of Cash Flows – Proprietary Fund	G	37
Statement of Fiduciary Assets and Liabilities – Agency Funds	H	38
Notes to Financial Statements		39-68
	<u>Schedule</u>	<u>Page</u>
Required Supplementary Information:		
Budgetary Comparison Schedule – General Fund	1	69-70
Budgetary Comparison Schedule – Unincorporated Fire District	2	71
Budgetary Comparison Schedule – 911 Fund	3	72
Budgetary Comparison Schedule – State Accommodations Tax	4	73
Budgetary Comparison Schedule – Local Accommodations Tax	5	74
Budgetary Comparison Schedule – Sheriff’s Victims’ Assistance	6	75
Budgetary Comparison Schedule – Solicitor’s Victims’ Assistance	7	76
Budgetary Comparison Schedule – Library State Aid	8	77
Schedule of Funding Progress – Other Post Employment Benefits	9	78

OCONEE COUNTY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS – Continued

	<u>Schedule</u>	<u>Page</u>
Combining and Individual Nonmajor Fund Financial Statements and Schedules:		
Combining Balance Sheet – Nonmajor Governmental Funds	10	79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	11	80
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	12	81
Combining Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds	13	82-84
Supplementary Information Required by State of South Carolina:		
Summary Schedule of Court Fines, Assessments and Surcharges – Clerk of Court and Magistrate Court	14	85
	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION		86
Financial Trends Information:		
Net Assets by Component	1	87
Change in Net Assets	2	88-89
Fund Balances of Governmental Funds	3	90
Changes in Fund Balances of Governmental Funds	4	91-92
Revenue Capacity Information:		
Assessed Value and Estimated Actual Value of Taxable Property	5	93
Direct and Overlapping Property Tax Rates	6	94
Principal Property Taxpayers	7	95
Property Tax Levies and Collections	8	96

OCONEE COUNTY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS – Continued

	<u>Table</u>	<u>Page</u>
STATISTICAL SECTION - Continued		
Debt Capacity Information:		
Ratio of Outstanding Debt by Type	9	97
Ratio of General Bonded Debt Outstanding	10	98
Direct and Overlapping Governmental Activities Debt	11	99
Legal Debt Margin Information	12	100
Demographic and Economic Information:		
Demographic and Economic Statistics	13	101
Principal Employers	14	102
County Employees by Function	15	103-104
Operating Information:		
Operating Indicators by Function/Program	16	105-108
Capital Assets Statistics by Function/Program	17	109-111
COMPLIANCE SECTION		
Single Audit Section		
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>		112-113
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133		114-115
Schedule of Expenditures of Federal Awards		116
Schedule of Findings and Questioned Costs		117-122
Summary Schedule of Prior Audit Findings		123-124

INTRODUCTORY SECTION

This page is intentionally left blank.

T. Scott Moulder

County Administrator

Oconee County Administrative Offices
415 South Pine Street
Walhalla, SC 29691
(864) 638-4245



January 25, 2011

To the Members of the Oconee County Council and the Citizens of Oconee County:

The Comprehensive Annual Financial Report (CAFR) for Oconee County, South Carolina, for the fiscal year ended June 30, 2010, is hereby submitted pursuant to South Carolina Code Title 4 Chapter 9 Section 150 of the South Carolina Code of Laws. The CAFR is intended to present the financial activity of the County for the fiscal year and the financial condition of the County as of June 30, 2010. We believe that the CAFR provides a fair presentation of the County's financial position and changes in financial position in accordance with the standards promulgated by the Governmental Accounting Standards Board (GASB).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, as well as the presentation and disclosure. Management is also responsible for establishing and maintaining a system of internal control to safeguard assets and to provide reasonable assurance that the financial statements are free of any material misstatements. The concept of reasonable, rather than absolute, assurance recognizes that the cost of an internal control should not exceed the expected benefits. Management evaluates the costs and anticipated benefits of internal controls within this framework. We believe the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In compliance with the laws of the State of South Carolina, the County's financial statements have been audited by McAbee, Talbert, Halliday & Co., a firm of licensed certified public accountants. The auditor's issued an unqualified ("clean") opinion on Oconee County's financial statements for the year ended June 30, 2010. The independent auditor's report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

Oconee County, incorporated in 1868, is located in the northwest corner of South Carolina in the scenic Appalachian foothills and mountains. There are five incorporated municipalities within the 625 square miles of the County. Oconee County is empowered to levy a property tax on both real and personal property located within its boundaries in order to provide services to a population of approximately 71,514.

Oconee County has operated under the county-administrator form of government since 2000. Policy-making and legislative authority are vested in a governing council (Council) consisting of five council members. Council members are elected by district to a four-year staggered term. The Council elects a chairman, vice chairman, and chairman pro tem at the first meeting in January. The Council appoints the County Administrator who is responsible for carrying out the policies of Council and overseeing the day-to day operations of the County.

Oconee County provides a full range of services, including police and fire protection, judicial services, solid waste disposal and recycling, the construction and maintenance of highways, streets and other infrastructure, and recreational and cultural activities. In addition to the primary government, two discretely presented component units are presented, the School District of Oconee County and the Keowee Fire Special Tax District. The County Council approves the respective tax levies each year to fund the local property tax portion of the School District's and the Fire District's budgets and certain summary information is included in the CAFR. The School District's and Fire District's separately audited financial statements are available for review at the respective district offices.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for Oconee County's financial planning and control. The budget is prepared by fund, function, (e.g., public safety), and department (e.g., emergency services). Department heads may transfer resources between line items within their division budget with the approval of the County Administrator. During fiscal year 2009-2010, all transfers between departments and funds were approved by County Council.

Local Economy

Oconee County, like much of the southeastern United States has lost most of its textile related manufacturing but has enjoyed growth in other manufacturing operations. The County has also invested in and established a Convention and Visitors Bureau that has enjoyed a moderate degree of success. Like much of the rest of the country, housing starts have declined.

Gone are the days of low skill, low technology jobs when the requirement to hold a job called for basic motor skills. Today the Oconee County manufacturing portfolio is as diverse as it is technology driven. With companies that manufacture products like, electronic metering devices, specialized medical supplies, electric motor controls, precious metal catalysts, torque transfer systems, precision bearings, professional level golf balls, and carbide cutting tools, the workforce must be trained and operate at a much higher level than in the past. We are fortunate in that the School District of Oconee County and Tri-County Technical College are providing the training needed.

Although our unemployment rate rose to a high of 15.1 percent in June of 2009 it has been declining and is at 10.9 percent as of November 2010. A portion of this movement is due to recent investments by existing company expansions and the announcement of new jobs. Since 2008 and despite a mixed economy, investments by our world-class industrial family have been as follows:

2008	\$63,500,000
2009	\$48,000,000
2010	\$28,000,000

These investments created 1,315 new jobs, most of which were filled by December 31, 2010. These investments also saved jobs threatened by an overseas market. Oconee County is on a positive tract with these job and investment efforts. The Council continues to seek ways to open up the I-85 Corridor of Oconee County where the County owns a 400 acre industrial park in the advanced planning/development stage. In late 2010, the Council approved the purchase of another 400 acre tract on US Highway 11 just north of US Highway 76/123. This location is relatively close to the necessary infrastructure making this site viable within a 24 month period. The construction of a 50,000 square foot shell building started in November 2010 with an expected completion in February of 2011. These combined efforts confirm that Oconee County will be ready for the future.

Long-term Financial Planning

The County entered fiscal year 2010-2011 with a total fund balance of \$24,398,068 in the general fund. The undesignated portion is \$ 13,422,697, which represents 55 percent of the total fund balance. The County's credit ratings of "Aa" with Moody's Investors Service, "AA-" with Fitch Ratings, and "AA-" with Standard and Poor's reflect the County's healthy financial position.

During the annual budget process, departments submit five-year capital requests. During fiscal year 2009-2010 departments also prepared twenty-year capital needs lists. The Administrator and County Council uses this information to determine the annual capital budgets, and prioritize the long-term capital needs of the County.

The County's long-term debt management policy is influenced by State law regarding debt limits, bond rating agencies, and the Securities and Exchange Commission (SEC). The MD&A includes a brief discussion of the debt limit and the current bond ratings. The policy allows for the issuance of tax-exempt bonds to finance capital acquisitions or construction projects that cannot be constructed with current revenue sources. The payback period must be greater than a year, but less than the expected useful life of the resulting asset. Oconee County plans to issue bonds in the 2010-2011 fiscal year to finance the detention center expansion project.

The County is exposed to various risks including torts, property loss, and injuries to employees. The County is insured by South Carolina Insurance Reserve Fund for property loss and tort coverage. Workman's compensation insurance is provided by the South Carolina Association of Counties Trust Fund.

Pension benefits to eligible employees are provided through the South Carolina Retirement System (SCRS) and the South Carolina Police Retirement System (PORS), both of which are cost sharing multiple-employer defined benefit plans administered by the Retirement Division of the State Budget and Control Board. The plans' provisions are established under Title 9 of the South Carolina Code of Laws.

Major Initiatives

County Council has recently undertaken several capital projects. The largest of these projects is a detention center expansion expected to cost between \$15 and \$17 million to be funded by general obligation bonds. The County is in the process of constructing an emergency services building in Westminster with a budget of \$2.5 million and a shell building for economic development with a budget of \$1.5 million. In addition, the County has completed the purchase of land for \$2.5 million to be used for future economic development.

The acceptance of a multi-million dollar Broadband Technology Opportunities Program grant will be used to construct a fiber optic backbone that will provide broadband capacity that will meet immediate and future communications needs while economically strengthening the County.

The Oconee County Airport is currently undergoing a major runway expansion effort in order to reach the preliminary goal of a 5,000 feet long runway. This would allow the Airport to accommodate larger business jet aircraft. Construction began in October of 2009 and was expected to be completed in late summer 2010. Delays resulting from permitting issues have delayed this project and paving was not completed before winter. Paving is expected to be completed in spring 2011 as weather permits.

The County is exploring options for providing sewer service for the I-85 corridor and the Golden Corner Commerce Park in order to promote economic development.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Oconee County for its comprehensive annual financial report for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of Oconee County finances. We would also like to thank the accounting firm of McAbee, Talbert, Halliday & Co. for their assistance with this project.

Respectfully submitted,



T. Scott Moulder
County Administrator



Kendra Brown, CPA, CGFO
Assistant County Administrator for
Administrative Services and Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Oconee County
South Carolina

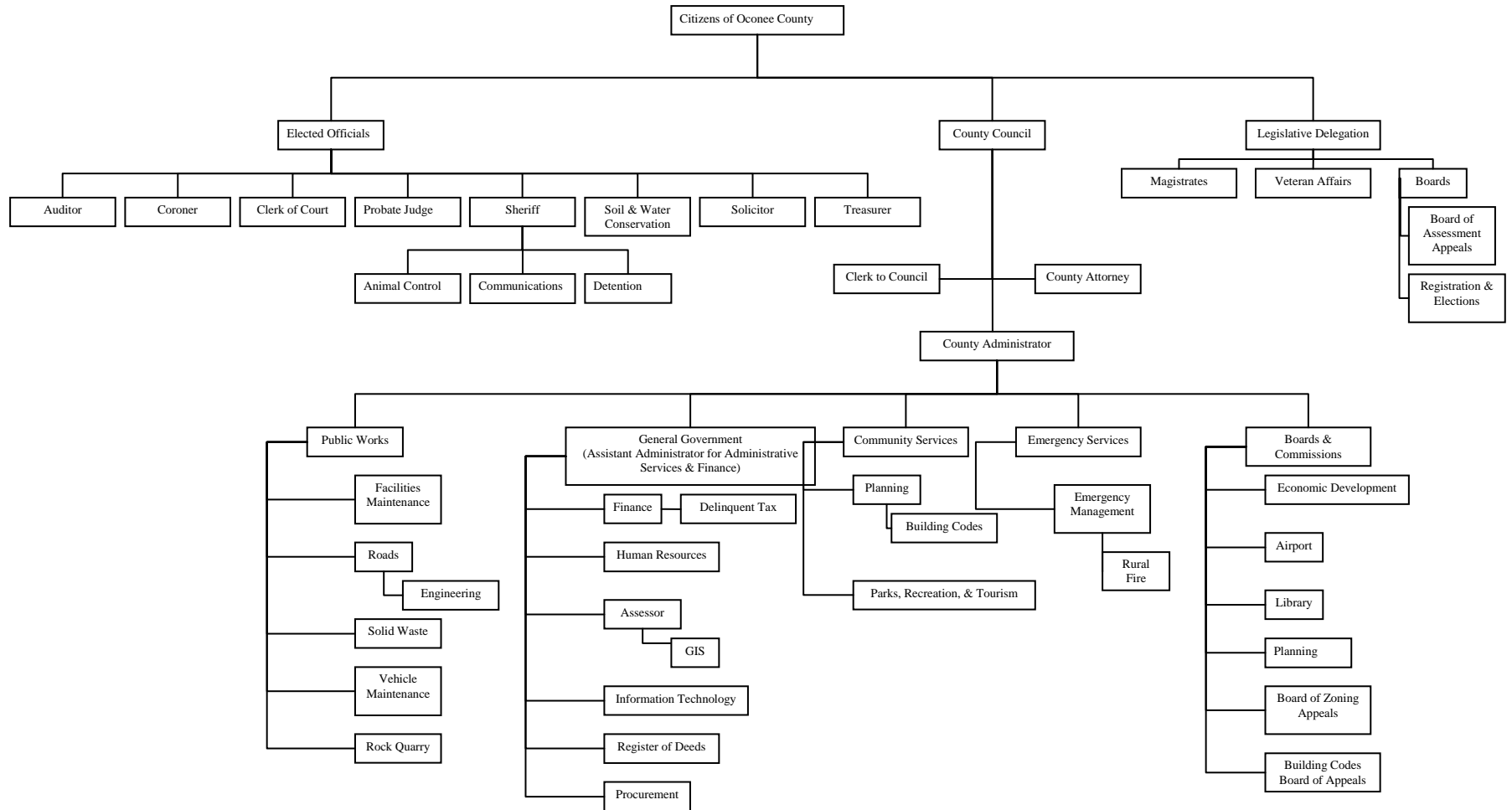
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director



OCONEE COUNTY, SOUTH CAROLINA
List of Principal Officials
June 30, 2010

Members of County Council

Reg Dexter
Joel Thrift
Paul Corbeil
Wayne McCall
Mario Suarez

District V - Chairman
District IV - Vice-Chairman
District I - Member
District II - Member
District III - Member

Legislative Delegation

Thomas C. Alexander
William R. Whitmire
William E. "Bill" Sandifer, III
Don Bowen

Senator
Representative
Representative
Representative

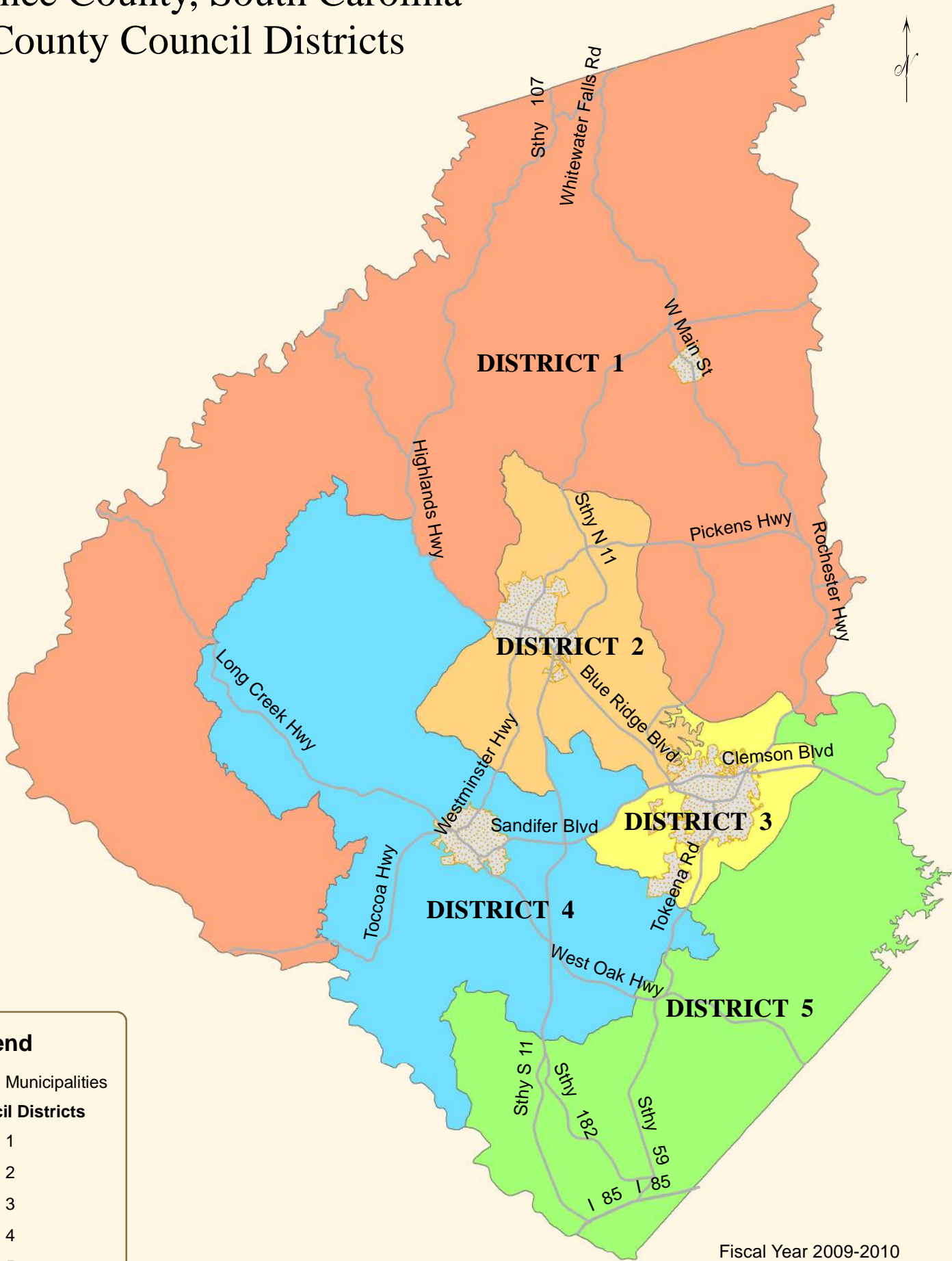
Appointed Official

Scott Moulder

County Administrator

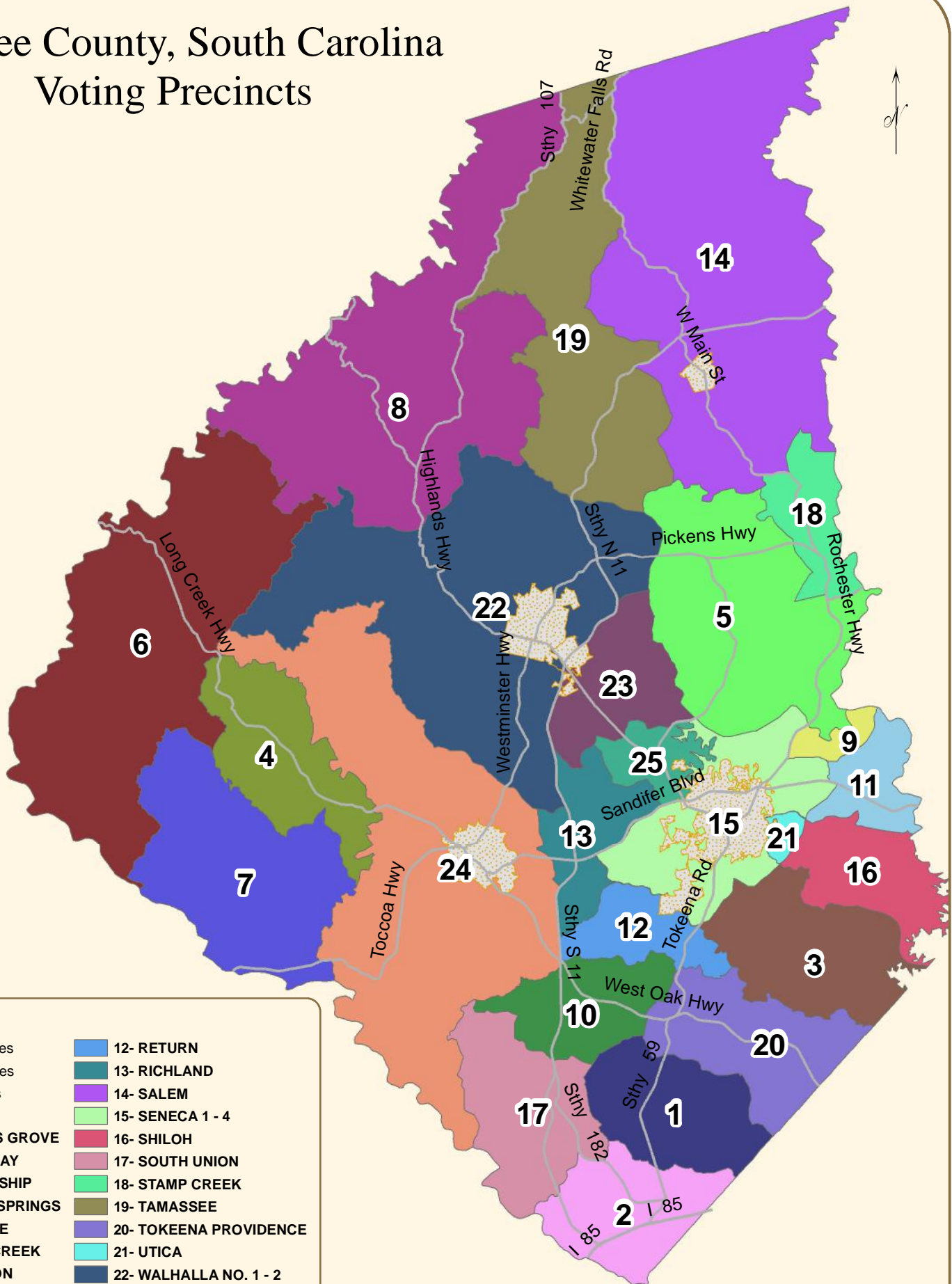
Oconee County, South Carolina

County Council Districts



Oconee County, South Carolina

Voting Precincts



Legend

Major Routes

Municipalities

Voting Precincts

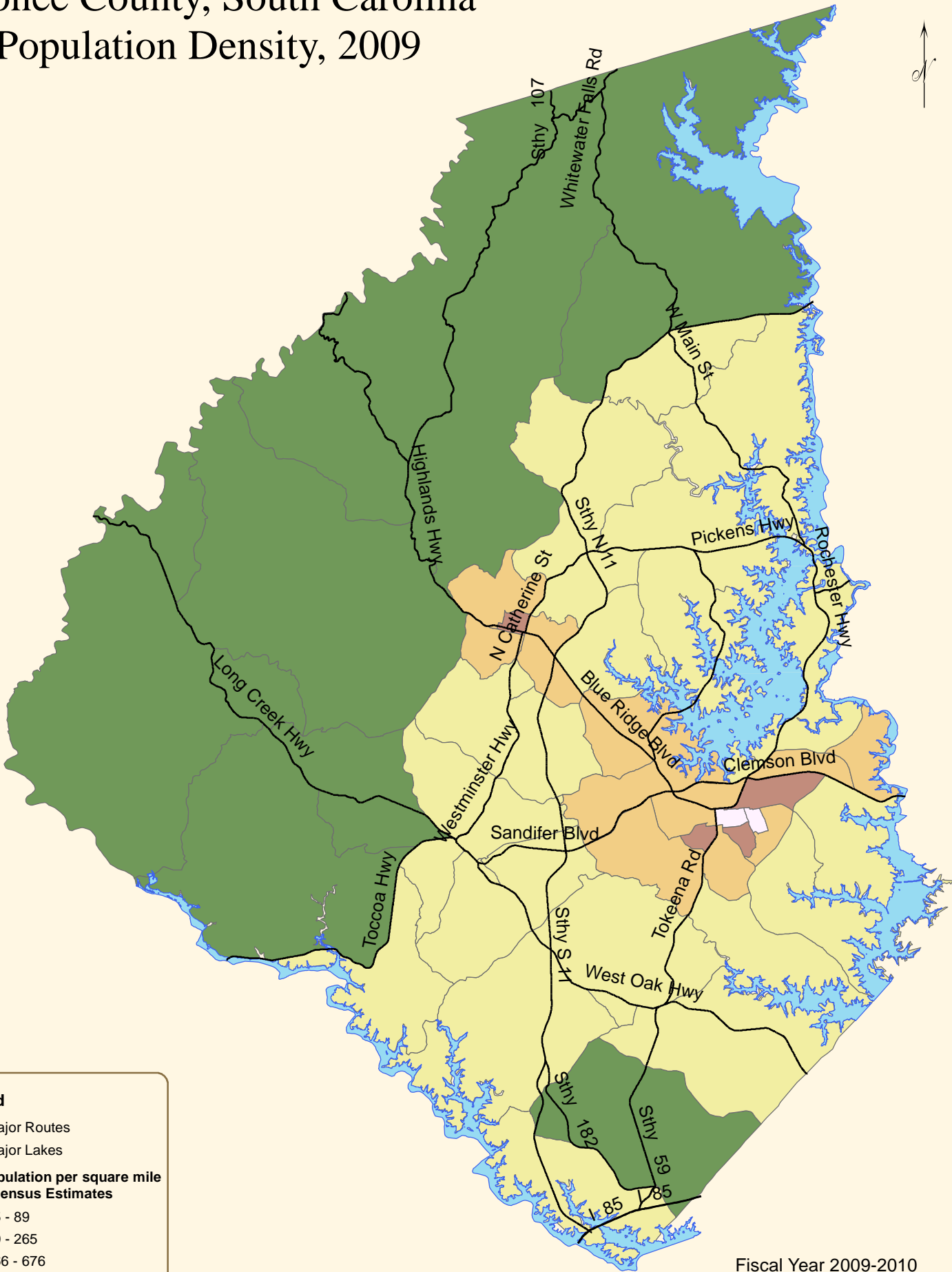
PNAME

- | | |
|------------------|------------------------|
| 1- EARLES GROVE | 12- RETURN |
| 2- FAIR PLAY | 13- RICHLAND |
| 3- FRIENDSHIP | 14- SALEM |
| 4- HOLLY SPRINGS | 15- SENECA 1 - 4 |
| 5- KEOWEE | 16- SHILOH |
| 6- LONG CREEK | 17- SOUTH UNION |
| 7- MADISON | 18- STAMP CREEK |
| 8- MT. REST | 19- TAMASSEE |
| 9- NEWRY CORINTH | 20- TOKEENA PROVIDENCE |
| 10- OAKWAY | 21- UTICA |
| 11- RAVENEL | 22- WALHALLA NO. 1 - 2 |
| | 23- WEST UNION |
| | 24- WESTMINSTER 1 - 2 |
| | 25- BOUNTYLAND |

Fiscal Year 2009-2010
Map 2

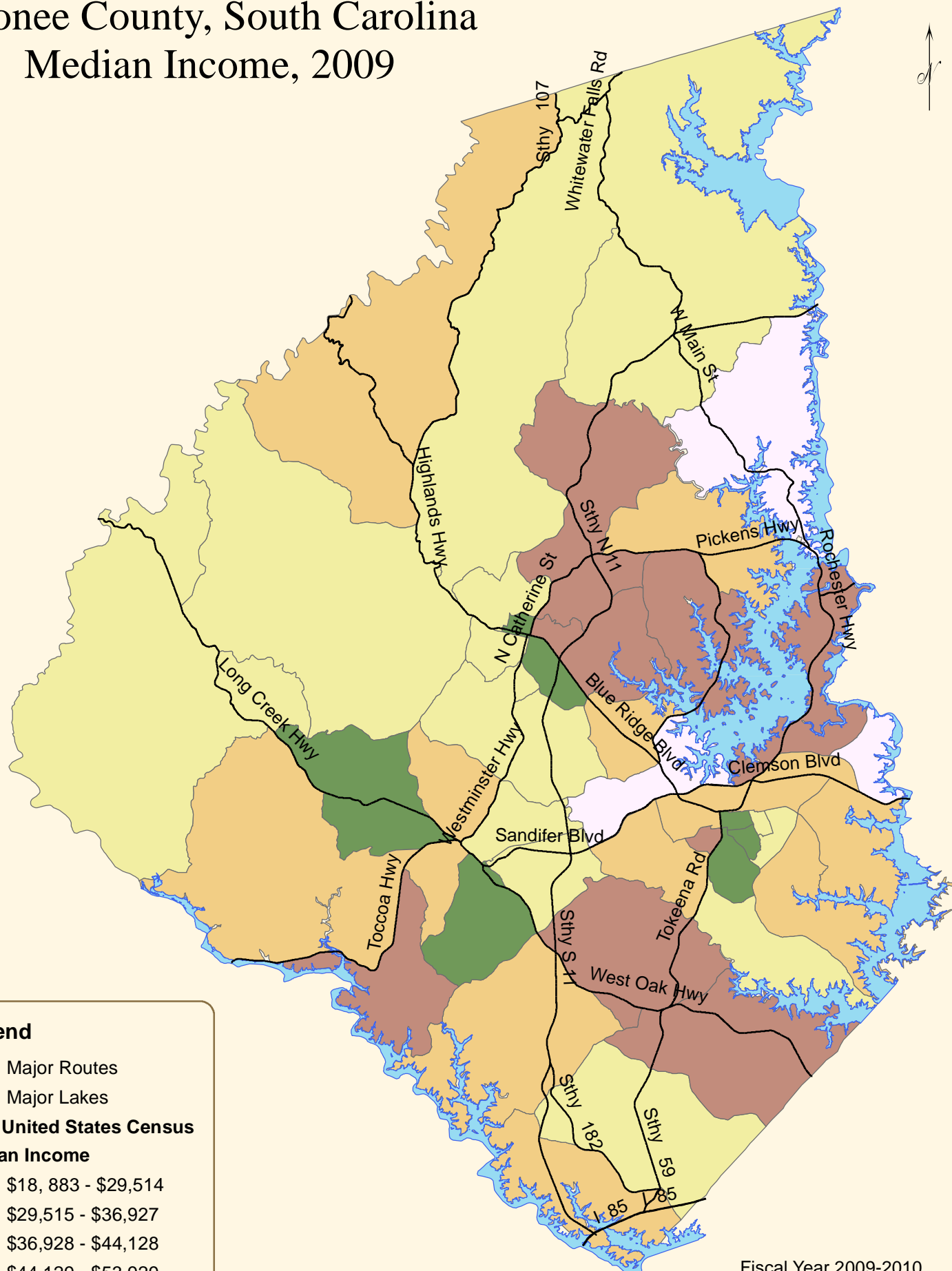
Oconee County, South Carolina

Population Density, 2009



Oconee County, South Carolina

Median Income, 2009



Legend

- Major Routes
- Major Lakes

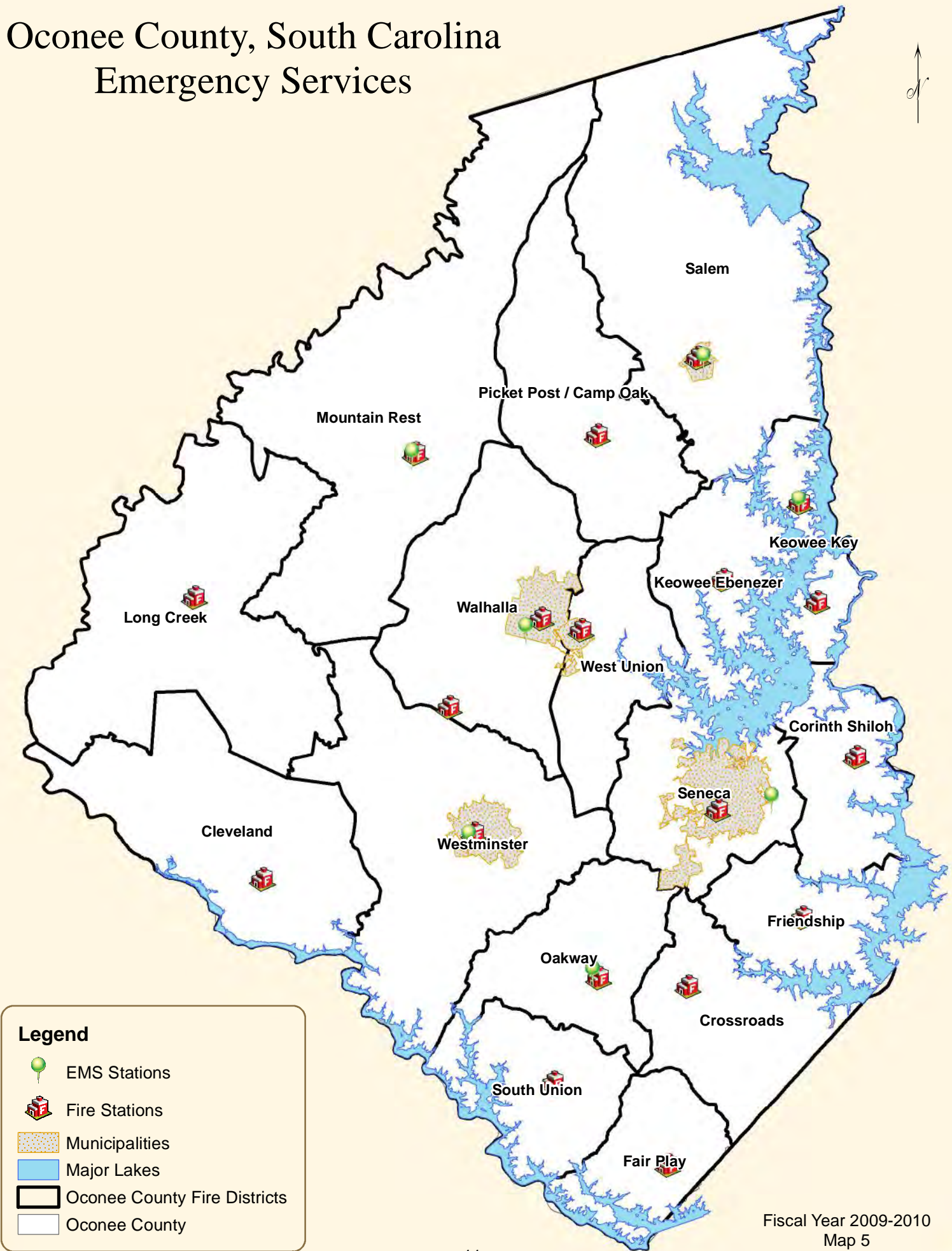
2000 United States Census Median Income

- \$18,883 - \$29,514
- \$29,515 - \$36,927
- \$36,928 - \$44,128
- \$44,129 - \$53,929
- \$53,930 - \$70,658

Fiscal Year 2009-2010
Map 4

Oconee County, South Carolina

Emergency Services



Oconee County, South Carolina

Various Public Buildings

Legend

 Airport

 Libraries

 Museums

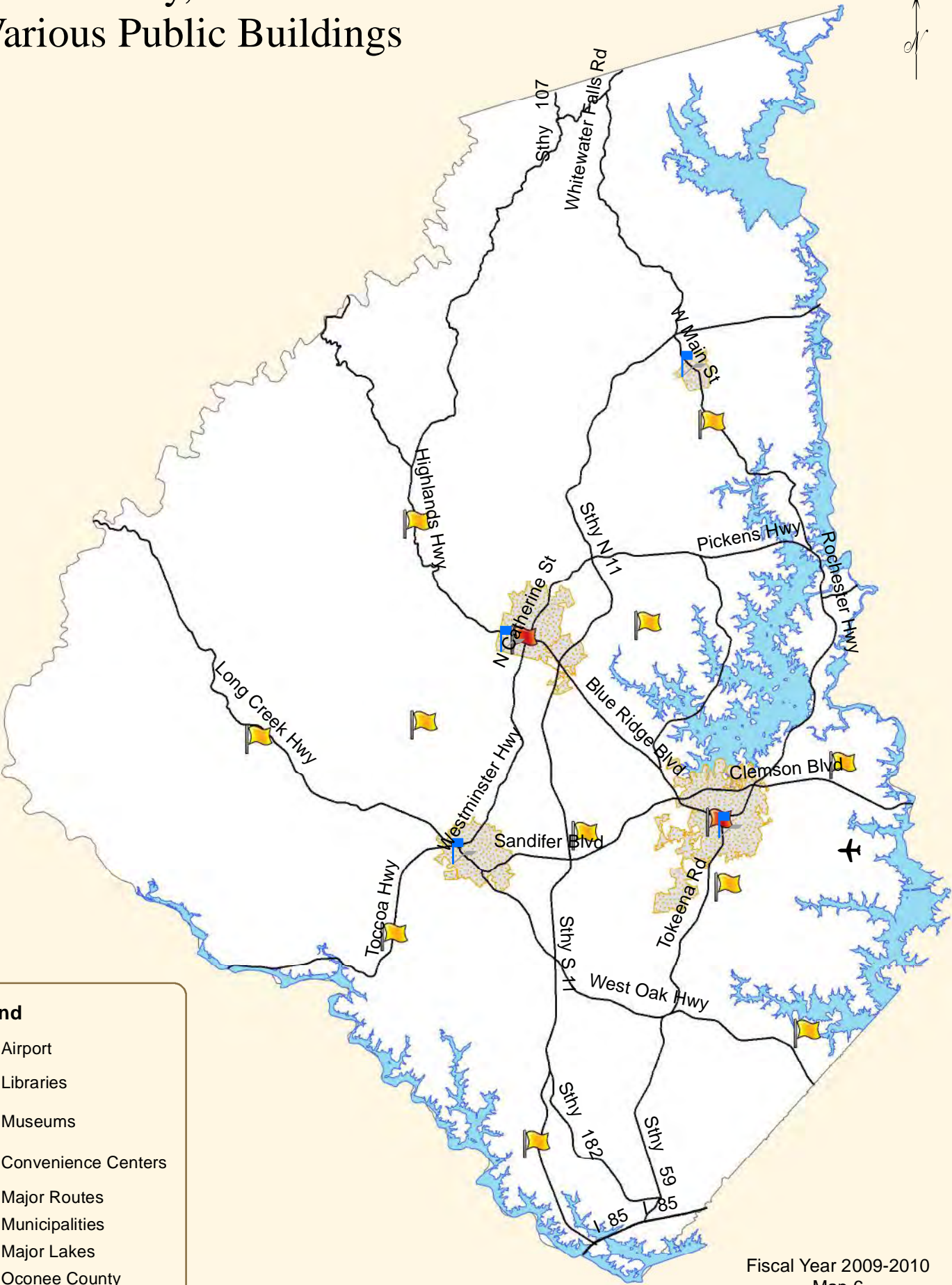
 Convenience Centers

 Major Routes

 Municipalities

 Major Lakes

 Oconee County



Oconee County, South Carolina

National Register of Historic Places

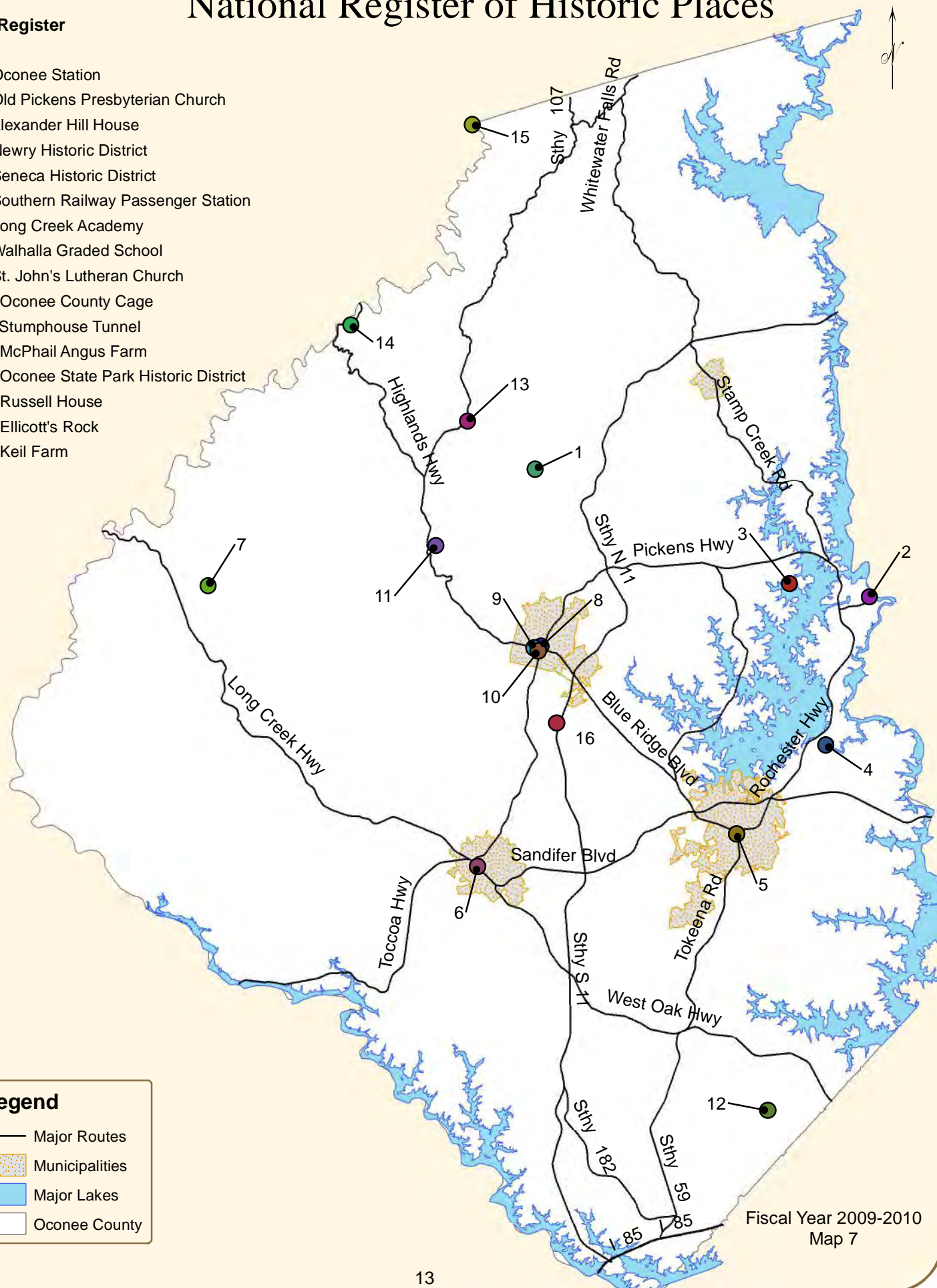
National Register

Site

- 1 - Oconee Station
- 2 - Old Pickens Presbyterian Church
- 3 - Alexander Hill House
- 4 - Newry Historic District
- 5 - Seneca Historic District
- 6 - Southern Railway Passenger Station
- 7 - Long Creek Academy
- 8 - Walhalla Graded School
- 9 - St. John's Lutheran Church
- 10 - Oconee County Cage
- 11 - Stumphouse Tunnel
- 12 - McPhail Angus Farm
- 13 - Oconee State Park Historic District
- 14 - Russell House
- 15 - Ellicott's Rock
- 16 - Keil Farm

Legend

- Major Routes
- ▨ Municipalities
- Major Lakes
- Oconee County



Fiscal Year 2009-2010
Map 7

Oconee County, South Carolina

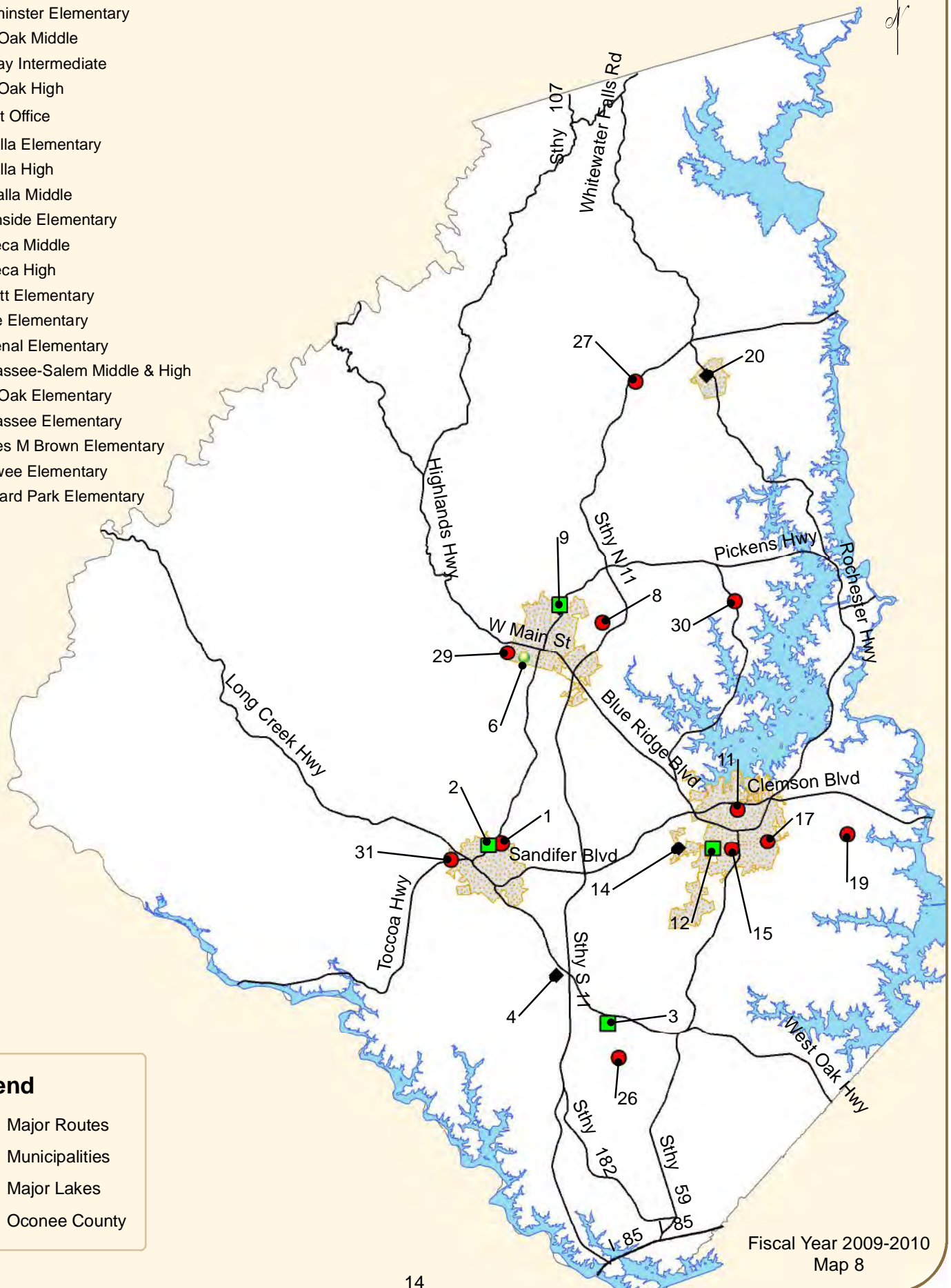
School District of Oconee County Schools

Schools NAME

- 1- Westminster Elementary
- 2- West-Oak Middle
- 3- Oakway Intermediate
- ◆ 4- West-Oak High
- 6- District Office
- 8- Walhalla Elementary
- ◆ 9- Walhalla High
- 10- Walhalla Middle
- 11- Northside Elementary
- 12- Seneca Middle
- ◆ 14- Seneca High
- 15- Kellett Elementary
- 17- Code Elementary
- 19- Ravenal Elementary
- ◆ 20- Tamassee-Salem Middle & High
- 26- Fair-Oak Elementary
- 27- Tamassee Elementary
- 29- James M Brown Elementary
- 30- Keowee Elementary
- 31- Orchard Park Elementary

Legend

- Major Routes
- Municipalities
- Major Lakes
- Oconee County



Fiscal Year 2009-2010
Map 8

FINANCIAL SECTION

This page is intentionally left blank.



McAbee, Talbert, Halliday & Co.

A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Oconee County Council
Oconee County
Walhalla, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oconee County, South Carolina as of and for the year ended June 30, 2010, 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 opinions on these financial statements based on our audit. We did not audit the financial statements of the Keowee Fire District 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 in 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. 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, South Carolina, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2011, on our consideration of the Oconee County's internal control over financial reporting and on our tests of its compliance with certain 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

-SHAREHOLDERS-
HOMER E. McABEE, JR., CPA
CHARLES L. TALBERT, III, CPA
Q. STANFORD HALLIDAY, III, CPA
BRUCE W. SCHWARTZ, CPA
-PRINCIPAL-
RANDOLPH B. THOMAS, CPA

MEMBERS OF: AMERICAN INSTITUTE OF CERTIFIED PUBLIC
ACCOUNTANTS, PCPS AND SEC DIVISIONS; S.C. ASSOCIATION OF CERTIFIED
PUBLIC ACCOUNTANTS; N.C. ASSOCIATION OF CERTIFIED PUBLIC ACCOUNTANTS;
NATIONAL ASSOCIATED CPA FIRMS

824 E. MAIN STREET, 29302
SPARTANBURG, S.C.
SPARTANBURG (864) 583-0886
TOLL FREE (800) 788-3193
FAX NUMBER (864) 594-4365
E-MAIL: mthcpa@mthcpa.com

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oconee County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

McAbee, Talbert, Halliday & Co

Spartanburg, South Carolina
January 25, 2011

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, 2010. 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, 2010 by \$147,272,510, which was a decrease from the prior year of 0.9 percent. Of this amount, \$20,666,703 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's governmental activities reported an increase in net assets of \$5,586,047 from fiscal year 2009-2010 activity which was offset by a decrease of \$6,831,341 related to prior period adjustments for an overall decrease of \$1,245,294. Net assets of the business-type activities did not change as a result of fiscal year 2009-2010 activity as the net income of the business-type activity is transferred to the governmental activities. The net assets of the business-type activities did decrease by \$17,810 related to a prior period adjustment. The notes to the financial statements contain the details of the prior period adjustments. Overall the County's net assets decreased \$1,263,104.
- During the year, the County had expenses in governmental activities that were \$4,073,397 less than the \$50,989,965 generated in tax and other revenues for governmental programs (before transfers and special item). For comparison, the prior year expenses were \$4,243,089 less than the prior year revenues (before transfers) as reflected in the Changes in Net Assets (Figure 2).
- The General Fund reported a decrease in fund balance of \$1,415,561 from fiscal year 2009-2010 activity offset by an increase of \$2,390,599 related to prior period adjustments for an overall increase of \$975,038 resulting in an ending fund balance of \$24,398,068.
- In the General Fund, actual revenue sources available for appropriation were \$1,636,810 more than anticipated primarily due to property tax revenues. Expenditures were \$4,496,074 less than budgeted. Actual revenues were \$3,716,459 more than actual expenditures.

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.

OVERVIEW OF THE FINANCIAL STATEMENTS

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, public safety, transportation, public works, culture and recreation, judicial services, education, health and welfare, and economic development.
- Business-type activities – Activity for the Rock Quarry is included in this category as the County charges fees to cover the cost of products sold to customers.
- Component units – The County includes two legally separate entities in this section, the Keowee Fire District 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 31. 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 are 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 to the Statement of Activities.
- 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 a proprietary fund can consist of enterprise funds and internal services funds, the County only reports for one enterprise fund. The reporting for this enterprise fund is the 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 Budgetary Comparison Schedule 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 also 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 Primary Government		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Current and other assets	\$ 52,022,704	\$ 42,160,526	\$ 38,513,677	\$ 3,793,136	\$ 3,325,211	\$ 3,102,843	\$ 55,815,840	\$ 45,485,737	\$ 41,616,520
Capital assets	112,346,550	116,759,884	117,455,179	2,292,824	2,715,788	2,908,740	114,639,374	119,475,672	120,363,919
Total assets	\$ 164,369,254	\$ 158,920,410	\$ 155,968,856	\$ 6,085,960	\$ 6,040,999	\$ 6,011,583	\$ 170,455,214	\$ 164,961,409	\$ 161,980,439
Long-term liabilities debt	\$ 15,588,832	\$ 10,654,400	\$ 12,358,303	\$ 78,832	\$ 69,515	\$ 49,179	\$ 15,667,664	\$ 10,723,915	\$ 12,407,482
Other liabilities	7,406,912	5,647,206	6,135,507	108,128	54,674	45,594	7,515,040	5,701,880	6,181,101
Total liabilities	\$ 22,995,744	\$ 16,301,606	\$ 18,493,810	\$ 186,960	\$ 124,189	\$ 94,773	\$ 23,182,704	\$ 16,425,795	\$ 18,588,583
Net assets:									
Invested in capital assets,									
net of related debt	\$ 104,968,618	\$ 107,401,916	\$ 106,195,121	\$ 2,292,824	\$ 2,715,788	\$ 2,908,740	\$ 107,261,442	\$ 110,117,704	\$ 109,103,861
Restricted	19,344,365	13,906,528	11,265,793	-	-	-	19,344,365	13,906,528	11,265,793
Unrestricted (deficit)	17,060,527	21,310,360	20,014,132	3,606,176	3,201,022	3,008,070	20,666,703	24,511,382	23,022,202
Total net assets	\$ 141,373,510	\$ 142,618,804	\$ 137,475,046	\$ 5,899,000	\$ 5,916,810	\$ 5,916,810	\$ 147,272,510	\$ 148,535,614	\$ 143,391,856

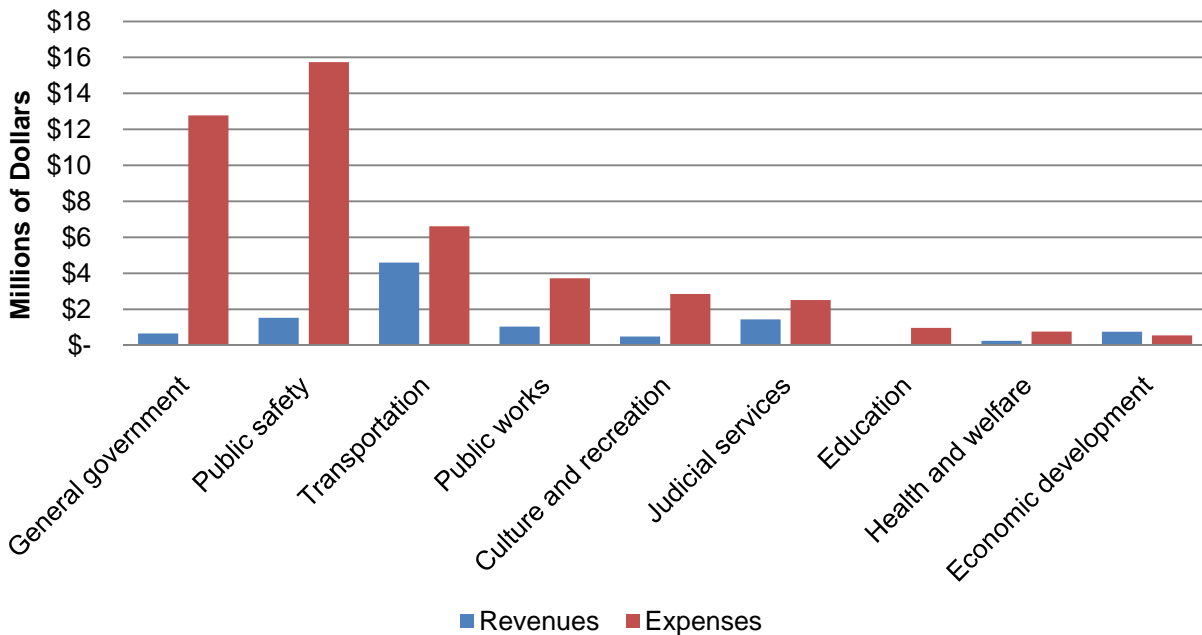
As noted earlier, net assets may serve over time as one of the most useful indicators of a government's financial condition. The government-wide financial statements for the fiscal year ended June 30, 2010 display combined net assets of \$147.3 million, or 0.9 percent below June 30, 2009. The largest portion of the net assets (72.8 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 (13.1 percent) represents resources that are subject to external restrictions on how they may be used. The final portion of net assets (14.0 percent) is unrestricted net assets, with a balance of \$20,666,703 at June 30, 2010.

Oconee County's Changes in Net Assets
Figure 2

	Governmental Activities			Business-Type Activities			Total Primary Government		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Revenues									
Program revenues:									
Charges for services	\$ 4,422,267	\$ 4,792,818	\$ 5,294,647	\$ 3,404,756	\$ 3,037,173	\$ 3,082,349	\$ 7,827,023	\$ 7,829,991	\$ 8,376,996
Operating grants and contributions	2,097,997	1,994,989	1,292,982	-	-	-	2,097,997	1,994,989	1,292,982
Capital grants and contributions	4,251,132	2,394,832	2,498,147	-	-	-	4,251,132	2,394,832	2,498,147
General revenues:									
Property taxes	35,671,288	33,947,624	32,121,201	-	-	-	35,671,288	33,947,624	32,121,201
Other taxes	848,922	1,231,012	1,221,173	-	-	-	848,922	1,231,012	1,221,173
Intergovernmental not restricted to specific programs	3,038,376	3,639,338	3,816,253	-	-	-	3,038,376	3,639,338	3,816,253
Interest income	498,702	1,061,380	1,485,206	7,449	110,287	111,247	506,151	1,171,667	1,596,453
Gain (loss) on sale of fixed assets	-	(740,289)	-	(460)	-	-	(460)	(740,289)	-
Miscellaneous	161,281	287,460	641,535	-	-	-	161,281	287,460	641,535
Total revenues	<u>\$ 50,989,965</u>	<u>\$ 48,609,164</u>	<u>\$ 48,371,144</u>	<u>\$ 3,411,745</u>	<u>\$ 3,147,460</u>	<u>\$ 3,193,596</u>	<u>\$ 54,401,710</u>	<u>\$ 51,756,624</u>	<u>\$ 51,564,740</u>
Program expenses									
General government	\$ 12,779,958	\$ 18,548,180	\$ 16,647,296	\$ -	\$ -	\$ -	\$ 12,779,958	\$ 18,548,180	\$ 16,647,296
Public safety	15,735,352	15,313,777	10,671,085	-	-	-	15,735,352	15,313,777	10,671,085
Transportation	6,618,188	-	-	-	-	-	6,618,188	-	-
Public works	3,728,944	-	-	-	-	-	3,728,944	-	-
Culture and recreation	2,857,679	2,037,675	3,069,785	-	-	-	2,857,679	2,037,675	3,069,785
Judicial services	2,521,566	2,197,316	2,179,220	-	-	-	2,521,566	2,197,316	2,179,220
Education	972,117	-	-	-	-	-	972,117	-	-
Health and welfare	764,810	785,094	790,730	-	-	-	764,810	785,094	790,730
Economic development	553,264	-	-	-	-	-	553,264	-	-
Highways and streets	-	5,036,913	5,327,716	-	-	-	-	5,036,913	5,327,716
Interest and fiscal charges	384,690	447,120	445,295	-	-	-	384,690	447,120	445,295
Rock quarry	-	-	-	2,724,095	2,246,791	2,352,819	2,724,095	2,246,791	2,352,819
Total expenses	<u>\$ 46,916,568</u>	<u>\$ 44,366,075</u>	<u>\$ 39,131,127</u>	<u>\$ 2,724,095</u>	<u>\$ 2,246,791</u>	<u>\$ 2,352,819</u>	<u>\$ 49,640,663</u>	<u>\$ 46,612,866</u>	<u>\$ 41,483,946</u>
Excess (deficiency) before special items and transfers	\$ 4,073,397	\$ 4,243,089	\$ 9,240,017	\$ 687,650	\$ 900,669	\$ 840,777	\$ 4,761,047	\$ 5,143,758	\$ 10,080,794
Special item - Courthouse Settlement	825,000	-	-	-	-	-	825,000	-	-
Transfers	687,650	900,669	800,878	(687,650)	(900,669)	(800,878)	-	-	-
Increase (decrease) in net assets	<u>\$ 5,586,047</u>	<u>\$ 5,143,758</u>	<u>\$ 10,040,895</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,899</u>	<u>\$ 5,586,047</u>	<u>\$ 5,143,758</u>	<u>\$ 10,080,794</u>

Governmental Activities Program Revenues and Expenses

Chart 1



The Statement of Activities on page 30 shows that the County's total revenues, including charges for services, operating grants and contributions, capital grants and contributions, and general revenues, increased to \$54.4 million, or 5.1 percent from the prior year.

Certain County programs are authorized to charge for services provided to its constituents. For the County as a whole, the charges for services remained relatively unchanged (a decrease of 0.1 percent) from fiscal year 2009 to fiscal year 2010. Further, the County receives both operating and capital grants and contributions from state and federal governments as well as other non-government individuals and businesses. The operating grants and contributions, \$2.1 million, are used to fund the general operations of certain programs of the County. The operating grants increased from the prior year by \$103,008 or 5.2 percent. Capital grants and contributions fund the purchase of capital assets and improvements. During 2010, the County received \$4.3 million to fund such capital projects compared to the \$2.4 million received for fiscal year 2009. This increase is primarily related to the Airport runway project. Property tax revenues increased by \$1.7 million, over \$1 million of which was due to the reclassification of the activity related to Tri-County Technical College (TCTC) millage as a special revenue fund. In prior years, the millage assessed to provide support for TCTC was accounted for as an agency fund and as such was not included on the government-wide Statement of Activities. During the year, some of the County departments were reclassified to different programs as a result several programs having either decreases or increases from the prior year. The net expense (difference between program revenues and program expenses) for all programs and service increased 3 percent from the previous year.

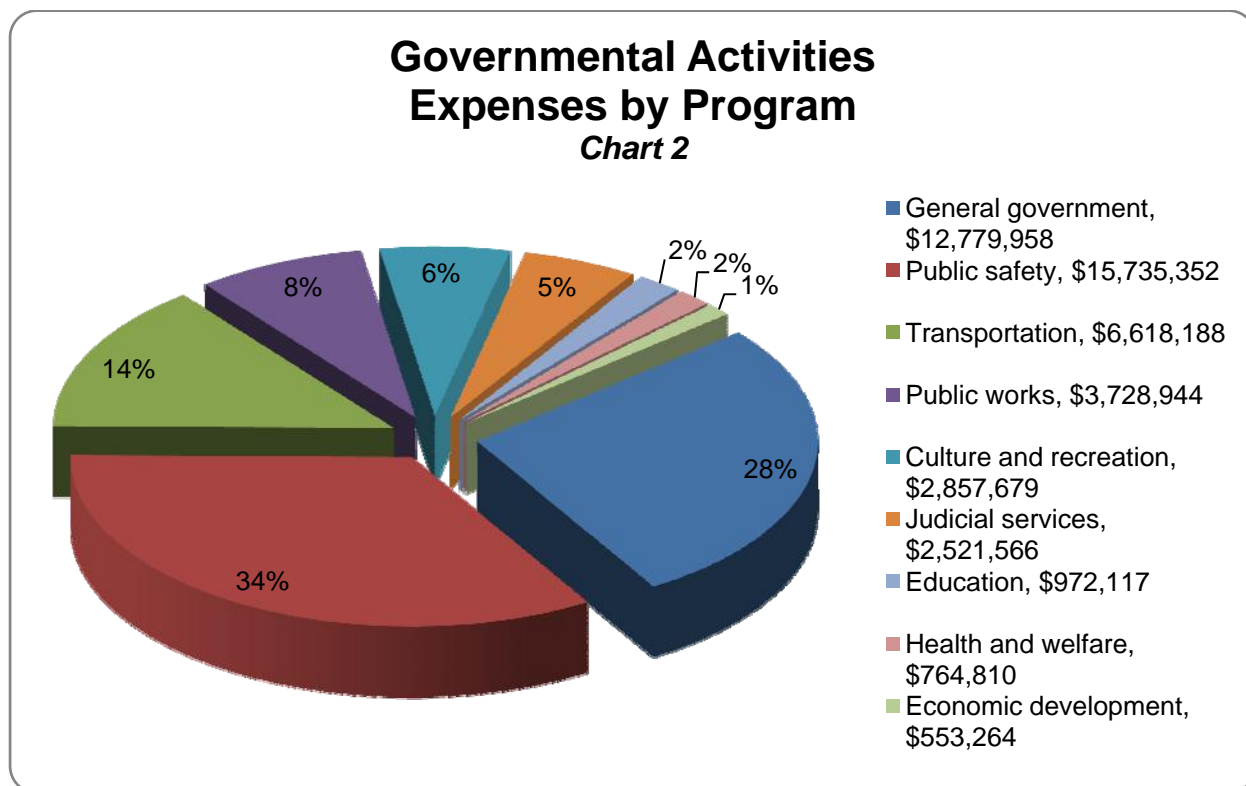
The analysis in Figure 2 above provides more detailed information on the governmental and business-type activities separately.

Governmental Activities

Net assets of the County's governmental activities decreased by almost \$1.2 million to \$141.4 million or by 0.9 percent from 2009 to 2010. Fiscal year 2009-2010 operations resulted in an increase of \$5.6

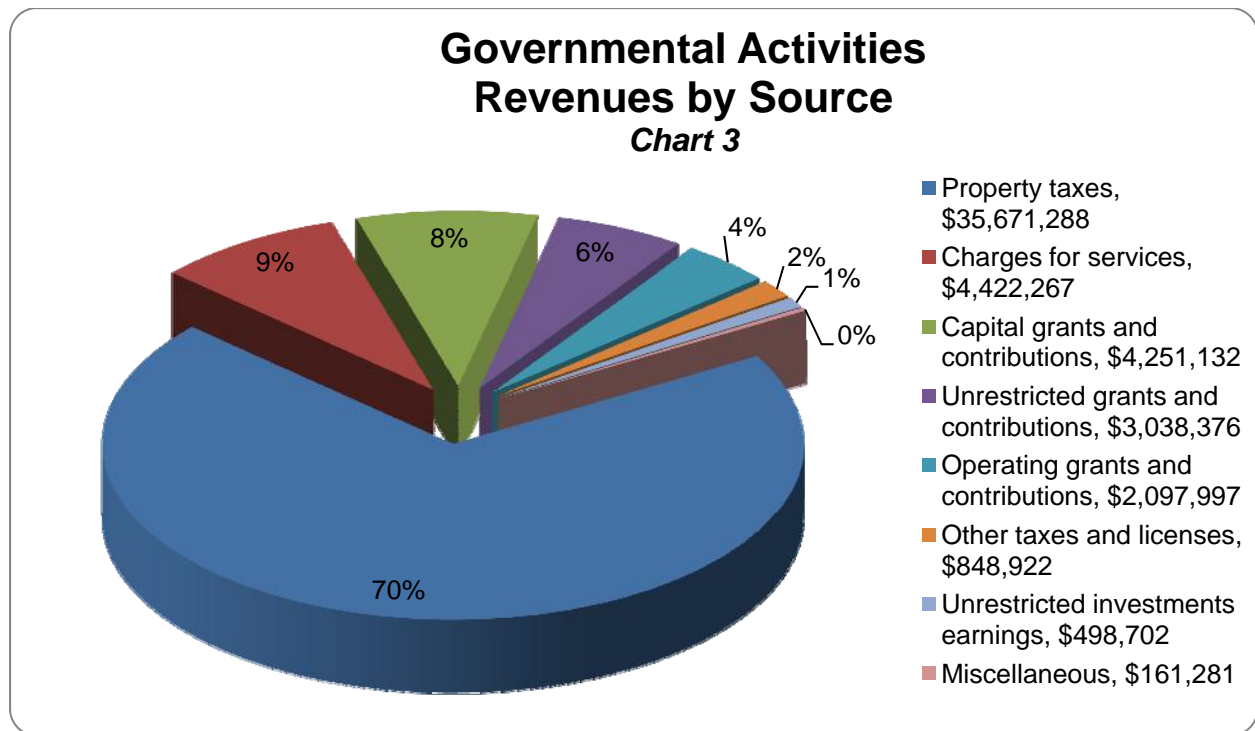
million in net assets due primarily to greater than expected property tax revenue and less than expected expenditures. This increase in net assets in the governmental activities was offset by a \$6.8 million decrease in net assets from prior period adjustments to capital assets and to the long-term liabilities related to the County's landfills. The governmental activities unrestricted net assets, which are part of the net assets that the County can use to finance normal operations without any restrictions, decreased from the prior year by \$4.2 million for a total of \$17.1 million. The decrease in the unrestricted net assets is related to the overall decrease in net assets and the \$2.1 million of net assets for the Emergency Services Special Tax District being reclassified as restricted net assets.

The cost of all governmental activities this year was \$46.9 million compared to \$44.4 million last year. Approximately \$1.5 million or 59 percent of the total increase in governmental activities expenses is related to increased maintenance of roads and bridges. In addition, \$972,117 or 38 percent of the total increase in expenses is related to the inclusion of Tri-County Technical College which had been previously recorded in the agency fund. During fiscal year 2010, the County changed the program classification of certain departments. As a result, the general government program experienced a decrease of \$5,768,222 primarily due to the Solid Waste and Airport departments being reclassified to the public works and transportation programs. The Economic Development department was also reclassified from general government to economic development program.



The amount, that our taxpayers paid in County taxes to finance these activities, was only \$35.7 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 (\$6.3 million). Overall, the County's governmental program revenues, consisting of both fees for services and intergovernmental aid, increased from \$9.2 million in 2009 to \$10.8 million in 2010, principally based on the increase in capital grants and contributions related to the Airport runway extension. The County paid for the remaining "public benefit" portion of governmental activities with \$40.2 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 and interest. The largest portion of these other revenues, totaling \$3 million, is

the intergovernmental grants and contributions not restricted to specific programs.



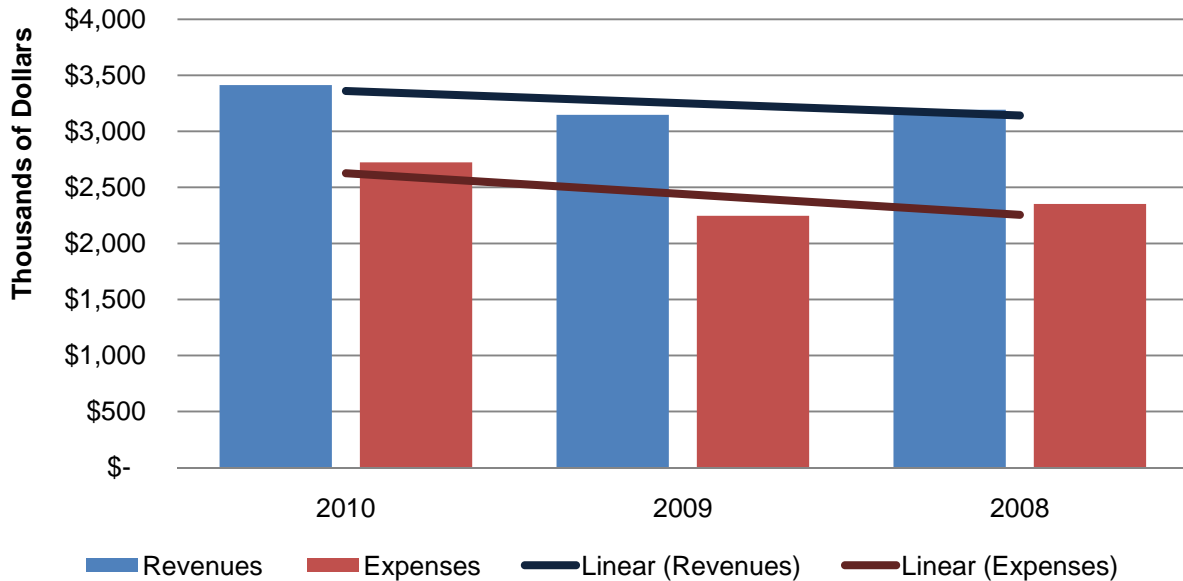
Business-type Activities

In comparison to the prior year, the total net assets of the business-type activities decreased by \$17,810 or 0.3 percent. Furthermore, capital assets were reduced mainly because of normal depreciation and depletion for the Rock Quarry. The business-type activities unrestricted net assets also increased by \$405,154.

Compared to the business-type revenues of 2009, the business-type activities revenue for 2010 increased by \$264,285 or 8.4 percent, while expenses increased by 21.2 percent or \$477,304.

Business-type Activities Revenues and Expenses

Chart 4



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 69.

Governmental Funds

At completion of fiscal year 2009-2010, the County's governmental funds reported total fund balances of \$45 million, which was an increase over last year's total by \$7.2 million. Approximately 50 percent or \$3.5 million of this increase was related to unexpended bond proceeds on hand at June 30, 2010. Another 38 percent or \$2.7 million of the increase was related to the prior period adjustment for land held for resale, which previously had not been included in the fund financial statements.

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 \$13.4 million, while its total fund balance was \$24.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures. The undesignated fund balance represents 35 percent of the total General Fund expenditures, while the total fund balances represent 63.6 percent of that same amount. The General Fund revenues have increased by \$1.4 million. Total governmental revenues increased \$1.2 million.

The Unincorporated Fire District Fund accounts for the activities of a special tax district established in 2007 to provide emergency services for the unincorporated areas of the County including fire, rescue, and hazardous materials squads. The June 30, 2010 fund balance was \$2.1 million, a decrease of approximately \$500,000 from the June 30, 2009 fund balance. Approximately, \$300,000 of this decrease is related to the completion of purchases of equipment from the 2008 capital lease.

The Capital Projects Fund accounts for the acquisition and construction of capital assets. The June 30, 2010 fund balance was \$15.1 million, an increase of \$6.9 million from the June 30, 2009 fund balance.

Unexpended bond proceeds of \$3.5 million account for over half of the increase from prior year. During fiscal year 2009-2010, \$2.5 million was transferred into the Capital Projects Fund for the Westminster Emergency Services building of which \$1.7 million was unspent at year end. In addition, \$1.3 million was transferred to the Capital Projects Fund for road paving that was unspent as of June 30, 2010.

The Miscellaneous Special Revenue Fund accounts for grants and other restricted revenues received from outside agencies, primarily the state and federal government. The June 30, 2010 fund balance was \$289,339, a decrease of \$331,199 from the June 30, 2009 fund balance. The fund balance in this fund fluctuates based on the amount of grants received and the timing of the revenues and expenditures for those grants.

Proprietary Funds

The Rock Quarry enterprise fund is the only proprietary fund for the County. The net assets of the Rock Quarry decreased by \$17,810 from 2009 to 2010. This is mainly due to the fact that the Rock Quarry is budgeted to transfer its profits to the General Fund.

The operating revenues of the Rock Quarry have increased 12.1 percent from the previous year. In addition, the operating expenses have increased 21.2 percent. Before transfers, the Rock Quarry had a profit of \$687,650. The County usually budgets annually for a transfer from the Rock Quarry for its anticipated profits. This year the transfer from the Rock Quarry to the General Fund was \$687,650 compared to the \$900,669 in 2009. The \$687,650 transfer is the net of a transfer from the General Fund of \$61,135 for bridge replacement monies collected by the Rock Quarry transferred to the Bridge Replacement Capital Project Fund and a transfer to the General Fund of \$626,515 for the Rock Quarry profit. The Rock Quarry profit was \$45,559 over the \$580,956 budgeted for the profit transfer.

General Fund Budgetary Highlights

In the 2010 adopted budget, the General Fund's original budget totaled \$42,658,420. Rollovers and encumbrances from the 2009 fiscal year increased this amount \$2,632,278 and County Council approved three budget amendments totaling \$3,445,473, resulting in a final budget for fiscal year 2009-2010 of \$48,736,171. These amendments were to provide for the Westminster Emergency Services building, two fire engines, a reduction of two furlough days, support for the Clemson Area Transit and radio tower equipment.

By the end of the year, General Fund actual revenues totaled \$42,104,294; \$1,636,810 more than budgeted due to property tax revenues being greater than expected. Actual expenditures totaled \$38,387,835, thus creating a favorable budget variance in total expenditures of \$4,496,074, of which \$1,202,845 was encumbered at year-end for open purchase orders which carry over into the new fiscal year. The remaining difference between actual and budgeted expenditures is composed of a number of other items including lower than expected gas and diesel prices, a five-year contract that was budgeted in fiscal year 2010 as an expenditure that was reclassified as a prepaid item that will be recognized over the five years of the contract, the unexpended portion of the Bridge and Culvert mill, certain capital improvements that were budgeted for the detention center that were not completed, vacancies related to new positions in the detention center, lower than expected expenditures for aviation and jet fuel at the Airport, unspent allocations to the volunteer fire stations that carry over from year to year and Information Technology projects that were not completed.

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, 2010, totals \$114.6 million (net of accumulated depreciation and depletion). These assets include land, buildings and improvements, vehicles and equipment, construction in progress, infrastructure, and mineral interests. The net decrease (including additions and deductions) is \$4.8 million, or 4 percent,

over last year. The decrease is due to the reclassification of Economic Development land that was removed from the capital assets and accounted for in the General Fund as land held for resale.

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

	Governmental Activities			Business-Type Activities			Total Primary Government		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Land	\$ 2,982,537	\$ 5,736,562	\$ 5,737,812	\$ 27,891	\$ 27,836	\$ 27,836	\$ 3,010,428	\$ 5,764,398	\$ 5,765,648
Infrastructure Land Rights	35,876,356	35,809,533	35,739,072	-	-	-	35,876,356	35,809,533	35,739,072
Construction in Progress	4,761,107	6,652,518	5,580,041	-	-	-	4,761,107	6,652,518	5,580,041
Building and Improvements	29,879,588	30,335,031	29,022,413	357,882	384,197	410,512	30,237,470	30,719,228	29,432,925
Equipment and Vehicles	13,159,717	10,409,791	10,528,222	1,590,485	1,980,247	2,140,002	14,750,202	12,390,038	12,668,224
Infrastructure	25,687,245	27,816,449	30,847,619	-	-	-	25,687,245	27,816,449	30,847,619
Mineral Interests	-	-	-	316,566	323,508	330,390	316,566	323,508	330,390
Total	\$ 112,346,550	\$ 116,759,884	\$ 117,455,179	\$ 2,292,824	\$ 2,715,788	\$ 2,908,740	\$ 114,639,374	\$ 119,475,672	\$ 120,363,919

Major capital asset transactions during the year include:

- Addition of \$61,953 for paving and \$69,559 of site preparation for roads constructed in-house by the Roads and Bridges Department during the fiscal year;
- Completion of the Workforce Center located at the Hamilton Career Center, \$654,146;
- Concrete pads for the waste tire and used oil areas at Solid Waste, \$118,655;
- Continuation of construction of the Airport's runway extension and parallel taxiway airport improvement project, \$3.5 million;
- Purchase of a 50 ton trailer (\$10,100), a mini-excavator (\$48,760), one dump truck (\$117,700), two Ford F-250 trucks (\$54,172), one asphalt compactor (\$26,500), and one John Deer tractor with mowing attachment (\$90,785) for the Roads and Bridges Department;
- Continuation of the construction in progress on the Oconee County Emergency Services building located in Westminster, \$725,587;
- Continued renovations to the courthouse, \$324,462;
- Acquisition of sixteen vehicles (\$377,876) for the Sheriff's Department, four pumper/fire trucks (\$1.3 million) for Emergency Services; and six vehicles (\$85,452) for various other departments;
- Purchase of a hydraulic excavator (\$72,300), a Terex articulated truck (\$50,880), a rim crusher (\$24,986), and a fork lift (\$20,000) for Solid Waste, and
- Construction in progress of two bridges and four roads (\$159,935).

Additional information on the County's capital assets can be found in Note 4 on pages 50 - 51 of the basic financial statements.

Long-term Debt

As of June 30, 2010, the County had outstanding a total bonded debt of approximately \$6.5 million, all of which is backed by the full faith and credit of the County.

Oconee County's Outstanding Debt

Figure 4

	Governmental Activities			Business-Type Activities			Total		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
General obligation and special source revenue bonds	\$ 6,465,000	\$ 7,800,000	\$ 9,075,000	\$ -	\$ -	\$ -	\$ 6,465,000	\$ 7,800,000	\$ 9,075,000

During the fiscal year, all state and local government tax-supported public financing underwent a recalibration of its credit ratings. The intent of the recalibration was to ensure a better comparability of credit ratings across the market. The recalibration should not be interpreted as an improvement or weakening of credit rating, rather an adjustment to the comparison scale of credit risk. Each rating agency interprets the County's data slightly different resulting in possible different ratings. The County's existing general obligation bond ratings were recalibrated as follows: Fitch Ratings upgraded the rating from an "A+" to an "AA-"; Standard and Poor's recalibrated from "A+" to an "AA-"; and Moody's Investors Service went from an "A1" to "Aa2". These stable bond ratings are 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 approximately \$34 million, which is a 5.5 percent increase from the prior year.

At June 30, 2010, the County's total outstanding general obligation bonded debt in the governmental funds was \$6,465,000. On April 20, 2010, the County authorized issuance of \$5.3 million in refunding bonds that is to be issued in the first quarter of fiscal year 2011. When issued, these bonds will refund the entire outstanding balance of the County's existing general obligation debt.

During the fiscal year, financing for the Pointe West Infrastructure Improvements Project was acquired through issuance of special source revenue bonds in the amount of \$3.5 million. These special source revenue bonds will be repaid solely with specific fee in lieu taxes. Repayment of these bonds will begin in fiscal year 2011 and will end in 2025. Special source revenue bonds do not affect above stated bonded debt limits.

Furthermore, the capital lease obligations at the close of 2010 totaled \$912,932. This amount consists of the remaining balance outstanding for the capital lease for purchasing equipment for the unincorporated fire districts. The final payment for the unincorporated fire equipment lease will be in 2013.

The enterprise fund does not have any existing or pending bonded debt or capital leases.

Additionally, the County maintains two closed municipal solid waste (MSW) landfills and two open construction and demolition (C&D) waste landfills. A portion of the long-term liabilities includes an estimate for the closure and post-closure care cost of these landfills. During 2010, the estimated liability was adjusted for inflation and to include estimated costs related to the C&D landfills in response to new environmental regulations. The balance of the estimated liability for closure and post-closure care costs at June 30, 2010 equaled \$4.9 million.

Included in the long-term liabilities is the compensated absences, which consists of accrued accumulated unpaid vacation time earned by employees. The estimated long-term liability for annual leave is \$1,189,336 for the governmental funds and \$69,729 for the enterprise fund.

Additional information regarding the County's long-term debt obligations can be found in Note 5 on pages 51 - 54 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economic contraction continues to impact Oconee County, although there are signs of improvement. The unemployment rate as of November 2010 was 10.9 percent, slightly higher than the state average of 10.6 percent, but significantly lower than the 14.3 percent rate of unemployment in November 2009. Oconee County has made significant investments in economic development including acceptance of a multi-million dollar federal grant intended to create a fiber network capable of providing extremely high-speed broadband to the County. These investments combined with our proximity to Clemson University, the outstanding natural beauty of our mountains and lakes, excellent school system, and our workforce's excellent work ethic have placed the County in an excellent position for future growth.

The budget for fiscal year 2010-2011 provides for the maintenance of County operations at the same level as 2009-2010 without an increase in millage rates. The General Fund budget for 2010-2011 totals \$42,068,202 a 1 percent decrease from the 2009-2010 adopted budget. The local, state, and federal revenues in the general fund are expected to decrease approximately \$876,000 due to the economic downturn, which has affected revenues such as building permits, deed recording fees, airport fuel sales, interest income, and the amount of State Aid to Subdivisions which is expected to be \$480,000 less than 2009-2010.

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

BASIC FINANCIAL STATEMENTS

This page is intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page is intentionally left blank.

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Keowee Fire District	School District of Oconee County
Assets					
Cash and cash equivalents	\$ 34,641,972	\$ 3,300,844	\$ 37,942,816	\$ 404,760	\$ 1,414,687
Investments	8,987,406	-	8,987,406	-	31,800,073
Receivables:					
Taxes - net	1,185,586	-	1,185,586	4,443	2,141,998
Accounts	209,867	233,067	442,934	-	347,332
Intergovernmental	2,740,703	-	2,740,703	90,475	12,332,209
Accrued interest receivable	114,969	756	115,725	-	-
Inventories	196,272	258,469	454,741	-	218,858
Prepaid items	1,191,904	-	1,191,904	-	6,685
Land held for sale	2,754,025	-	2,754,025	-	-
Capital assets - not being depreciated	43,620,000	27,891	43,647,891	-	5,624,738
Capital assets - net of accumulated depreciation	68,726,550	2,264,933	70,991,483	1,671,413	127,174,240
	<u>\$ 164,369,254</u>	<u>\$ 6,085,960</u>	<u>\$ 170,455,214</u>	<u>\$ 2,171,091</u>	<u>\$ 181,060,820</u>
Liabilities					
Accounts payable	\$ 3,072,558	\$ 55,832	\$ 3,128,390	\$ 93,602	\$ 970,582
Bank overdrafts	4,473	-	4,473	-	-
Retainage payable	309,739	-	309,739	-	536,241
Accrued payroll liabilities	771,864	29,296	801,160	4,935	1,629,315
Unearned revenue	803,476	-	803,476	-	610,568
Accrued interest payable	147,769	-	147,769	10,241	463,811
Other liabilities	-	-	-	-	2,324,091
Long-term liabilities:					
Due within one year	2,297,033	23,000	2,320,033	66,225	13,605,188
Due in more than one year	15,588,832	78,832	15,667,664	991,028	46,561,266
	<u>22,995,744</u>	<u>186,960</u>	<u>23,182,704</u>	<u>1,166,031</u>	<u>66,701,062</u>
Net Assets					
Invested in capital assets, net of related debt	104,968,618	2,292,824	107,261,442	616,172	86,453,690
Restricted for:					
Debt service	1,607,112	-	1,607,112	-	6,379,235
Emergency services	2,132,780	-	2,132,780	-	-
Capital outlay	15,604,473	-	15,604,473	-	824,860
Unrestricted	17,060,527	3,606,176	20,666,703	388,888	20,701,973
	<u>141,373,510</u>	<u>5,899,000</u>	<u>147,272,510</u>	<u>1,005,060</u>	<u>114,359,758</u>
	<u>\$ 164,369,254</u>	<u>\$ 6,085,960</u>	<u>\$ 170,455,214</u>	<u>\$ 2,171,091</u>	<u>\$ 181,060,820</u>

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

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Keowee Fire District	School District of Oconee County
Primary Government									
Governmental activities									
General government	\$ 12,779,958	\$ 635,354	\$ 26,995	\$ -	\$ (12,117,609)	\$ -	\$ (12,117,609)	\$ -	\$ -
Public safety	15,735,352	712,860	743,587	75,758	(14,203,147)	-	(14,203,147)	-	-
Transportation	6,618,188	549,140	797,401	3,249,606	(2,022,041)	-	(2,022,041)	-	-
Public works	3,728,944	861,453	6,811	172,457	(2,688,223)	-	(2,688,223)	-	-
Culture and recreation	2,857,679	348,402	145,231	-	(2,364,046)	-	(2,364,046)	-	-
Judicial services	2,521,566	1,281,388	159,593	-	(1,080,585)	-	(1,080,585)	-	-
Education	972,117	-	-	-	(972,117)	-	(972,117)	-	-
Health and welfare	764,810	33,670	217,079	-	(514,061)	-	(514,061)	-	-
Economic development	553,264	-	1,300	753,311	201,347	-	201,347	-	-
Unallocated interest expense	384,690	-	-	-	(384,690)	-	(384,690)	-	-
	<u>46,916,568</u>	<u>4,422,267</u>	<u>2,097,997</u>	<u>4,251,132</u>	<u>(36,145,172)</u>	<u>-</u>	<u>(36,145,172)</u>	<u>-</u>	<u>-</u>
Business-type activities									
Rock quarry	2,724,095	3,404,756	-	-	-	680,661	680,661	-	-
Total primary government	<u>\$ 49,640,663</u>	<u>\$ 7,827,023</u>	<u>\$ 2,097,997</u>	<u>\$ 4,251,132</u>	<u>\$ (36,145,172)</u>	<u>\$ 680,661</u>	<u>\$ (35,464,511)</u>	<u>\$ -</u>	<u>\$ -</u>
Component units									
Keowee Fire District	\$ 644,946	\$ 35,000	\$ 25,069	\$ 91,975				\$ (492,902)	\$ -
School District of Oconee County	109,323,459	3,601,089	43,587,259	233,867				-	(61,901,244)
Total component units	<u>\$ 109,968,405</u>	<u>\$ 3,636,089</u>	<u>\$ 43,612,328</u>	<u>\$ 325,842</u>				<u>\$ (492,902)</u>	<u>\$ (61,901,244)</u>
General Revenues									
Property taxes levied for:									
General purposes					\$ 32,418,707	\$ -	\$ 32,418,707	\$ 647,907	\$ 43,480,051
Public safety					1,294,820	-	1,294,820	-	-
Debt service					998,815	-	998,815	-	16,280,624
Capital projects					475,385	-	475,385	-	-
Economic development					483,561	-	483,561	-	-
Other taxes and licences					848,922	-	848,922	-	-
Loss on disposal					-	(460)	(460)	-	-
Unrestricted grants and contributions					3,038,376	-	3,038,376	11,754	16,636,474
Unrestricted investment earnings					498,702	7,449	506,151	5,021	208,031
Miscellaneous					161,281	-	161,281	35,143	807,009
Special Item - Courthouse Settlement					825,000	-	825,000	-	-
Transfers					687,650	(687,650)	-	-	-
Total general revenues, special items and transfers					<u>41,731,219</u>	<u>(680,661)</u>	<u>41,050,558</u>	<u>699,825</u>	<u>77,412,189</u>
Change in net assets					5,586,047	-	5,586,047	206,923	15,510,945
Net assets - beginning of year					142,618,804	5,916,810	148,535,614	767,136	98,848,813
Prior period adjustments					(6,831,341)	(17,810)	(6,849,151)	31,001	-
Net assets - end of year					<u>\$ 141,373,510</u>	<u>\$ 5,899,000</u>	<u>\$ 147,272,510</u>	<u>\$ 1,005,060</u>	<u>\$ 114,359,758</u>

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

FUND FINANCIAL STATEMENTS

This page is intentionally left blank.

OCONEE COUNTY, SOUTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General	Unincorporated Fire District	Capital Projects	Miscellaneous Special Revenue	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$ 12,581,439	\$ 2,178,494	\$ 16,587,736	\$ 979,222	\$ 2,315,081	\$ 34,641,972
Investments	8,987,406	-	-	-	-	8,987,406
Receivables						
Taxes - net	1,073,178	35,627	-	-	76,781	1,185,586
Accounts	148,967	-	-	18,248	42,652	209,867
Intergovernmental	1,712,655	-	815,086	118,785	94,177	2,740,703
Accrued interest receivable	110,056	-	-	-	4,913	114,969
Advances to other funds	210,000	-	-	-	-	210,000
Prepaid items	401,748	205	-	-	789,951	1,191,904
Inventories	196,272	-	-	-	-	196,272
Land held for sale	2,754,025	-	-	-	-	2,754,025
	<u>\$ 28,175,746</u>	<u>\$ 2,214,326</u>	<u>\$ 17,402,822</u>	<u>\$ 1,116,255</u>	<u>\$ 3,323,555</u>	<u>\$ 52,232,704</u>
Liabilities						
Accounts payable	\$ 1,821,369	\$ 47,404	\$ 1,144,701	\$ 31,889	\$ 27,195	\$ 3,072,558
Bank overdrafts	-	-	-	-	4,473	4,473
Retainage payable	-	-	309,739	-	-	309,739
Accrued payroll liabilities	749,639	14,447	-	-	7,778	771,864
Deferred revenue						
Property taxes	665,450	19,695	-	-	50,839	735,984
Intergovernmental	541,220	-	712,264	97,914	-	1,351,398
Unearned revenues	-	-	88,591	697,113	17,772	803,476
Advances from other funds	-	-	-	-	210,000	210,000
	<u>3,777,678</u>	<u>81,546</u>	<u>2,255,295</u>	<u>826,916</u>	<u>318,057</u>	<u>7,259,492</u>
Fund Balances						
Reserved for						
Land held for sale	2,754,025	-	-	-	-	2,754,025
Debt service	-	-	-	-	1,607,112	1,607,112
Capital outlay	-	-	10,813,554	-	456,946	11,270,500
Inventories	196,272	-	-	-	-	196,272
Prepays	401,748	205	-	-	789,951	1,191,904
Encumbrances	1,202,845	-	4,333,973	4,326	97,255	5,638,399
Interfund advances	180,000	-	-	-	-	180,000
Unreserved						
Designated						
Designated for health insurance	2,965,644	-	-	-	-	2,965,644
Designated for other purposes	463,209	-	-	-	-	463,209
Designated for dissolution of solid waste fund	2,811,628	-	-	-	-	2,811,628
Undesignated						
Reported in general fund	13,422,697	-	-	-	-	13,422,697
Reported in special revenue funds	-	2,132,575	-	285,013	54,234	2,471,822
	<u>24,398,068</u>	<u>2,132,780</u>	<u>15,147,527</u>	<u>289,339</u>	<u>3,005,498</u>	<u>44,973,212</u>
	<u>\$ 28,175,746</u>	<u>\$ 2,214,326</u>	<u>\$ 17,402,822</u>	<u>\$ 1,116,255</u>	<u>\$ 3,323,555</u>	<u>\$ 52,232,704</u>

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

OCONEE COUNTY, SOUTH CAROLINA
 RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET TO
 THE STATEMENT OF NET ASSETS
 JUNE 30, 2010

Fund Balances - Total Governmental Funds		\$ 44,973,212
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		112,346,550
Resources received but reflected as deferred revenues in fund statements		2,087,382
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore not reported in the governmental funds.		
General obligation bonds	(6,465,000)	
Capital lease obligation	(912,932)	
Special source revenue bonds	(3,500,000)	
Other post employment benefits	(871,160)	
Post closure care liabilities	(4,947,437)	
Compensated absences	(1,189,336)	
Accrued interest payable	(147,769)	(18,033,634)
Net Assets of Governmental Activities		<u>\$ 141,373,510</u>

-

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

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General	Unincorporated Fire District	Capital Projects	Miscellaneous Special Revenue	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 32,669,967	\$ 1,275,125	\$ -	\$ -	\$ 2,080,234	\$ 36,025,326
Other taxes	-	-	-	-	538,901	538,901
Intergovernmental	4,386,082	-	2,721,282	552,259	378,595	8,038,218
Licenses, permits and fees	3,062,181	-	-	-	-	3,062,181
Fines and forfeitures	460,477	-	-	-	122,260	582,737
Charges for services	855,538	-	-	-	-	855,538
Interest and investment income	461,059	126	276	10	37,233	498,704
Miscellaneous and other	208,990	-	75,758	168,594	-	453,342
	<u>42,104,294</u>	<u>1,275,251</u>	<u>2,797,316</u>	<u>720,863</u>	<u>3,157,223</u>	<u>50,054,947</u>
Expenditures						
Current						
General government	12,179,435	-	-	1,128	-	12,180,563
Public safety	12,968,870	1,494,052	-	464,334	515,351	15,442,607
Transportation	4,520,748	-	-	1,740	-	4,522,488
Public works	3,319,543	-	-	172,457	-	3,492,000
Culture and recreation	2,395,807	-	-	71,274	181,006	2,648,087
Judicial services	2,232,277	-	-	20,140	53,367	2,305,784
Education	-	-	-	-	972,117	972,117
Health and welfare	522,459	-	-	91,187	-	613,646
Economic development	248,696	-	-	104,508	-	353,204
Capital outlay	-	-	6,094,072	4,341	176,886	6,275,299
Debt service						
Principal retirement	-	286,590	-	-	1,693,397	1,979,987
Interest and fiscal charges	-	36,346	-	-	339,994	376,340
	<u>38,387,835</u>	<u>1,816,988</u>	<u>6,094,072</u>	<u>931,109</u>	<u>3,932,118</u>	<u>51,162,122</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,716,459</u>	<u>(541,737)</u>	<u>(3,296,756)</u>	<u>(210,246)</u>	<u>(774,895)</u>	<u>(1,107,175)</u>
Other Financing Sources (Uses)						
Sale of capital assets	18,307	-	-	-	-	18,307
Insurance recoveries	74,504	-	-	-	-	74,504
Issuance of bonds	-	-	3,500,000	-	-	3,500,000
Transfers in	731,468	23,500	5,894,995	-	122,439	6,772,402
Transfers out	(5,956,299)	-	-	(120,953)	(7,500)	(6,084,752)
	<u>(5,132,020)</u>	<u>23,500</u>	<u>9,394,995</u>	<u>(120,953)</u>	<u>114,939</u>	<u>4,280,461</u>
Special Items						
Courthouse settlement	-	-	825,000	-	-	825,000
Net Change in Fund Balances	<u>(1,415,561)</u>	<u>(518,237)</u>	<u>6,923,239</u>	<u>(331,199)</u>	<u>(659,956)</u>	<u>3,998,286</u>
Fund Balances - Beginning of Year	<u>23,423,030</u>	<u>2,651,017</u>	<u>8,224,288</u>	<u>620,538</u>	<u>2,889,134</u>	<u>37,808,007</u>
Prior Period Adjustment	<u>2,390,599</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>776,320</u>	<u>3,166,919</u>
Fund Balances - End of Year	<u>\$ 24,398,068</u>	<u>\$ 2,132,780</u>	<u>\$ 15,147,527</u>	<u>\$ 289,339</u>	<u>\$ 3,005,498</u>	<u>\$ 44,973,212</u>

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

OCONEE COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Net Change in Fund Balance - Total Governmental Funds \$ 3,998,286

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

Governmental funds report capital outlay as expenditures. However,
in the statement of activities, the cost of those assets is allocated
over their estimated useful lives and reported as depreciation
expense. This is the amount by which depreciation exceeded
capital outlay in the current period.

Capital outlay	8,620,335	
Depreciation expense	(5,806,342)	2,813,993

In the statement of activities, only the loss on the sale of assets is
reported whereas in the governmental funds, the proceeds from the
sale increase financial resources. Thus, the change in net assets
differs from the change in fund balances by the net book value of
the assets sold or contributed:

Net book value of asset dispositions	(37,235)	
Proceeds from sale of capital assets	(88,950)	(126,185)

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds.

Property taxes	(354,036)	
Intergovernmental revenues	1,351,398	997,362

Repayment of debt principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net
assets.

Principal repayments:		
General obligation bonds	1,335,000	
Capital lease obligation	645,036	1,980,036

Proceeds from debt issues are an other financing source in the funds, but a
debt issue increases long-term liabilities in the statement of net assets. (3,500,000)

Some expenses recorded in the statement of activities do not require
the use of current financial resources and, therefore, are not reported as
expenditures in governmental funds.

Compensated absences	(64,526)	
Net post employment benefit obligation	(486,971)	
Post closure care expense	5,110	(546,387)

In the statement of activities, interest is accrued on outstanding bonds,
whereas in governmental funds, interest is expensed when due. (31,058)

Change in Net Assets of Governmental Activities \$ 5,586,047

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
ROCK QUARRY
JUNE 30, 2010

ASSETS

Current Assets	
Cash and cash equivalents	\$ 3,300,844
Accounts receivable - net of allowance of \$123,706	233,067
Accrued interest receivable	756
Inventories	<u>258,469</u>
Total Current Assets	<u>3,793,136</u>
Capital Assets	
Land	27,891
Buildings	544,786
Equipment and vehicles	5,648,121
Other capital assets	<u>529,934</u>
	6,750,732
Less accumulated depreciation and depletion	<u>(4,457,908)</u>
Total Capital Assets	<u>2,292,824</u>
Total Assets	<u><u>\$ 6,085,960</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 55,832
Accrued payroll liabilities	29,296
Compensated absences	<u>23,000</u>
Total Current Liabilities	<u>108,128</u>
Noncurrent Liabilities	
Net post employment benefit obligation	32,103
Compensated absences	<u>46,729</u>
Total Noncurrent Liabilities	<u>78,832</u>
Total Liabilities	<u>186,960</u>
Net Assets	
Investments in capital assets, net of related debt	2,292,824
Unrestricted net assets	<u>3,606,176</u>
Total Net Assets	<u>5,899,000</u>
Total Liabilities and Net Assets	<u><u>\$ 6,085,960</u></u>

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

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
ROCK QUARRY
FOR THE YEAR ENDED JUNE 30, 2010

Operating Revenues	
Outside customer sales	\$ 3,403,634
Miscellaneous operating revenues	1,122
	<u>3,404,756</u>
Operating Expenses	
Salaries and fringe benefits	1,008,532
Supplies	361,286
Electricity and natural gas	71,415
Petroleum, oil and lubricants	188,966
Water and sewer	5,626
Machinery, equipment repairs and maintenance	599,987
Building and grounds maintenance	6,802
Professional services	4,605
Miscellaneous	54,367
Depreciation and depletion	422,509
	<u>2,724,095</u>
Net Operating Income	<u>680,661</u>
Nonoperating Revenues (Expenses)	
Loss on disposal of assets	(460)
Interest income	7,449
	<u>6,989</u>
Increase in Net Assets, Before Transfers	687,650
Transfers out	<u>(687,650)</u>
Change in Net Assets	-
Net Assets - Beginning of Year	5,916,810
Prior Period Adjustments	<u>(17,810)</u>
Net Assets - End of Year	<u><u>\$ 5,899,000</u></u>

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

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
ROCK QUARRY
FOR THE YEAR ENDED JUNE 30, 2010

Cash Flows Provided (Used by) Operating Activities	
Cash received from customers	\$ 3,376,312
Cash paid to suppliers for goods and services	(1,020,669)
Cash paid to or for the benefit of employees	<u>(980,337)</u>
	<u>1,375,306</u>
Cash Flows from Noncapital Financing Activities	
Transfers to other funds	<u>(687,650)</u>
Cash Flows from Investing Activities	
Interest income	<u>7,614</u>
Net Increase in Cash and Cash Equivalents	695,265
Cash and Cash Equivalents - Beginning of Year	<u>2,605,579</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 3,300,844</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Net operating income	\$ 680,661
Adjustments to reconcile net operating loss to net cash used by operating activities	
Depreciation and depletion	422,509
(Increase) decrease in assets	
Accounts receivable	(28,444)
Inventories	237,809
Increase (decrease) in liabilities	
Accounts payable	34,576
Accrued payroll liabilities	2,046
Compensated absences	8,053
Net post employment benefit obligation	<u>18,096</u>
Net Cash Used by Operating Activities	<u><u>\$ 1,375,306</u></u>

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

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010

Assets

Cash and cash equivalents	\$ 10,443,691
Accrued interest receivable	10,895
Taxes receivable - net	<u>2,327,187</u>
	<u>\$ 12,781,773</u>

Liabilities

Due to other taxing districts and agencies	<u>\$ 12,781,773</u>
	<u>\$ 12,781,773</u>

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

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, public safety, transportation, public works, culture and recreation, judicial services, education, health and welfare, and economic development.

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 anyone 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.

Keowee Fire District

The Keowee Fire District is fiscally dependent upon the County. It has a separately elected board and provides services generally within the Keowee Fire District which is located 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, 2010 can be obtained from the District's office.

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, 2010 can be obtained from the District's office.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

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 *Unincorporated Fire District* is a special revenue fund used to account for funds designated to the County's fire districts.

The *Capital Projects Fund* is a capital projects fund used to account for funds to be used for the acquisition or construction of major capital facilities.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation - Continued

The *Miscellaneous Special Revenue Fund* is a special revenue fund used to account for proceeds of various specific revenues sources that do not require a separate fund to be maintained.

The County reports the following major enterprise funds:

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

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 fund

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.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting - Continued

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.

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.

Agency funds have no 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.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting - Continued

Fund financial statements - continued

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.

Revenue – 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.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue – exchange and non-exchange transactions - Continued

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.

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.

Budget

County Council adopts annual budgets for General Fund, Unincorporated Fire District, 911 Fund, State Accommodations Tax, Local Accommodations Tax, Sheriff's Victims' Assistance, Solicitor's Victims' Assistance and Library State Aid revenue and expenditures prior to the beginning of each fiscal year. The adopted budgets specify 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 percent 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 percent 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. The budgets are prepared on a consistent basis of accounting with actual financial statement results, including significant accruals, to provide meaningful comparisons. The Miscellaneous Special Revenue fund is budgeted as grants are awarded and are budgeted on a project basis, therefore, some grants span over several years.

As of June 30, 2010, the County had deficit fund balances of \$91,758 in the Local Accommodation Tax fund and \$6,341 in the Solicitor's Victims' Assistance fund.

Reclassifications

Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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, it's agencies and instrumentalities;
2. obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank and the Asian Development Bank;
3. obligations of a corporation, state, or political subdivision denominated in United States dollars, if the obligations bear an investment grade rating of at least two (2) nationally recognized rating services;
4. certificates of deposit, if the certificates are secured collaterally by securities of the types described in items (1) and (3) of this section and held by a third party as an escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government;
5. repurchase agreements, if collateralized by securities of the types described in items (1) and (3) of this section and held by a third party as escrow agent or custodian and of a market value not less than the amount of the repurchase agreement so collateralized, including interest;
6. guaranteed investment contracts issued by a domestic or foreign insurance company or other financial institution, whose long-term unsecured debt rating bears the two highest rating of at least two nationally recognized rating services.

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.

Receivables

All trade and property taxes receivable are shown net of an allowance for uncollectibles.

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.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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 the government wide and proprietary fund financial statements.

A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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".

Noncurrent portions of long-term interfund 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.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital assets

Capital assets, which include property, 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 \$5,000 (amount not rounded) or more and an estimated useful life in excess of two 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 except land and site preparation 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:

<u>Assets</u>	<u>Years</u>
Infrastructure	25 - 45
Buildings and improvements	15 - 40
Equipment and vehicles	2 - 15

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.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of County management and that are either unusual in nature or infrequent in occurrence. The County reported a special item for the settlement received related to the remediation necessary at the Oconee County Courthouse.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 2 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk – 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.

Custodial Credit Risk is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County does not have a custodial credit risk policy. At June 30, 2010, the carrying amount of the County's deposits was \$48,385,894 and the bank balance was \$49,455,079. All of the County's deposits at year-end were covered by federal depository insurance or by collateral held in the pledging financial institutions' trust departments in the County's name. Petty cash funds of \$5,662 are reflected as cash.

Investment Type	Fair Value	Investment maturities (in years)		
		Less than 1	1-5	6-10
SC State Investment Pool	\$ 1,065	\$ 1,065	\$ -	\$ -
US Government Agency Obligations	8,986,341	396,194	2,056,090	6,534,057
	<u>\$ 8,987,406</u>	<u>\$ 397,259</u>	<u>\$ 2,056,090</u>	<u>\$ 6,534,057</u>

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. The County's investments in U.S. Government Agency Obligations, including Federal Home Loan Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation were rated AAA by Standard and Poor's and Moody's Investors Services. As of June 30, 2010, Oconee County, South Carolina owned \$8,986,341 of government sponsored agency debt securities. These bonds are the direct obligation of FNMA, FHLMC, FHLB, and FFCD which are rated AAA or equivalent by all rating agencies. The GSE's are directly or indirectly guaranteed by the US Treasury. The South Carolina Local Government Investment Pool is classified as risk category "A."

Concentration of credit risk

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

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

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. 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 plus cost

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 Keowee Key Fire District 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.

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:

	General	Unincorporated Fire District	Nonmajor Governmental	Agency
Property taxes receivable	\$ 1,106,369	\$ 36,729	\$ 79,156	\$ 2,399,162
Less: Allowance	<u>(33,191)</u>	<u>(1,102)</u>	<u>(2,375)</u>	<u>(71,975)</u>
Net taxes receivable	<u>\$ 1,073,178</u>	<u>\$ 35,627</u>	<u>\$ 76,781</u>	<u>\$ 2,327,187</u>

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS

Primary government capital asset activity for the year ended June 30, 2010 was as follows:

Governmental Activities	Balance June 30, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Capital assets not being depreciated					
Land	\$ 2,982,537	\$ -	\$ -	\$ -	\$ 2,982,537
other costs	35,809,533	66,823	-	-	35,876,356
Construction in progress	1,500,808	5,063,152	-	(1,802,853)	4,761,107
Total capital assets at historical cost not being depreciated	40,292,878	5,129,975	-	(1,802,853)	43,620,000
Capital assets being depreciated					
Buildings and improvements	41,271,273	151,330	71,500	654,146	42,005,249
Equipment and vehicles	31,723,461	3,277,095	528,603	1,148,707	35,620,660
Infrastructure	69,461,070	61,935	-	-	69,523,005
Other	46,675	-	-	-	46,675
Total capital assets at historical cost being depreciated	142,502,479	3,490,360	600,103	1,802,853	147,195,589
Less accumulated depreciation for:					
Buildings and improvements	(10,936,242)	(1,200,899)	(11,480)	-	(12,125,661)
Equipment and vehicles	(20,509,077)	(2,414,304)	(462,438)	-	(22,460,943)
Infrastructure	(41,644,621)	(2,191,139)	-	-	(43,835,760)
Other	(46,675)	-	-	-	(46,675)
Total accumulated depreciation	(73,136,615)	(5,806,342)	(473,918)	-	(78,469,039)
Total capital assets being depreciated, net	69,365,864	(2,315,982)	126,185	1,802,853	68,726,550
Governmental activities capital assets, net	<u>\$ 109,658,742</u>	<u>\$ 2,813,993</u>	<u>\$ 126,185</u>	<u>\$ -</u>	<u>\$ 112,346,550</u>

Depreciation expense was charged to functions as follows:

General government	\$ 196,074
Public safety	1,781,863
Transportation	2,613,641
Public works	536,294
Culture and recreation	283,794
Judicial services	234,722
Health and welfare	153,871
Economic development	6,083
Total Governmental Activities Depreciation Expense	<u>\$ 5,806,342</u>

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 4 - CAPITAL ASSETS - Continued

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 27,891	\$ -	\$ -	\$ 27,891
Total capital assets at historical cost not being depreciated	27,891	-	-	27,891
Capital assets being depreciated				
Buildings and improvements	544,786	-	-	544,786
Equipment and vehicles	5,665,313	-	17,192	5,648,121
Other	529,934	-	-	529,934
Total capital assets at historical cost being depreciated	6,740,033	-	17,192	6,722,841
Less accumulated depreciation for:				
Buildings and improvements	(160,589)	(26,315)	-	(186,904)
Equipment and vehicles	(3,685,056)	(389,312)	(16,732)	(4,057,636)
Other	(206,486)	(6,882)	-	(213,368)
Total accumulated depreciation	(4,052,131)	(422,509)	(16,732)	(4,457,908)
Total capital assets being depreciated, net	2,687,902	(422,509)	460	2,264,933
Business-type activities capital assets, net	\$ 2,715,793	\$ (422,509)	\$ 460	\$ 2,292,824

Included in other capital assets is \$529,934 in mineral interests associated with the rock quarry. The accumulated depletion of these interests at year end was \$213,368, and current year depletion was \$6,882.

NOTE 5 - LONG-TERM LIABILITIES

Bonds

Bonds payable at June 30, 2010 are comprised of the following individual issues:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts due within one year
General Obligation Bonds					
\$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%	\$ 520,000	\$ -	\$ 250,000	\$ 270,000	\$ 270,000
\$8,000,000 2001 Courthouse Construction					
Bonds due in annual installments of \$692,980 to \$746,316 for principal and interest through September 2017, interest at 4.47%	5,360,000	-	475,000	4,885,000	500,000
\$5,000,000 2002 EMS Facility Construction Phase I					
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%	1,920,000	-	610,000	1,310,000	640,000
General Obligation Bonds	\$ 7,800,000	\$ -	\$ 1,335,000	\$ 6,465,000	\$ 1,410,000

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 5 - LONG-TERM LIABILITIES - Continued

Bonds - continued

The annual requirements to amortize all general obligation bonds as of June 30, 2010, including interest payments, are as follows:

Year Ending June 30,	General obligation bonds		
	Principal	Interest	Total
2011	\$ 1,410,000	\$ 270,905	\$ 1,680,905
2012	1,200,000	209,624	1,409,624
2013	560,000	159,803	719,803
2014	590,000	134,100	724,100
2015	625,000	106,945	731,945
2016-2018	2,080,000	142,817	2,222,817
	<u>\$ 6,465,000</u>	<u>\$ 1,024,194</u>	<u>\$ 7,489,194</u>

Debt service funds of \$1,607,112 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 \$485,175,818 (unaudited), the legal debt limit is \$38,814,065, leaving a legal debt margin as of June 30, 2010 of \$33,956,117.

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.

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, 2010:

Machinery and equipment and construction in progress	\$ 2,157,304
Less: Accumulated depreciation	<u>(1,490,965)</u>
	<u>\$ 666,339</u>

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 5 - LONG-TERM LIABILITIES - Continued

Capital leases - continued

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, 2010:

<u>Fiscal year ending June 30,</u>	Governmental Funds
2011	\$ 322,935
2012	322,935
2013	322,935
Total minimum lease payments	968,805
Less: Amount representing interest	(55,873)
	<u>\$ 912,932</u>

Special source revenue bonds

During 2010, the County issued special source revenue bonds payable of \$3,500,000 to finance the infrastructure improvements for the Pointe West project. These bonds are limited obligations of the County and are payable solely from the fee in lieu of tax revenues. The bonds are payable in annual installments beginning in 2011 and have an annual interest rate of 4.6 percent and will mature in 2025. For the year ended June 30, 2010, \$22,659 of interest expense was charged as a direct expense of economic development.

Annual debt service requirements to maturity for the special source revenue bonds are as follows:

<u>Year Ending June 30,</u>	Special source revenue bonds		
	Principal	Interest	Total
2011	\$ -	\$ 135,956	\$ 135,956
2012	185,000	161,000	346,000
2013	190,000	152,490	342,490
2014	200,000	143,750	343,750
2015	210,000	134,550	344,550
2016-2020	1,205,000	518,650	1,723,650
2021-2025	1,510,000	214,590	1,724,590
	<u>\$ 3,500,000</u>	<u>\$ 1,460,986</u>	<u>\$ 4,960,986</u>

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 5 - LONG-TERM LIABILITIES - Continued

Changes in long-term liabilities

	Balance			Balance	Due Within
	June 30, 2009	Additions	Reductions	June 30, 2010	One Year
Governmental Activities					
General obligation bonds	\$ 7,800,000	\$ -	\$ 1,335,000	\$ 6,465,000	\$ 1,410,000
Capital lease obligations	1,557,968	-	645,036	912,932	295,273
Special source revenue bonds	-	3,500,000	-	3,500,000	-
Post-closure care costs	4,952,547	124,317	129,427	4,947,437	130,760
Annual leave	1,124,810	525,772	461,246	1,189,336	461,000
Net post employment benefit obligation	384,189	1,179,758	692,787	871,160	-
	<u>\$ 15,819,514</u>	<u>\$ 5,329,847</u>	<u>\$ 3,263,496</u>	<u>\$ 17,885,865</u>	<u>\$ 2,297,033</u>
Business-type Activities					
	Balance	Additions	Reductions	Balance	Due Within
	6/30/09			6/30/10	One Year
Annual leave	\$ 61,676	\$ 30,729	\$ 22,676	\$ 69,729	\$ 23,000
Net post employment benefit obligation	14,007	46,771	28,675	32,103	-
	<u>\$ 75,683</u>	<u>\$ 77,500</u>	<u>\$ 51,351</u>	<u>\$ 101,832</u>	<u>\$ 23,000</u>

The general fund has typically been used in prior years to liquidate the liability for compensated absences.

NOTE 6 - INTERFUND ASSETS AND LIABILITIES

The balances of the interfund advances to/from at June 30, 2010 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Local Accommodations Tax	<u>\$ 210,000</u>

Advances are used for long-term interfund loans. The general fund had one outstanding advance at June 30, 2010, for a loan to the Local Accommodations Tax Fund which was used to fund the purchase of Stumphouse Mountain by the Nature Conservancy and the City of Walhalla to be repaid over a ten year period at \$30,000 annually.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 6 - INTERFUND ASSETS AND LIABILITIES - Continued

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, 2010 consisted of the following individual amounts:

Transfer In Fund	Transfer Out Fund	Amount
General Fund	Rock Quarry	\$ 626,515
General Fund	Miscellaneous Special Revenue	97,453
General Fund	Nonmajor Governmental	7,500
Unincorporated Fire District	Miscellaneous Special Revenue	23,500
Capital Projects	General Fund	5,833,860
Capital Projects	Rock Quarry	61,135
Nonmajor Governmental	General Fund	122,439
Total governmental fund transfers in		<u>\$ 6,772,402</u>

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 \$16,053,849, \$16,231,313, and \$15,886,904 for the years ended June 30, 2010, 2009 and 2008, respectively.

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

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 percent 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 6.5 percent of their salary for the year ended June 30, 2010 (6.5 percent for the years ended June 30, 2009 and 2008). The County is required to contribute 9.24 percent of employees' salary for the years ended June 30, 2010 (9.24 percent and 9.06 percent for the years ended June 30, 2009 and 2008, respectively). In addition, the County pays 0.15 percent of payroll for group life contributions.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 7 – EMPLOYEE BENEFITS - Continued

Retirement plan – continued

Police Officers Retirement System (PORS) - Participating employees contribute 6.5 percent of their annual covered payroll. The County contributes on their behalf 10.65 percent of annual payroll plus an additional 0.2 percent of payroll for accidental death contributions and another 0.2 percent 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, 2010 and the two years prior were equal to the required contribution for each year end are as follows:

	Employee Amount	Required Contributions % of Wages	Employer Amount	Required Contributions % of Wages	Total Contributions
SCRS					
June 30, 2010	\$ 693,886	6.50%	\$ 990,731	9.24%	\$ 1,684,617
June 30, 2009	687,492	6.50%	993,615	9.24%	1,681,107
June 30, 2008	685,840	6.50%	975,643	9.06%	1,661,483
PORS					
June 30, 2010	\$ 347,520	6.50%	\$ 569,398	10.65%	\$ 916,918
June 30, 2009	353,346	6.50%	582,783	10.65%	936,129
June 30, 2008	332,684	6.50%	527,176	10.30%	859,860

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. During the TERI period, participants are eligible for the contributing retiree group life insurance benefit equaled to one year's salary, but are not eligible for disability retirement. Effective July 1, 2007, TERI participants who entered the program after July 1, 2006 are required to pay the same pre-tax contribution to SCRS during the TERI period, but do not earn service credit.

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.

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.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 7 – EMPLOYEE BENEFITS - Continued

Deferred compensation plan – continued

ING, PO Box 9182, Boston MA 02209, (under state contract) is the program administrator of the 457 plan as well as the 401k plan and 401k Roth 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. All of the County's employees may become eligible for those benefits if they attain age sixty (60) while working for the County, retire and draw benefits from SCRS or SCPORS system, and have a minimum of twenty (20) years service. An employee retiring from the County with 28 years of service with the County and the SCRS or at least 25 years of service with the County and the SCPORS shall retain the County insurance benefits at reduced cost to the employee. If disabled as determined by SCRS, an employee may qualify with ten (10) years of County employment. To remain covered, retired employees must pay all applicable premiums and elect Medicare parts A and B at age 65, or sooner if eligible.

Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The cost of these benefits is recognized as an expenditure of the general fund on a pay-as-you-go basis as provided for in the annual budget ordinance. These benefits will cease if funds are not available for appropriation. For fiscal year 2010, there were 74 retirees who were covered under the County's group insurance plans and the total cost of retiree health and dental benefits was \$721,461 for the fiscal year.

Annual OPEB costs and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB costs for the year, the amount actuarially contributed to the plan, and changes in the County's net OPEB obligation for the post-employment health insurance benefits:

	General Government	Rock Quarry	Total
Annual required contribution	\$ 1,179,758	\$ 46,771	\$ 1,226,528
Interest on OPEB obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Annual OPEB costs	1,179,758	46,771	1,226,528
Contributions made	(692,787)	(28,674)	(721,461)
Increase in net OPEB obligation	486,971	18,096	505,067
Net OPEB obligation - beginning of year	384,189	14,007	398,196
Net OPEB obligation - end of year	<u>\$ 871,160</u>	<u>\$ 32,103</u>	<u>\$ 903,263</u>

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 7 – EMPLOYEE BENEFITS - Continued

Post-employment health care benefits – continued

Annual OPEB costs and Net OPEB Obligation – continued

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

For the Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 1,226,528	58.90%	\$ 903,263
2009	855,300	53.44%	398,196

Funding status and progress

As of June 30, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$14,201,310. The covered payroll (annual payroll of active employees covered by the plan) was \$16,053,849; the ratio of the UAAL to the covered payroll was 88.46 percent. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based upon the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the June 2009 actuarial valuation, the projected unit credit actuarial method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is consistent with the investment return earned on the employer's general assets, and an annual medical cost trend increase of 4.5 percent to 9.0 percent annually in excess of general inflation. General inflation is assumed to be 3.0 percent per year. The actuarial value of assets was set equal to the reported market value of assets. The UAAL is being amortized as a level percent of payroll required to fully amortize the UAAL over a 30 year period.

Oconee County has not established a trust fund for GASB 45 funding therefore, there is no separate audit report available.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

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, 2010, 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

The County is party to a number of lawsuits arising in the course of operations. One of the lawsuits pending at June 30, 2010 was settled on December 30, 2010. Terms of the settlement require the County to refund approximately \$250,000 of taxes on the specific properties involved in the lawsuit. Except for the settlement noted above, it is the opinion of management, in consultation with legal counsel, that it cannot be determined whether resolution of the other pending cases will have a material adverse effect on the financial condition 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.

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:

Year Ending June 30,	Total minimum lease payments
2011	\$ 101,062
2012	97,828
2013	89,516
2014	33,778
2015	22,182
2016	2,234
	<u>\$ 346,600</u>

The construction work in progress amounts in Note 4 relate to construction costs. Construction commitments at June 30, 2010 totaled approximately \$2,953,208.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 12 – LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

The County has recorded a liability in the government-wide statement of net assets for the total estimated closure and post-closure care costs for the portion of the landfills filled at June 30, 2010, calculated as follows:

	MSW	C&D I	C&D II	Total
Total estimated current closure and post closure care cost	\$ 3,224,048	\$ 1,501,811	\$ 2,516,140	
Percentage of landfill capacity used to date	100%	98%	10%	
Reported liability for closure and post-closure care cost	<u>\$ 3,224,048</u>	<u>\$ 1,471,775</u>	<u>\$ 251,614</u>	<u>\$ 4,947,437</u>
Total estimated current closure and post-closure care cost remaining to be recognized	<u>\$ -</u>	<u>\$ 30,036</u>	<u>\$ 2,264,526</u>	
Landfill's approximate remaining life in years	<u>-</u>	<u>2</u>	<u>20</u>	

The County will recognize the remaining estimated cost of closure and post-closure care costs as the remaining capacity is filled.

The estimated total current cost of the landfill closure and post-closure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of June 30, 2010. However, 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 \$5,240,109 for the year. At year-end claims due and payable equal approximately \$584,570 and are recorded as a liability and expenditure within the general fund. The following indicates claims versus premiums for the past three fiscal years:

For the Year Ended June 30	Beginning Liability	Current Year Claims and Changes in Estimate	Claim Payments	Ending Liability
2010	\$ 1,102,366	\$ 3,691,805	\$ 4,209,601	\$ 584,570
2009	587,776	4,626,019	4,111,429	1,102,366
2008	397,935	4,297,683	4,107,842	587,776

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 14 – ECONOMIC DEPENDENCY

Duke Energy provides a major source of property tax revenues. During the year ended June 30, 2010, the company paid property taxes in the amount of \$25.8 million based on assessed property value of \$131.4 million. This represents approximately 23.7 percent of the 2009 levy. Approximately \$19.0 million of the amount collected was appropriated for the School District of Oconee County and Tri-County Technical College.

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

The accompanying financial statements reflect adjustments resulting from a restatement of beginning fund balances of the governmental funds as of June 30, 2010 as follows:

- Net increase in fund balance of the General Fund of \$2,390,599 to reflect adjustments for accounting errors. Land held for sale purchased in prior years had been classified as capital assets and has now be reclassified resulting in an increase to fund balance of \$2,754,025. Funds due to the Agency funds had been previously classified in error as funds of the General Fund resulting in a decrease to fund balance of \$323,706. Payroll withholdings were recorded for accrued payroll resulting in an increase to fund balance of \$195,651. Accounts receivable were improperly reversed in the prior year resulting in an increase to fund balance of \$55,468. Investment income was over accrued last year resulting in a decrease to fund balance of \$290,839.
- Net decrease in fund balance of the Debt Service fund of \$9,021 to reflect an adjustment for an accounting error. Investment income was over accrued resulting in a decrease to fund balance of \$9,021.
- Net increase in fund balance of the Tri-County Tech fund of \$785,341 to reflect adjustments for accounting errors. Tri-County Tech was handled as an agency fund and has been reclassified as a special revenue fund. In addition a prepaid item has now been recorded to reflect previous overpayments, increasing fund balance \$785,341.

The following schedule summarizes the effect of the prior period adjustments to beginning fund balances at June 30, 2010.

	General Fund	Debt Service Fund	Tri-County Tech Fund
Fund balance at beginning of year, as previously reported	\$ 23,423,030	\$ 2,210,845	\$ -
Increases(decreases) to fund balance for:			
Land held for sale	2,754,025	-	-
Due to Agency funds	(323,706)	-	-
Payroll withholdings	195,651	-	-
Accounts receivable adjustments	55,468	-	-
Investment income	(290,839)	(9,021)	-
Prepaid item	-	-	785,341
Fund balance at beginning of year as restated	<u>\$ 25,813,629</u>	<u>\$ 2,201,824</u>	<u>\$ 785,341</u>

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 15 – PRIOR PERIOD ADJUSTMENTS - Continued

The adjustments reflected the governmental funds resulted in a restatement of the net assets of the governmental activities of \$412,894. The land held for sale was a reclassification to land held for sale from capital assets, and therefore, restatement is not necessary for that item. Other adjustments were necessary to restate net assets for correction of accounting errors. Some items were included in construction in progress in prior years that were not capital assets resulting in an overstatement of capital assets and a decrease of \$1,913,907. Other capital assets were acquired in prior years and not included in capital assets resulting in an understatement of capital assets and an increase of \$156,044. Completed capital assets were included in construction in progress and were not being depreciated resulting in an overstatement of capital assets and a decrease of \$2,589,254. The estimate for the municipal solid waste landfills had not been adjusted for an estimate for inflation resulting in the liability being understated and a decrease of \$1,298,045. A liability had not been accrued for the C&D landfills resulting in an understatement of the liability and a decrease of \$1,599,072.

The accompanying financial statements reflect adjustments resulting from a restatement of net assets of the Rock Quarry. An adjustment of a net decrease of \$17,810 was done to correct accounting errors. Accounts receivable was not properly recorded resulting in an understatement of the receivable and an increase of \$196,731. Inventory was improperly valued for the fiscal year ending June 30, 2009, overstating inventory and requiring a decrease of \$214,541.

The following schedule summarizes the effect of the prior period adjustments to the beginning net assets at June 30, 2010.

	Governmental Activities	Business-type Activities
Net assets at beginning of year, as previously reported	\$ 142,618,804	\$ 5,916,810
Increases(decreases) to net assets for:		
Due to Agency funds	(323,706)	-
Payroll withholdings	195,651	-
Accounts receivable adjustments	55,468	196,731
Investment income	(299,860)	-
Prepaid item	785,341	-
Inventory valuation	-	(214,541)
Capital assets	(4,347,117)	
Landfill liability	(2,897,117)	
Fund balance at beginning of year as restated	<u>\$ 135,787,464</u>	<u>\$ 5,899,000</u>

NOTE 16 – SUBSEQUENT EVENT

Subsequent to June 30, 2010, the County Council issued \$5.3 million of General Obligation Refunding Bonds, refunding all currently outstanding General Obligations Bonds and paying costs of issuance of the bonds.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 17 – 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 Keowee Fire District and the School District of Oconee County are discretely presented on the financial statements and the following are the associated note disclosures.

School District of Oconee County's cash and investments for the year ended June 30, 2010 was as follows:

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, 2010, the carrying amount of the district's deposits was \$2,389,613 and the bank balance was \$2,678,227. 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.

As of June 30, 2010, the School District had the following investments:

Investment Type	Fair Value	Investment maturities (in years)		
		Less than 1	1-5	6-10
SC State Investment Pool	\$ 31,800,073	\$ 31,800,073	\$ -	\$ -
Certificates of Deposit	134,060	134,060	-	-
	<u>\$ 31,934,133</u>	<u>\$ 31,934,133</u>	<u>\$ -</u>	<u>\$ -</u>

The South Carolina Local Government Investment Pool is not rated.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 17 – COMPONENT UNIT INFORMATION - Continued

School District of Oconee County's capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,980,921	\$ -	\$ 20,463	\$ 1,960,458
Construction in progress	26,206,348	12,610,182	35,152,250	3,664,280
Total capital assets at historical cost not being depreciated	<u>28,187,269</u>	<u>12,610,182</u>	<u>35,172,713</u>	<u>5,624,738</u>
Capital assets being depreciated				
Buildings and improvements	154,956,085	35,125,538	2,662,394	187,419,229
Equipment and vehicles	7,699,161	273,271	128,581	7,843,851
Infrastructure	1,090,792	-	35,036	1,055,756
Total capital assets at historical cost being depreciated	<u>163,746,038</u>	<u>35,398,809</u>	<u>2,826,011</u>	<u>196,318,836</u>
Less accumulated depreciation for:				
Buildings and improvements	(59,828,111)	(4,995,941)	(1,674,720)	(63,149,332)
Equipment and vehicles	(5,301,097)	(569,676)	(102,672)	(5,768,101)
Infrastructure	(517,791)	(50,300)	(32,403)	(535,688)
Total accumulated depreciation	<u>(65,646,999)</u>	<u>(5,615,917)</u>	<u>(1,809,795)</u>	<u>(69,453,121)</u>
Total capital assets being depreciated, net	<u>98,099,039</u>	<u>29,782,892</u>	<u>1,016,216</u>	<u>126,865,715</u>
Governmental activities capital assets, net	<u>\$ 126,286,308</u>	<u>\$ 42,393,074</u>	<u>\$ 36,188,929</u>	<u>\$ 132,490,453</u>
Business-type Activities				
Capital assets being depreciated				
Equipment and vehicles	\$ 2,055,862	\$ 24,440	\$ 37,625	\$ 2,042,677
Less accumulated depreciation	<u>(1,716,371)</u>	<u>(55,406)</u>	<u>(37,625)</u>	<u>(1,734,152)</u>
Business-type activities capital assets, net	<u>\$ 339,491</u>	<u>\$ (30,966)</u>	<u>\$ -</u>	<u>\$ 308,525</u>

School District of Oconee County's long term liability activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Governmental Activities					
Bonds payable					
(net of deferred cost)	\$ 57,225,179	\$ 11,753,973	\$ 14,443,250	\$ 54,535,902	\$ 13,310,000
Notes payable	-	577,956	-	577,956	94,177
Annual leave	4,971,891	80,705	-	5,052,596	201,011
	<u>\$ 62,197,070</u>	<u>\$ 12,412,634</u>	<u>\$ 14,443,250</u>	<u>\$ 60,166,454</u>	<u>\$ 13,605,188</u>

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 17 – COMPONENT UNIT INFORMATION - Continued

The annual requirements to amortize all bonds outstanding as of June 30, 2010, including interest payments, are as follows:

Year Ending June 30,	Governmental activities		
	Principal	Interest	Total
2011	\$ 13,310,000	\$ 1,790,886	\$ 15,100,886
2012	8,565,000	1,555,800	10,120,800
2013	8,900,000	1,250,713	10,150,713
2014	7,735,000	902,013	8,637,013
2015	5,570,000	593,763	6,163,763
2016	4,115,000	368,825	4,483,825
2017	4,295,000	199,900	4,494,900
2018	960,000	26,400	986,400
	<u>\$ 53,450,000</u>	<u>\$ 6,688,300</u>	<u>\$ 60,138,300</u>

The School District entered into two notes payables this year for the purpose of purchasing a new chiller system at the West Oak High School. The first was for \$500,000 at 3 percent interest and is payable in five years. The second note for \$77,956 is payable in three years and is interest free.

The annual requirements to amortize all notes payable outstanding as of June 30, 2010, including interest payments, are as follows:

Year Ending June 30,	Governmental activities		
	Principal	Interest	Total
2011	\$ 94,177	\$ 15,000	\$ 109,177
2012	122,988	12,175	135,163
2013	125,898	9,265	135,163
2014	128,896	6,267	135,163
2015	105,997	3,180	109,177
	<u>\$ 577,956</u>	<u>\$ 45,887</u>	<u>\$ 623,843</u>

School District of Oconee County's retirement for the year ended June 30, 2010 was as follows:

The School District offers full-time employees a choice between the traditional South Carolina Retirement System (SCRS), which is a defined benefit plan, and the South Carolina State Optional Retirement Plan (ORP), which is a defined contribution plan. Eligible employees have 30 days from their date of hire to select a plan. If an employee does not make a selection, he or she will automatically become a member of SCRS. For more details of the SCRS see as described in Note 7.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 17 – COMPONENT UNIT INFORMATION - Continued

The School District's contributions to SCRS were as follows:

	Total Payroll	Covered Payroll	Employer Contribution	Required Contributions % of Wages
SCRS				
June 30, 2010	\$ 65,861,881	\$ 57,948,038	\$ 7,382,580	12.74%
June 30, 2009	66,748,125	58,889,754	7,502,555	12.74%
June 30, 2008	63,215,495	53,451,824	7,025,098	12.48%

Each employee participating in the ORP contributes 6.5 percent of their annual earnings to the ORP. The School District is required to contribute at the rate of 9.24 percent of the employees' earnings of which 5 percent is directed to an approved investment provider to the employee's account and 4.24 percent to the SCRS to cover the unfunded accrued liability. An additional 3.5 percent is contributed to SCRS for post-retirement health care benefits for a total employer contribution to SCRS of 7.74 percent. The School District's contributions to ORP for were as follows:

	Total Payroll	Covered Payroll	Employer Contribution	Required Contributions % of Wages
ORP				
June 30, 2010	\$ 6,609,968	\$ 6,609,968	\$ 842,110	12.74%
June 30, 2009	6,629,126	6,629,126	844,701	12.74%
June 30, 2008	5,985,875	5,985,875	747,100	12.48%

School District of Oconee County's other commitments for the year ended June 30, 2010 was as follows:

The District has construction commitments totaling \$14,393,740 at June 30, 2010. Costs of \$1,620,092 had been incurred on these contracts as of June 30, 2010.

School District of Oconee County's subsequent events for the year ended June 30, 2010 was as follows:

On August 16, 2010, the School District's Board of Trustees approved the purchase of 92 acres of land from JEBO, LLC. The land is located approximately one mile north of Highway 183 on Highway 11. The land will be the site of a new Walhalla High School.

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 17 – COMPONENT UNIT INFORMATION - Continued

Keowee Fire District's capital asset activity for the year ended June 30, 2010 was as follows:

Governmental Activities	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets being depreciated				
Buildings and improvements	\$ 1,463,864	\$ 93,603	\$ -	\$ 1,557,467
Equipment and vehicles	145,341	103,692	-	249,033
Total capital assets at historical cost being depreciated	1,609,205	197,295	-	1,806,500
Less accumulated depreciation for:				
Buildings and improvements	(43,752)	(37,934)	-	(81,686)
Equipment and vehicles	(36,166)	(17,235)	-	(53,401)
Total accumulated depreciation	(79,918)	(55,169)	-	(135,087)
Total capital assets being depreciated, net	1,529,287	142,126	-	1,671,413
Governmental activities capital assets, net	<u>\$ 1,529,287</u>	<u>\$ 142,126</u>	<u>\$ -</u>	<u>\$ 1,671,413</u>

Keowee Fire District's long term liability activity for the year ended June 30, 2010 was as follows:

Governmental Activities	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Due Within One Year
Bonds payable (net of deferred cost)	\$ 1,110,000	\$ -	\$ 65,000	\$ 1,045,000	\$ 65,000
Annual leave	8,653	3,600	-	12,253	1,225
	<u>\$ 1,118,653</u>	<u>\$ 3,600</u>	<u>\$ 65,000</u>	<u>\$ 1,057,253</u>	<u>\$ 66,225</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2010, including interest payments, are as follows:

Year Ending June 30,	Governmental activities		
	Principal	Interest	Total
2011	\$ 65,000	\$ 40,964	\$ 105,964
2012	70,000	38,416	108,416
2013	75,000	35,672	110,672
2014	75,000	32,732	107,732
2015	80,000	29,792	109,792
2016-2020	465,000	98,196	563,196
2021-2022	215,000	12,740	227,740
	<u>\$ 1,045,000</u>	<u>\$ 288,512</u>	<u>\$ 1,333,512</u>

OCONEE COUNTY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS - Continued
JUNE 30, 2010

NOTE 17 – COMPONENT UNIT INFORMATION - Continued

Keowee Fire District's retirement for the year ended June 30, 2010 was as follows:

The Keowee Fire District contributes to the Police Officers Retirement System (PORS) as described in more detail in Note 7. The Fire District's contributions to PORS were as follows:

	<u>PORS</u>
June 30, 2010	\$ 23,787
June 30, 2009	23,045
June 30, 2008	20,021

A supplemental retirement plan is also contributed to each year through revenue received from the 1 percent special revenue fund. The Fire District is allowed to contribute \$6,000 a year to this plan. No contributions were made during the year ended June 30, 2010.

Keowee Fire District's prior period adjustments for the year ended June 30, 2010 was as follows:

Beginning net assets was increased a total of \$31,001 due to the capitalization of capital assets that were expensed in the prior period and recognition of a grant receivable in the prior period.

REQUIRED SUPPLEMENTARY INFORMATION

This page is intentionally left blank.

OCONEE COUNTY, SOUTH CAROLINA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS			FAVORABLE (UNFAVORABLE) VARIANCE
	ORIGINAL	FINAL	ACTUAL	
Revenues				
Taxes	\$ 31,025,330	\$ 31,025,330	\$ 32,669,967	\$ 1,644,637
Intergovernmental	4,071,104	4,071,104	4,386,082	314,978
Licenses, permits and fees	3,162,372	3,162,372	3,062,181	(100,191)
Fines and forfeitures	512,000	512,000	460,477	(51,523)
Charges for services	993,639	993,639	855,538	(138,101)
Interest	550,000	550,000	461,059	(88,941)
Miscellaneous and other	153,039	153,039	208,990	55,951
	<u>40,467,484</u>	<u>40,467,484</u>	<u>42,104,294</u>	<u>1,636,810</u>
Expenditures				
Current				
General government				
County council	504,194	402,882	331,150	71,732
Legislative delegation	81,290	80,868	80,655	213
Professional engineering	60,000	64,213	46,027	18,186
Finance department	621,523	620,435	593,855	26,580
Non-departmental expenditures	682,050	682,050	730,054	(48,004)
Human resources	1,367,759	925,738	845,908	79,830
Information technology	1,009,868	1,076,519	850,502	226,017
Planning commission	196,572	195,254	189,872	5,382
Procurement	193,218	191,794	187,878	3,916
Facilities maintenance	1,536,695	1,485,036	1,344,221	140,815
Registration and elections	184,711	183,647	172,829	10,818
Soil and water conservation	52,573	51,961	47,277	4,684
Administrator's office	272,723	247,309	199,154	48,155
Vehicle maintenance	2,409,650	2,183,041	1,870,104	312,937
Zoning	6,200	6,200	4,649	1,551
Register of deeds	381,517	378,928	354,319	24,609
Assessor	1,297,755	1,669,484	1,217,692	451,792
Auditor	364,977	360,637	363,003	(2,366)
Board of assessment appeals	12,531	12,560	4,380	8,180
Computer tax center	188,730	215,401	174,592	40,809
Tax collector	416,986	415,389	410,783	4,606
Treasurer	429,345	425,584	426,184	(600)
Direct aid	1,796,519	1,856,519	1,734,347	122,172
	<u>14,067,386</u>	<u>13,731,449</u>	<u>12,179,435</u>	<u>1,552,014</u>
Public Safety				
Sheriff's department	5,965,847	5,968,383	5,918,839	49,544
Law enforcement center	2,817,751	2,781,504	2,466,697	314,807
Communications	1,734,529	1,818,565	1,233,350	585,215
Animal control	408,073	422,786	394,048	28,738
Coroner	147,294	146,446	144,531	1,915
Building codes	619,855	614,183	594,873	19,310
Emergency services	1,605,527	2,466,570	2,216,532	250,038
	<u>13,298,876</u>	<u>14,218,437</u>	<u>12,968,870</u>	<u>1,249,567</u>
Transportation				
County airport	919,785	764,679	617,109	147,570
Roads department	4,099,800	4,611,558	3,903,639	707,919
	<u>5,019,585</u>	<u>5,376,237</u>	<u>4,520,748</u>	<u>855,489</u>
Public Works				
Solid waste	3,995,077	3,919,169	3,319,543	599,626
	<u>3,995,077</u>	<u>3,919,169</u>	<u>3,319,543</u>	<u>599,626</u>

OCONEE COUNTY, SOUTH CAROLINA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS			FAVORABLE (UNFAVORABLE) VARIANCE
	ORIGINAL	FINAL	ACTUAL	
Culture and Recreation				
Library	1,224,953	1,196,161	1,195,724	437
Parks, recreation and tourism	459,745	469,583	439,786	29,797
High Falls Park	303,974	304,733	293,247	11,486
South Cove Park	307,945	300,003	273,351	26,652
Chau Ram Park	200,866	202,166	193,699	8,467
	<u>2,497,483</u>	<u>2,472,646</u>	<u>2,395,807</u>	<u>76,839</u>
Judicial Services				
Clerk of court	651,389	645,611	619,310	26,301
Probate judge	498,008	476,553	406,827	69,726
Solicitor	487,126	484,311	464,930	19,381
Public defender	150,000	150,000	150,000	-
Magistrate office	590,587	589,794	591,210	(1,416)
	<u>2,377,110</u>	<u>2,346,269</u>	<u>2,232,277</u>	<u>113,992</u>
Health and Welfare				
Charity medical	285,000	285,000	278,465	6,535
Department of social services	13,410	13,410	12,328	1,082
Health department	62,150	62,150	59,263	2,887
Veteran's affairs	178,308	176,288	172,403	3,885
	<u>538,868</u>	<u>536,848</u>	<u>522,459</u>	<u>14,389</u>
Economic Development				
Economic development	283,001	282,854	248,696	34,158
	<u>283,001</u>	<u>282,854</u>	<u>248,696</u>	<u>34,158</u>
	<u>42,077,386</u>	<u>42,883,909</u>	<u>38,387,835</u>	<u>4,496,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,609,902)</u>	<u>(2,416,425)</u>	<u>3,716,459</u>	<u>6,132,884</u>
Other Financing Sources (Uses)				
Sale of capital assets	5,000	5,000	18,307	13,307
Insurance recoveries	-	-	74,504	74,504
Capital lease transaction	750,000	-	-	-
Transfers in	1,038,087	1,038,087	731,468	(306,619)
Transfers out	(581,034)	(5,852,262)	(5,956,299)	(104,037)
Total Other Financing Sources (Uses)	<u>1,212,053</u>	<u>(4,809,175)</u>	<u>(5,132,020)</u>	<u>(322,845)</u>
Net Change in Fund Balance	<u>\$ (397,849)</u>	<u>\$ (7,225,600)</u>	<u>(1,415,561)</u>	<u>\$ 5,810,039</u>
Fund Balance - Beginning of Year			23,423,030	
Prior Period Adjustment			<u>2,390,599</u>	
Fund Balance - End of Year			<u>\$ 24,398,068</u>	

Note: The budget is prepared and monitored on a U.S. generally accepted accounting principles (GAAP) basis of accounting.

OCONEE COUNTY, SOUTH CAROLINA
UNINCORPORATED FIRE DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
	ORIGINAL	FINAL		
Revenues				
Taxes	\$ 1,211,610	\$ 1,211,610	\$ 1,275,125	\$ 63,515
Investment income	-	-	126	126
Total Revenues	<u>1,211,610</u>	<u>1,211,610</u>	<u>1,275,251</u>	<u>63,641</u>
Expenditures				
Current				
Public Safety				
Personnel	201,113	322,225	277,593	44,632
Municipal contracts	489,091	489,091	488,703	388
Basic station expenses	144,000	144,000	143,000	1,000
Volunteer compensation	150,000	150,000	140,488	9,512
Training	20,000	20,000	11,992	8,008
Contractual services	53,540	58,294	55,407	2,887
Supplies	27,970	27,970	26,225	1,745
Maintenance	30,500	30,500	16,088	14,412
Contingency	150,340	24,474	388	24,086
Equipment	22,120	36,178	334,168	(297,990)
	<u>1,288,674</u>	<u>1,302,732</u>	<u>1,494,052</u>	<u>(191,320)</u>
Debt Service				
Principal retirement	286,590	286,590	286,590	-
Interest and fiscal charges	36,346	36,346	36,346	-
	<u>322,936</u>	<u>322,936</u>	<u>322,936</u>	<u>-</u>
	<u>1,611,610</u>	<u>1,625,668</u>	<u>1,816,988</u>	<u>(191,320)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(400,000)</u>	<u>(414,058)</u>	<u>(541,737)</u>	<u>(127,679)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	23,500	23,500
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>23,500</u>	<u>23,500</u>
Net Change in Fund Balance	<u>\$ (400,000)</u>	<u>\$ (414,058)</u>	<u>(518,237)</u>	<u>\$ (104,179)</u>
Fund Balance - Beginning of Year			<u>2,651,017</u>	
Fund Balance - End of Year			<u>\$ 2,132,780</u>	

Note: The budget is prepared and monitored on a U.S. generally accepted accounting principles (GAAP) basis of accounting.

OCONEE COUNTY, SOUTH CAROLINA
911 FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS			FAVORABLE (UNFAVORABLE) VARIANCE
	ORIGINAL	FINAL	ACTUAL	
Revenues				
Other taxes	\$ 374,400	\$ 374,400	\$ 410,045	\$ 35,645
Intergovernmental	97,900	97,900	99,201	1,301
Investment income	4,000	4,000	1,302	(2,698)
Total Revenues	<u>476,300</u>	<u>476,300</u>	<u>510,548</u>	<u>34,248</u>
Expenditures				
Current				
Public Safety				
Personnel	60,000	60,000	47,693	12,307
Maintenance on equipment	181,941	181,941	102,496	79,445
Telecommunications	129,960	129,960	135,633	(5,673)
	<u>371,901</u>	<u>371,901</u>	<u>285,822</u>	<u>86,079</u>
Capital Outlay	<u>100,000</u>	<u>275,764</u>	<u>118,178</u>	<u>157,586</u>
Debt Service				
Principal retirement	358,446	358,446	358,397	49
Interest and fiscal charges	9,722	9,722	9,718	4
	<u>368,168</u>	<u>368,168</u>	<u>368,115</u>	<u>53</u>
	<u>840,069</u>	<u>1,015,833</u>	<u>772,115</u>	<u>243,665</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(363,769)</u>	<u>(539,533)</u>	<u>(261,567)</u>	<u>277,966</u>
Net Change in Fund Balance	<u>\$ (363,769)</u>	<u>\$ (539,533)</u>	<u>(261,567)</u>	<u>\$ 277,966</u>
Fund Balance - Beginning of Year			<u>820,378</u>	
Fund Balance - End of Year			<u>\$ 558,811</u>	

Note: The budget is prepared and monitored on a U.S. generally accepted accounting principles (GAAP) basis of accounting.

OCONEE COUNTY, SOUTH CAROLINA
STATE ACCOMODATIONS TAX
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
	ORIGINAL	FINAL		
Revenues				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 102,607	\$ 2,607
Investment income	-	-	31	31
Total Revenues	100,000	100,000	102,638	2,638
Expenditures				
Current				
Culture and recreation				
Oconee County ATAX Committee	48,750	48,750	43,195	5,555
Oconee Tourism Commission	22,500	22,500	23,282	(782)
	71,250	71,250	66,477	4,773
Excess (Deficiency) of Revenues Over Expenditures	28,750	28,750	36,161	7,411
Other Financing Sources (Uses)				
Transfers out	(28,750)	(28,750)	(7,500)	21,250
Total Other Financing Sources (Uses)	(28,750)	(28,750)	(7,500)	21,250
Net Change in Fund Balance	\$ -	\$ -	28,661	\$ 28,661
Fund Balance - Beginning of Year			40,949	
Fund Balance - End of Year			\$ 69,610	

Note: The budget is prepared and monitored on a U.S. generally accepted accounting principles (GAAP) basis of accounting.

OCONEE COUNTY, SOUTH CAROLINA
LOCAL ACCOMODATIONS TAX
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
	ORIGINAL	FINAL		
Revenues				
Other taxes	\$ 139,000	\$ 139,000	\$ 128,856	\$ (10,144)
Investment income	-	-	140	140
Total Revenues	<u>139,000</u>	<u>139,000</u>	<u>128,996</u>	<u>(10,004)</u>
Expenditures				
Current				
Culture and recreation				
Oconee County ATAX Committee	104,250	110,788	56,176	54,612
Oconee Tourism Commission	34,750	34,750	21,658	13,092
	<u>139,000</u>	<u>145,538</u>	<u>77,834</u>	<u>67,704</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(6,538)</u>	<u>51,162</u>	<u>57,700</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (6,538)</u>	<u>51,162</u>	<u>\$ 57,700</u>
Fund Balance - Beginning of Year			<u>(142,921)</u>	
Fund Balance - End of Year			<u>\$ (91,759)</u>	

Note: The budget is prepared and monitored on a U.S. generally accepted accounting principles (GAAP) basis of accounting.

OCONEE COUNTY, SOUTH CAROLINA
SHERIFF'S VICTIMS' ASSISTANCE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
	ORIGINAL	FINAL		
Revenues				
Fines and forfeitures	\$ 89,000	\$ 89,000	\$ 88,996	\$ (4)
Total Revenues	89,000	89,000	88,996	(4)
Expenditures				
Current				
Public Safety				
Personnel	124,797	124,797	123,556	1,241
Training	3,000	3,000	722	2,278
Small capital	600	600	-	600
Operational	3,900	3,900	-	3,900
Direct assistance	25,000	25,000	25,000	-
	157,297	157,297	149,278	8,019
Excess (Deficiency) of Revenues Over Expenditures	(68,297)	(68,297)	(60,282)	8,015
Other Financing Sources (Uses)				
Transfers in	68,297	68,297	114,692	46,395
Total Other Financing Sources (Uses)	68,297	68,297	114,692	46,395
Net Change in Fund Balance	\$ -	\$ -	54,410	\$ 54,410
Fund Balance - Beginning of Year			(46,395)	
Fund Balance - End of Year			\$ 8,015	

Note: The budget is prepared and monitored on a U.S. generally accepted accounting principles (GAAP) basis of accounting.

OCONEE COUNTY, SOUTH CAROLINA
SOLICITOR'S VICTIMS' ASSISTANCE
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
	ORIGINAL	FINAL		
Revenues				
Fines and forfeitures	\$ 40,673	\$ 40,673	\$ 33,264	\$ (7,409)
Total Revenues	<u>40,673</u>	<u>40,673</u>	<u>33,264</u>	<u>(7,409)</u>
Expenditures				
Current				
Judicial Services				
Personnel	53,952	54,289	53,367	922
	<u>53,952</u>	<u>54,289</u>	<u>53,367</u>	<u>922</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(13,279)</u>	<u>(13,616)</u>	<u>(20,103)</u>	<u>(6,487)</u>
Other Financing Sources (Uses)				
Transfers in	7,747	7,747	7,747	-
Total Other Financing Sources (Uses)	<u>7,747</u>	<u>7,747</u>	<u>7,747</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (5,532)</u>	<u>\$ (5,869)</u>	<u>(12,356)</u>	<u>\$ (6,487)</u>
Fund Balance - Beginning of Year			<u>6,015</u>	
Fund Balance - End of Year			<u>\$ (6,341)</u>	

Note: The budget is prepared and monitored on a U.S. generally accepted accounting principles (GAAP) basis of accounting.

OCONEE COUNTY, SOUTH CAROLINA
LIBRARY STATE AID
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

	BUDGETED AMOUNTS		ACTUAL	FAVORABLE (UNFAVORABLE) VARIANCE
	ORIGINAL	FINAL		
Revenues				
Intergovernmental	\$ 77,472	\$ 77,472	\$ 87,404	\$ 9,932
Total Revenues	<u>77,472</u>	<u>77,472</u>	<u>87,404</u>	<u>9,932</u>
Expenditures				
Current				
Culture and recreation				
Telecommunications	4,257	4,257	-	4,257
Data processing	21,000	21,000	5,734	15,266
Training	2,000	2,000	2,636	(636)
Small capital	-	-	4,495	(4,495)
Operational	6,191	6,191	6,383	(192)
Library materials	34,024	34,024	17,447	16,577
	<u>67,472</u>	<u>67,472</u>	<u>36,695</u>	<u>30,777</u>
Capital Outlay	<u>10,000</u>	<u>10,000</u>	<u>49,576</u>	<u>(39,576)</u>
	<u>77,472</u>	<u>77,472</u>	<u>86,271</u>	<u>(8,799)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>1,133</u>	<u>1,133</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,133</u>	<u>\$ 1,133</u>
Fund Balance - Beginning of Year			<u>262</u>	
Fund Balance - End of Year			<u>\$ 1,395</u>	

Note: The budget is prepared and monitored on a U.S. generally accepted accounting principles (GAAP) basis of accounting.

OCONEE COUNTY, SOUTH CAROLINA
 SCHEDULE OF FUNDING PROGRESS -
 OTHER POST EMPLOYMENT BENEFITS
 FOR THE YEAR ENDED JUNE 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2007	\$ -	\$ 10,295,394	\$ 10,295,394	0%	\$ 16,231,313	63.43%
June 30, 2009	\$ -	\$ 14,201,310	\$ 14,201,310	0%	\$ 16,053,849	88.46%

**COMBINING AND INDIVIDUAL NONMAJOR FUND
FINANCIAL STATEMENTS AND SCHEDULES**

This page is intentionally left blank.

OCONEE COUNTY, SOUTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

		Special Revenue Funds								Total
	Debt Service Fund	911 Fund	State Accommodations Tax	Local Accommodations Tax	Sheriff's Victims' Assistance	Solicitor's Victims' Assistance	ARRA Funds	Library State Aid	Tri-County Tech	Nonmajor Governmental Funds
Assets										
Cash	\$ 1,589,241	\$ 491,125	\$ 38,702	\$ 102,479	\$ 12,311	\$ -	\$ 17,803	\$ 3,157	\$ 60,263	\$ 2,315,081
Receivables										
Taxes - net	42,181	-	-	-	-	-	-	-	34,600	76,781
Accounts	-	31,326	29	11,297	-	-	-	-	-	42,652
Intergovernmental	35	44,545	45,131	4,466	-	-	-	-	-	94,177
Accrued interest receivable	4,913	-	-	-	-	-	-	-	-	4,913
Prepaid items	-	4,610	-	-	-	-	-	-	785,341	789,951
	<u>\$ 1,636,370</u>	<u>\$ 571,606</u>	<u>\$ 83,862</u>	<u>\$ 118,242</u>	<u>\$ 12,311</u>	<u>\$ -</u>	<u>\$ 17,803</u>	<u>\$ 3,157</u>	<u>\$ 880,204</u>	<u>\$ 3,323,555</u>
Liabilities										
Accounts payable	\$ -	\$ 11,181	\$ 14,252	\$ -	\$ -	\$ -	\$ -	\$ 1,762	\$ -	\$ 27,195
Bank overdrafts						4,473				4,473
Accrued payroll liabilities	-	1,614	-	-	4,296	1,868	-	-	-	7,778
Deferred revenue										
Property taxes	29,258	-	-	-	-	-	-	-	21,581	50,839
Unearned revenues	-	-	-	-	-	-	17,772	-	-	17,772
Advances from other funds	-	-	-	210,000	-	-	-	-	-	210,000
	<u>29,258</u>	<u>12,795</u>	<u>14,252</u>	<u>210,000</u>	<u>4,296</u>	<u>6,341</u>	<u>17,772</u>	<u>1,762</u>	<u>21,581</u>	<u>318,057</u>
Fund Balances										
Reserved for										
Debt service	1,607,112	-	-	-	-	-	-	-	-	1,607,112
Capital outlay	-	456,946	-	-	-	-	-	-	-	456,946
Prepays	-	4,610	-	-	-	-	-	-	785,341	789,951
Encumbrances	-	97,255	-	-	-	-	-	-	-	97,255
Unreserved										
Undesignated										-
Reported in special revenue funds	-	-	69,610	(91,758)	8,015	(6,341)	31	1,395	73,282	54,234
	<u>1,607,112</u>	<u>558,811</u>	<u>69,610</u>	<u>(91,758)</u>	<u>8,015</u>	<u>(6,341)</u>	<u>31</u>	<u>1,395</u>	<u>858,623</u>	<u>3,005,498</u>
	<u>\$ 1,636,370</u>	<u>\$ 571,606</u>	<u>\$ 83,862</u>	<u>\$ 118,242</u>	<u>\$ 12,311</u>	<u>\$ -</u>	<u>\$ 17,803</u>	<u>\$ 3,157</u>	<u>\$ 880,204</u>	<u>\$ 3,323,555</u>

OCONEE COUNTY, SOUTH CAROLINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

		Special Revenue Funds							Total	
	Debt Service Fund	911 Fund	State Accommodations Tax	Local Accommodations Tax	Sheriff's Victims' Assistance	Solicitor's Victims' Assistance	ARRA Funds	Library State Aid	Tri-County Tech	Nonmajor Governmental Funds
Revenues										
Property taxes	\$ 1,034,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,045,399	\$ 2,080,234
Other taxes	-	410,045	-	128,856	-	-	-	-	-	538,901
Intergovernmental	-	99,201	102,607	-	-	-	89,383	87,404	-	378,595
Fines and forfeitures	-	-	-	-	88,996	33,264	-	-	-	122,260
Interest and investment income	35,729	1,302	31	140	-	-	31	-	-	37,233
	1,070,564	510,548	102,638	128,996	88,996	33,264	89,414	87,404	1,045,399	3,157,223
Expenditures										
Current										
Public safety	-	285,822	-	-	149,278	-	80,251	-	-	515,351
Culture and recreation	-	-	66,477	77,834	-	-	-	36,695	-	181,006
Judicial services	-	-	-	-	-	53,367	-	-	-	53,367
Education	-	-	-	-	-	-	-	-	972,117	972,117
Capital outlay	-	118,178	-	-	-	-	9,132	49,576	-	176,886
Debt service										
Principal retirement	1,335,000	358,397	-	-	-	-	-	-	-	1,693,397
Interest and fiscal charges	330,276	9,718	-	-	-	-	-	-	-	339,994
	1,665,276	772,115	66,477	77,834	149,278	53,367	89,383	86,271	972,117	3,932,118
Excess (Deficiency) of Revenues Over Expenditures	(594,712)	(261,567)	36,161	51,162	(60,282)	(20,103)	31	1,133	73,282	(774,895)
Other Financing Sources (Uses)										
Transfers in	-	-	-	-	114,692	7,747	-	-	-	122,439
Transfers out	-	-	(7,500)	-	-	-	-	-	-	(7,500)
	-	-	(7,500)	-	114,692	7,747	-	-	-	114,939
Net Change in Fund Balances	(594,712)	(261,567)	28,661	51,162	54,410	(12,356)	31	1,133	73,282	(659,956)
Fund Balances - Beginning of Year	2,210,845	820,378	40,949	(142,920)	(46,395)	6,015	-	262	-	2,889,134
Prior Period Adjustment	(9,021)	-	-	-	-	-	-	-	785,341	776,320
Fund Balances - End of Year	\$ 1,607,112	\$ 558,811	\$ 69,610	\$ (91,758)	\$ 8,015	\$ (6,341)	\$ 31	\$ 1,395	\$ 858,623	\$ 3,005,498

OCONEE COUNTY, SOUTH CAROLINA
 AGENCY FUNDS
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 JUNE 30, 2010

	SCDOC General Fund	SCDOC Debt Retirement	Family Court	Clerk of Court	Municipal Tax Fund	Magistrate Cash Bond/ Juror Fund	Tax Collector Property Sold	Keowee Fire District	Sheriff's Office	Firemen's Insurance and Inspection Fund	Probate Judge	Register of Deeds	Total
Assets													
Cash and cash equivalents	\$ 349,970	\$ 6,175,865	\$ 28,420	\$ 2,894,578	\$ 34,695	\$ 83,358	\$ 470,594	\$ 3,731	\$ 365,665	\$ 23,069	\$ 13,746	\$ -	\$10,443,691
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued interest receivable	-	10,895	-	-	-	-	-	-	-	-	-	-	10,895
Taxes receivable - net	1,657,112	484,887	-	-	171,416	-	-	13,772	-	-	-	-	2,327,187
	<u>\$ 2,007,082</u>	<u>\$ 6,671,647</u>	<u>\$ 28,420</u>	<u>\$ 2,894,578</u>	<u>\$ 206,111</u>	<u>\$ 83,358</u>	<u>\$ 470,594</u>	<u>\$ 17,503</u>	<u>\$ 365,665</u>	<u>\$ 23,069</u>	<u>\$ 13,746</u>	<u>\$ -</u>	<u>\$12,781,773</u>
Liabilities													
Due to other taxing districts and agencies	<u>\$ 2,007,082</u>	<u>\$ 6,671,647</u>	<u>\$ 28,420</u>	<u>\$ 2,894,578</u>	<u>\$ 206,111</u>	<u>\$ 83,358</u>	<u>\$ 470,594</u>	<u>\$ 17,503</u>	<u>\$ 365,665</u>	<u>\$ 23,069</u>	<u>\$ 13,746</u>	<u>\$ -</u>	<u>\$12,781,773</u>
	<u>\$ 2,007,082</u>	<u>\$ 6,671,647</u>	<u>\$ 28,420</u>	<u>\$ 2,894,578</u>	<u>\$ 206,111</u>	<u>\$ 83,358</u>	<u>\$ 470,594</u>	<u>\$ 17,503</u>	<u>\$ 365,665</u>	<u>\$ 23,069</u>	<u>\$ 13,746</u>	<u>\$ -</u>	<u>\$12,781,773</u>

OCONEE COUNTY, SOUTH CAROLINA
 AGENCY FUNDS
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009 Restated	Additions	Deductions	Balance June 30, 2010
SCDOC General Fund				
Assets				
Cash and cash equivalents	\$ 454,397	\$ 44,221,857	\$ 44,326,284	\$ 349,970
Accounts receivable	25,696	-	25,696	-
Taxes receivable - net	2,223,239	-	566,127	1,657,112
	<u>\$ 2,703,332</u>	<u>\$ 44,221,857</u>	<u>\$ 44,918,107</u>	<u>\$ 2,007,082</u>
Liabilities				
Due to other taxing districts and agencies	<u>\$ 2,703,332</u>	<u>\$ 44,221,857</u>	<u>\$ 44,918,107</u>	<u>\$ 2,007,082</u>
SCDOC Debt Rebt Retirement				
Assets				
Cash and cash equivalents	\$ 6,267,808	\$ 16,921,188	\$ 17,013,131	\$ 6,175,865
Accounts receivable	7,205	-	7,205	-
Accrued interest receivable	52,614	-	41,719	10,895
Taxes receivable - net	621,541	-	136,654	484,887
	<u>\$ 6,949,168</u>	<u>\$ 16,921,188</u>	<u>\$ 17,198,709</u>	<u>\$ 6,671,647</u>
Liabilities				
Due to other taxing districts and agencies	<u>\$ 6,949,168</u>	<u>\$ 16,921,188</u>	<u>\$ 17,198,709</u>	<u>\$ 6,671,647</u>
Family Court				
Assets				
Cash and cash equivalents	<u>\$ 23,409</u>	<u>\$ 5,180,406</u>	<u>\$ 5,175,395</u>	<u>\$ 28,420</u>
Liabilities				
Due to other taxing districts and agencies	<u>\$ 23,409</u>	<u>\$ 5,180,406</u>	<u>\$ 5,175,395</u>	<u>\$ 28,420</u>
Clerk of Court				
Assets				
Cash and cash equivalents	<u>\$ 183,717</u>	<u>\$ 5,448,949</u>	<u>\$ 2,738,088</u>	<u>\$ 2,894,578</u>
Liabilities				
Due to other taxing districts and agencies	<u>\$ 183,717</u>	<u>\$ 5,448,949</u>	<u>\$ 2,738,088</u>	<u>\$ 2,894,578</u>
Municipal Tax Fund				
Assets				
Cash and cash equivalents	\$ 41,688	\$ 2,892,446	\$ 2,899,439	\$ 34,695
Taxes receivable - net	161,713	9,703	-	171,416
	<u>\$ 203,401</u>	<u>\$ 2,902,149</u>	<u>\$ 2,899,439</u>	<u>\$ 206,111</u>
Liabilities				
Due to other taxing districts and agencies	<u>\$ 203,401</u>	<u>\$ 2,902,149</u>	<u>\$ 2,899,439</u>	<u>\$ 206,111</u>

OCONEE COUNTY, SOUTH CAROLINA
 AGENCY FUNDS
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009 Restated	Receipts	Disbursements	Balance June 30, 2010
Magistrate Cash Bond/Juror Fund				
Assets				
Cash and cash equivalents	\$ 161,139	\$ 1,520,131	\$ 1,597,912	\$ 83,358
Liabilities				
Due to other taxing districts and agencies	\$ 161,139	\$ 1,520,131	\$ 1,597,912	\$ 83,358
Tax Collector Property Sold				
Assets				
Cash and cash equivalents	\$ 714,759	\$ 989,278	\$ 1,233,443	\$ 470,594
Liabilities				
Due to other taxing districts and agencies	\$ 714,759	\$ 989,278	\$ 1,233,443	\$ 470,594
Keowee Fire District				
Assets				
Cash and cash equivalents	\$ 4,249	\$ 659,518	\$ 660,036	\$ 3,731
Accounts receivable	73	73	73	-
Taxes receivable - net	11,193	2,579	-	13,772
	\$ 15,515	\$ 662,097	\$ 660,109	\$ 17,503
Liabilities				
Accounts payable	\$ 4,249	\$ -	\$ 4,249	\$ -
Due to other taxing districts and agencies	11,266	662,097	655,860	17,503
	\$ 15,515	\$ 662,097	\$ 660,109	\$ 17,503
Sheriff's Office				
Assets				
Cash and cash equivalents	\$ 276,054	\$ 200,415	\$ 110,804	\$ 365,665
Liabilities				
Due to other taxing districts and agencies	\$ 276,054	\$ 200,415	\$ 110,804	\$ 365,665
Firemen's Insurance and Inspection Fund				
Assets				
Cash and cash equivalents	\$ 22,936	\$ 133,309	\$ 133,176	\$ 23,069
Liabilities				
Due to other taxing districts and agencies	\$ 22,936	\$ 133,309	\$ 133,176	\$ 23,069
Probate Judge				
Assets				
Cash and cash equivalents	\$ 13,704	\$ 3,359	\$ 3,317	\$ 13,746
Liabilities				
Due to other taxing districts and agencies	\$ 13,704	\$ 3,359	\$ 3,317	\$ 13,746

OCONEE COUNTY, SOUTH CAROLINA
 AGENCY FUNDS
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009 Restated	Receipts	Disbursements	Balance June 30, 2010
Register of Deeds				
Assets				
Cash and cash equivalents	\$ 8,910	\$ 15	\$ 8,925	\$ -
Liabilities				
Due to other taxing districts and agencies	\$ 8,910	\$ 15	\$ 8,925	\$ -
Total - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 8,172,770	\$ 78,170,871	\$ 75,899,950	\$ 10,443,691
Accounts receivable	32,974	-	32,974	-
Accrued interest receivable	52,614	-	41,719	10,895
Taxes receivable - net	3,017,686	12,282	702,781	2,327,187
	<u>\$ 11,276,044</u>	<u>\$ 78,183,153</u>	<u>\$ 76,677,424</u>	<u>\$ 12,781,773</u>
Liabilities				
Due to other taxing districts and agencies	<u>\$ 11,271,795</u>	<u>\$ 78,183,153</u>	<u>\$ 76,673,175</u>	<u>\$ 12,781,773</u>

SUPPLEMENTARY INFORMATION REQUIRED
BY STATE OF SOUTH CAROLINA

This page is intentionally left blank.

OCONEE COUNTY, SOUTH CAROLINA
SUMMARY SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
CLERK OF COURT AND MAGISTRATE COURT
JUNE 30, 2010

	<u>Collections</u>	<u>Amount Remitted to County Treasurer</u>	<u>Amount Remitted to State Treasurer</u>	<u>Amount Allocated to Victims' Services</u>
Clerk of Court:				
Fines and Fees	\$ 19,266	\$ -	\$ 19,266	\$ -
Assessments	12,165	-	8,172	3,993
Surcharges	<u>39,084</u>	<u>-</u>	<u>16,957</u>	<u>22,127</u>
Totals	<u>\$ 70,515</u>	<u>\$ -</u>	<u>\$ 44,395</u>	<u>\$ 26,120</u>
Magistrate Court:				
Fines and Fees	\$ 472,623	\$ 472,623	\$ -	\$ -
Assessments	484,567	-	431,355	53,212
Surcharges	<u>218,503</u>	<u>-</u>	<u>182,820</u>	<u>35,683</u>
Totals	<u>\$ 1,175,693</u>	<u>\$ 472,623</u>	<u>\$ 614,175</u>	<u>\$ 88,895</u>
Victims' Assistance				
Balance for victims' assistance - beginning of year				\$ (40,380)
Plus: Amounts allocated for victims' assistance - 7/1/09 - 6/30/10				
Assessments and surcharges			115,015	
Miscellaneous			7,245	
Transfers			<u>122,439</u>	
				244,699
Less: Amounts spent for victims' assistance in the fiscal year 2010				
from assessments and surcharges:				
Salaries and benefits			176,923	
Operating expenditures			<u>25,722</u>	
				<u>(202,645)</u>
Balance for victims' assistance - end of year				<u>\$ 1,674</u>

This page is intentionally left blank.

STATISTICAL SECTION

This page is intentionally left blank.

STATISTICAL SECTION

This part of Oconee County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends Information	87-92
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity Information	93-96
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	
Debt Capacity Information	97-100
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
Demographic and Economic Information	101-104
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	105-111
These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	

This page is intentionally left blank.

Oconee County, South Carolina
Net Assets by Component
Last Ten Fiscal Years

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Governmental Activities										
Invested in capital assets, net of related debt	\$ 104,968,618	\$ 107,401,916	\$ 106,195,121	\$ 95,790,297	\$ 43,464,806	\$ 31,090,351	\$ 29,641,543	\$ 24,052,990	\$ -	\$ -
Restricted	19,344,365	13,906,528	11,265,793	10,196,048	1,382,218	2,048,916	2,327,107	4,091,840	-	-
Unrestricted	17,060,527	21,310,360	20,014,132	13,833,247	19,461,663	11,764,876	7,356,900	4,247,343	-	-
Total Governmental Activities Net Assets	<u>141,373,510</u>	<u>142,618,804</u>	<u>137,475,046</u>	<u>119,819,592</u>	<u>64,308,687</u>	<u>44,904,143</u>	<u>39,325,550</u>	<u>32,392,173</u>	<u>-</u>	<u>-</u>
Business-type Activities										
Invested in capital assets, net of related debt	2,292,824	2,715,788	2,908,740	7,503,708	8,043,088	8,905,344	8,786,497	8,757,999	-	-
Unrestricted	3,606,176	3,201,022	3,008,070	5,987,762	5,420,623	4,442,223	4,378,532	7,377,743	-	-
Total Business-type Activities Net Assets	<u>5,899,000</u>	<u>5,916,810</u>	<u>1,310,885</u>	<u>13,491,470</u>	<u>13,463,711</u>	<u>13,347,567</u>	<u>13,165,029</u>	<u>16,135,742</u>	<u>-</u>	<u>-</u>
Primary Government										
Invested in capital assets, net of related debt	107,261,442	110,117,704	109,103,861	103,294,005	51,507,894	39,995,695	38,428,040	32,810,989	-	-
Restricted	19,344,365	13,906,528	11,265,793	10,196,048	1,382,218	2,048,916	2,327,107	4,091,840	-	-
Unrestricted	20,666,703	24,511,382	23,022,202	19,821,009	24,882,286	16,207,099	11,735,432	11,625,086	-	-
Total Primary Government Net Assets	<u>\$ 147,272,510</u>	<u>\$ 148,535,614</u>	<u>\$ 143,391,856</u>	<u>\$ 133,311,062</u>	<u>\$ 77,772,398</u>	<u>\$ 58,251,710</u>	<u>\$ 52,490,579</u>	<u>\$ 48,527,915</u>	<u>\$ -</u>	<u>\$ -</u>

87 Note: This report is retroactive back to the fiscal year ended June 30, 2003 when GASB Statement 34 was implemented.

Table 2

Oconee County, South Carolina
Change in Net Assets
Last Ten Fiscal Years

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Expenses										
<u>Governmental Activities:</u>										
General government	\$ 12,779,958	\$ 18,548,180	\$ 16,628,618	\$ 13,295,214	\$ 9,703,484	\$ 10,633,510	\$ 10,684,415	\$ 8,565,435	\$ -	\$ -
Public safety	15,735,352	15,313,777	10,671,085	12,018,828	11,385,230	10,442,183	9,275,364	9,420,466	-	-
Transportation	6,618,188	5,036,913	5,327,716	693,254	3,073,462	2,590,376	3,031,502	3,624,861	-	-
Public works	3,728,944	-	-	-	-	-	-	-	-	-
Culture and recreation	2,857,679	2,037,675	3,069,785	2,859,466	3,102,417	2,318,058	2,378,922	2,268,503	-	-
Judicial services	2,521,566	2,197,316	2,179,220	2,188,858	2,144,967	2,260,841	2,280,117	1,886,421	-	-
Education	972,117	-	-	-	-	-	-	-	-	-
Health and welfare	764,810	785,094	790,730	6,009,235	717,572	1,001,238	1,137,429	5,222,929	-	-
Economic development	553,264	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	899,571	-	-	-	-	-
Unallocated interest expense	384,690	447,120	445,295	560,882	722,418	1,365,084	918,428	1,010,485	-	-
Total Governmental Activities Expenses	46,916,568	44,366,075	39,112,449	37,625,737	31,749,121	30,611,290	29,706,177	31,999,100	-	-
<u>Business-type Activities:</u>										
Rock Quarry	2,724,095	2,246,791	2,352,819	2,260,482	2,480,151	1,820,869	1,954,729	1,822,609	-	-
Solid Waste	-	-	-	4,700,221	4,429,812	3,703,326	3,440,710	3,940,812	-	-
Total Business-type Activities Expense	2,724,095	2,246,791	2,352,819	6,960,703	6,909,963	5,524,195	5,395,439	5,763,421	-	-
Total Primary Government Expenses	49,640,663	46,612,866	41,465,268	44,586,440	38,659,084	36,135,485	35,101,616	37,762,521	-	-
Program Revenues										
<u>Governmental Activities:</u>										
Charges for services										
General government	635,354	4,657,574	5,138,752	4,473,204	4,272,850	2,338,113	1,998,099	1,615,153	-	-
Public safety	712,860	133,514	153,435	125,180	137,139	572,175	139,713	136,472	-	-
Transportation	549,140	-	-	-	-	-	-	-	-	-
Public works	861,453	-	-	-	-	-	-	-	-	-
Culture and recreation	348,402	-	-	-	-	274,896	286,017	295,930	-	-
Judicial services	1,281,388	1,730	2,460	2,889	1,860	1,108,509	1,104,109	996,250	-	-
Education	-	-	-	-	-	-	-	-	-	-
Health and welfare	33,670	-	-	-	-	19,967	19,066	18,711	-	-
Economic development	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	2,097,997	1,994,989	1,292,982	1,424,205	1,366,838	1,462,414	1,809,439	1,344,873	-	-
Capital grants and contributions	4,251,132	2,394,832	2,498,147	898,741	2,149,799	644,983	2,292,924	1,765,114	-	-
Total Governmental Activities Program Revenues	10,771,396	9,182,639	9,085,776	6,924,219	7,928,486	6,421,057	7,649,367	6,172,503	-	-
<u>Business-type Activities:</u>										
Charges for services										
Rock Quarry	3,404,756	3,037,173	3,082,349	2,771,383	2,993,067	2,985,868	3,294,420	2,917,458	-	-
Solid Waste	-	-	-	1,125,509	1,014,610	1,411,017	883,830	774,774	-	-
Operating grants and contributions	-	-	-	-	25,062	7,388	6,853	25,058	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities Program Revenues	3,404,756	3,037,173	3,082,349	3,896,892	4,032,739	4,404,273	4,185,103	3,717,290	-	-

Table 2 - Continued

Oconee County, South Carolina
Change in Net Assets
Last Ten Fiscal Years

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Total Primary Government Program Revenues	14,176,152	12,219,812	12,168,125	10,821,111	11,961,225	10,825,330	11,834,470	9,889,793	-	-
Net (Expense) Revenue										
Governmental Activities	(36,145,172)	(35,183,436)	(30,026,673)	(30,701,518)	(23,820,635)	(24,190,233)	(22,056,810)	(25,826,597)	-	-
Business-type Activities	680,661	790,382	729,530	(3,063,811)	(2,877,224)	(1,119,922)	(1,210,336)	(2,046,131)	-	-
Total Primary Government	<u>\$ (35,464,511)</u>	<u>\$ (34,393,054)</u>	<u>\$ (29,297,143)</u>	<u>\$ (33,765,329)</u>	<u>\$ (26,697,859)</u>	<u>\$ (25,310,155)</u>	<u>\$ (23,267,146)</u>	<u>\$ (27,872,728)</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues and Other Changes in Net Assets										
<u>Governmental Activities:</u>										
Taxes										
Property taxes	\$ 35,671,288	\$ 33,947,622	\$ 32,121,201	\$ 30,079,163	\$ 29,468,762	\$ 23,424,084	\$ 21,674,814	\$ 21,322,657	\$ -	\$ -
Other taxes and licences	848,922	1,231,011	1,221,173	1,203,630	1,241,952	1,038,757	1,030,042	975,016	-	-
Unrestricted grants and contributions	3,038,376	3,639,338	3,816,253	3,431,519	3,119,522	2,992,182	2,955,527	2,931,443	-	-
Unrestricted investment earnings	498,702	1,061,380	1,485,206	1,523,229	1,117,714	465,943	211,288	579,433	-	-
Sale of capital assets	-	(740,289)	(18,678)	(253,191)	(1,112)	9,048	-	-	-	-
Capital contributions	-	-	-	-	7,567,013	-	-	-	-	-
Miscellaneous	161,281	287,463	641,535	762,775	4,286,662	541,575	399,956	981,957	-	-
Special items	825,000	-	-	-	-	-	-	-	-	-
Transfers	687,650	900,669	800,878	(2,846,497)	(3,021,235)	1,297,237	1,817,093	(1,799,274)	-	-
Total Governmental Activities	<u>41,731,219</u>	<u>40,327,194</u>	<u>40,067,568</u>	<u>33,900,628</u>	<u>43,779,278</u>	<u>29,768,826</u>	<u>28,088,720</u>	<u>24,991,232</u>	<u>-</u>	<u>-</u>
<u>Business-type Activities:</u>										
Sale of capital assets	(460)	-	-	20,115	-	-	-	-	-	-
Investment earnings	7,449	110,287	111,247	224,958	208,908	98,239	56,716	108,550	-	-
Miscellaneous	-	-	-	-	-	2,501,458	-	-	-	-
Transfers	(687,650)	(900,669)	(800,878)	2,846,497	3,021,235	(1,297,237)	(1,817,093)	1,799,274	-	-
Total Business-type Activities	<u>(680,661)</u>	<u>(790,382)</u>	<u>(689,631)</u>	<u>3,091,570</u>	<u>3,230,143</u>	<u>1,302,460</u>	<u>(1,760,377)</u>	<u>1,907,824</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>41,050,558</u>	<u>39,536,812</u>	<u>39,377,937</u>	<u>36,992,198</u>	<u>47,009,421</u>	<u>31,071,286</u>	<u>26,328,343</u>	<u>26,899,056</u>	<u>-</u>	<u>-</u>
Change in Net Assets										
Governmental Activities	5,586,047	5,143,758	10,040,895	3,199,110	19,958,643	5,578,593	6,031,910	(835,365)	-	-
Business-type Activities	-	-	39,899	27,759	352,919	182,538	(2,970,713)	(138,307)	-	-
Total Primary Government	<u>\$ 5,586,047</u>	<u>\$ 5,143,758</u>	<u>\$ 10,080,794</u>	<u>\$ 3,226,869</u>	<u>\$ 20,311,562</u>	<u>\$ 5,761,131</u>	<u>\$ 3,061,197</u>	<u>\$ (973,672)</u>	<u>\$ -</u>	<u>\$ -</u>

1 - Total is due to a reduction in the post closure liability estimate.

2 - Increase due to collection of Duke Energy taxes.

Note: This report is retroactive back to the fiscal year ended June 30, 2003 when GASB Statement 34 was implemented.

Table 3

Oconee County, South Carolina
Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund										
Reserved	\$ 4,734,890	\$ 590,626	\$ 179,781	\$ 599,901	\$ 679,695	\$ 891,340	\$ 1,663,936	\$ 2,335,930	\$ 4,853,590	\$ 1,344,588
Unreserved	19,663,178	22,832,404	18,107,692	12,868,375	13,918,914	10,530,439	8,888,837	7,910,410	7,272,779	12,296,324
Total General Fund	24,398,068	23,423,030	18,287,473	13,468,276	14,598,609	11,421,779	10,552,773	10,246,340	12,126,369	13,640,912
All Other Governmental Funds										
Reserved	18,103,322	11,422,123	11,265,793	10,196,048	1,885,917	1,181,612	2,664,108	6,067,052	7,572,480	4,085,943
Unreserved, reported in:										
Capital projects	-	2,962,854	4,459,452	965,737	1,026,126	999,227	699,946	670,992	741,270	218,163
Debt service funds	-	-	-	-	-	1,193,315	1,950,290	3,836,757	-	-
Special revenue funds	2,471,822	-	-	-	3,847,185	5,646,333	3,798,916	1,189,989	5,285,591	4,310,782
Total All Other Governmental Funds	20,575,144	14,384,977	15,725,245	11,161,785	6,759,228	9,020,487	9,113,260	11,764,790	13,599,341	8,614,888
Total Governmental Fund Balance	<u>\$ 44,973,212</u>	<u>\$ 37,808,007</u>	<u>\$ 34,012,718</u>	<u>\$ 24,630,061</u>	<u>\$ 21,357,837</u>	<u>\$ 20,442,266</u>	<u>\$ 19,666,033</u>	<u>\$ 22,011,130</u>	<u>\$ 25,725,710</u>	<u>\$ 22,255,800</u>

Table 4

Oconee County, South Carolina
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

		Fiscal Year									
		2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenues											
Property taxes	\$ 36,025,326	\$ 33,495,553	\$ 31,864,429	\$ 30,124,122	\$ 29,054,678	\$ 23,424,083	\$ 21,674,813	\$ 21,322,657	\$ 21,544,114	\$ 21,071,922	
Other taxes	538,901	-	-	-	-	-	-	-	-	-	-
Intergovernmental	8,038,218	7,783,703	7,963,754	5,840,225	6,920,124	5,207,115	5,851,569	6,619,463	6,787,749	6,067,843	
Local sources	-	-	-	-	-	-	-	-	893,738	413,781	
Licenses, permits and fees	3,062,181	3,041,597	3,649,173	3,163,299	2,992,392	2,864,269	2,078,369	1,706,902	-	-	-
Fines and forfeitures	582,737	639,085	704,937	581,574	584,120	534,514	574,901	545,475	-	-	-
Charges for services	855,538	-	-	-	-	-	-	-	3,161,064	2,841,176	
County airport	-	475,413	649,305	585,237	570,288	499,601	496,575	408,065	-	-	-
PRT commission	-	300,169	291,232	271,163	265,049	238,384	251,514	255,405	-	-	-
Fee in lieu of taxes and franchise fees	-	971,447	771,530	897,146	967,047	776,413	793,200	758,995	-	-	-
Interest and investment income	498,704	1,061,380	1,486,802	1,523,229	1,117,714	465,942	211,288	579,431	956,816	1,461,377	
Miscellaneous and other	453,342	1,129,037	844,500	942,750	4,399,713	559,655	795,676	379,180	-	-	-
Total Revenues	50,054,947	48,897,384	48,225,662	43,928,745	46,871,125	34,569,976	32,727,905	32,575,573	33,343,481	31,856,099	
Expenditures											
General government	12,180,563	17,363,947	17,607,979	12,869,727	11,049,484	10,325,962	10,303,363	8,261,688	9,280,753	9,825,408	
Public safety	15,442,607	13,760,420	12,185,492	10,691,330	10,289,924	9,381,796	8,235,944	8,486,939	7,995,188	9,620,245	
Transportation	4,522,488	2,524,563	3,730,728	4,206,562	4,377,000	2,293,659	2,710,659	3,276,007	3,728,019	5,097,052	
Public works	3,492,000	-	-	-	-	-	-	-	-	-	-
Culture and recreation	2,648,087	3,120,019	2,855,483	2,599,308	2,788,495	2,055,322	2,086,792	2,028,110	1,799,463	1,829,031	
Judicial services	2,305,784	2,108,667	2,175,997	1,952,033	1,913,542	2,021,352	2,047,691	1,811,856	-	-	-
Education	972,117	-	-	-	-	-	-	-	-	-	-
Health and welfare	613,646	638,131	680,787	640,455	675,870	933,955	1,068,048	5,180,992	1,510,022	1,248,629	
Economic development	353,204	-	-	-	-	-	-	-	-	52,821	
Nondepartmental	-	-	-	-	899,571	-	-	-	-	-	-
Capital outlay	6,275,299	4,269,999	5,209,551	2,698,752	3,836,198	6,953,668	8,334,381	10,441,404	9,644,760	2,139,926	
Debt service											
Principal retirement	1,979,987	1,902,090	1,539,768	2,681,649	5,735,001	1,590,939	2,860,858	2,254,623	1,352,742	1,161,307	
Interest and fiscal charges	376,340	447,120	460,619	555,532	828,607	1,353,157	1,084,336	867,458	813,330	297,579	
Bond issue costs	-	-	-	-	-	-	12,622	29,414	-	-	-
Total Expenditures	51,162,122	46,134,956	46,446,404	38,895,348	42,393,692	36,909,810	38,744,694	42,638,491	36,124,277	31,271,998	
Excess of Revenues Over											
(Under) Expenditures	(1,107,175)	2,762,428	1,779,258	5,033,397	4,477,433	(2,339,834)	(6,016,789)	(10,062,918)	(2,780,796)	584,101	

Table 4 - continued

Oconee County, South Carolina
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Other Financing Sources (Uses)										
Sale of capital assets	18,307	132,196	13,210	1,085,324	13,472	9,915	-	-	-	-
Contributions - capital assets	-	-	-	-	-	108,915	1,254,599	467,847	101,052	-
Insurance recoveries	74,504									
Bonds and capital leases	3,500,000	-	1,477,683	-	-	1,700,000	600,000	7,677,015	8,000,000	5,298,710
Bond premium	-	-	-	-	-	-	-	2,750	-	-
Transfer in	6,772,402	3,535,668	9,062,204	8,918,044	2,899,534	4,840,005	7,805,463	2,304,753	756,978	1,589,446
Transfer out	(6,084,752)	(2,634,999)	(8,261,326)	(11,764,541)	(5,920,769)	(3,542,768)	(5,988,370)	(4,104,027)	(2,607,324)	(3,411,298)
Total Other Financing Sources (Uses)	4,280,461	1,032,865	2,291,771	(1,761,173)	(3,007,763)	3,116,067	3,671,692	6,348,338	6,250,706	3,476,858
Special Items										
Courthouse settlement	825,000	-	-	-	-	-	-	-	-	-
Total Special Items	825,000	-	-	-	-	-	-	-	-	-
Net Change in Fund Balance	<u>\$ 3,998,286</u>	<u>\$ 3,795,293</u>	<u>\$ 4,071,029</u>	<u>\$ 3,272,224</u>	<u>\$ 1,469,670</u>	<u>\$ 776,233</u>	<u>\$ (2,345,097)</u>	<u>\$ (3,714,580)</u>	<u>\$ 3,469,910</u>	<u>\$ 4,060,959</u>
Debt Service as a Percentage of Noncapital Expenditures*	5.25%	5.61%	4.85%	8.94%	17.02%	9.83%	13.01%	9.79%	8.18%	5.01%

* Noncapital expenditures are total expenditures less capital outlay (to the extent capitalized for the government-wide statement of net assets) and expenditures for capitalized assets included within the functional expenditure categories. This formula adds "functional" and "principal" and divides them by the "total expenditures" minus the "capital outlay."

Note: Revenue categories changed for fiscal year ended June 30, 2003 as a result of GASB 34 implementation.

Note: For fiscal year ended June 30, 2010, fee in lieu of taxes and franchise fees were reclassified to property taxes and licenses, permits and fees, respectively.

Table 5

Oconee County, South Carolina
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real Property	Personal Property	Other	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2001	\$ 113,612,500	\$ 43,687,214	\$ 147,985,585	\$ 305,285,299	69.1	\$ 4,520,063,562	6.75%
2002	146,565,820	44,667,212	151,397,122	342,630,154	62.2	5,541,328,450	6.18%
2003	153,714,440	42,937,485	153,188,478	349,840,403	63.3	5,794,628,310	6.04%
2004	163,279,640	41,923,931	136,897,152	342,100,723	65.8	6,001,869,805	5.70%
2005	173,662,370	42,187,445	136,610,252	352,460,067	68.5	6,126,381,738	5.75%
2006	183,221,480	40,272,285	183,827,876	407,321,641	73.5	6,925,984,344	5.88%
2007	255,586,460	39,243,746	141,572,055	436,402,261	70.4	7,787,962,417	5.60%
2008	274,733,180	39,153,407	143,279,238	457,165,825	70.2	8,240,526,066	5.55%
2009	295,542,685	37,818,501	139,742,088	473,103,274	70.2	8,465,109,305	5.59%
2010	309,318,820	34,204,632	141,652,366	485,175,818	67.3	8,780,990,487	5.53%

Source: Oconee County Auditor

Note: Property in the County was reassessed in fiscal year ended June 30, 2007.

Table 6

Oconee County, South Carolina
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Oconee County Direct Rates										
Operating	63.9	64.1	64.1	64.3	68.0	64.0	61.8	54.7	55.1	61.3
Debt service	1.4	4.1	4.1	4.1	4.5	3.5	3.0	7.6	7.1	7.8
Economic development	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
Bridges and culverts	1.0	1.0	1.0	1.0	-	-	-	-	-	-
Tri-County Tech Operations	2.7	2.1	2.1	2.6	2.1	2.1	2.2	1.8	1.8	1.6
Total County Millage	70.0	72.3	72.3	73.0	75.6	70.6	68.0	65.1	64.0	70.7
Overlapping Rates										
School District										
Operating	111.4	110.5	109.8	113.0	123.0	120.5	126.0	117.3	116.3	118.6
Debt service	31.0	31.0	31.0	18.0	18.0	13.9	11.0	14.6	14.7	5.7
School technology	-	-	-	-	-	-	-	-	1.0	1.0
Total School Millage	142.4	141.5	140.8	131.0	141.0	134.4	137.0	131.9	132.0	125.3
Special District Rates										
City of Seneca	52.3	52.3	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
City of Salem	32.4	31.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
City of Walhalla	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	79.0
City of West Union	41.3	40.3	39.0	39.0	39.0	39.0	39.0	39.0	39.0	34.0
City of Westminster	90.7	90.7	88.0	88.0	88.0	88.0	88.0	88.0	88.0	86.0
Unincorp. Fire Special District	2.9	2.9	2.9	-	-	-	-	-	-	-
Keowee Fire Special District	14.5	13.5	14.0	13.7	14.5	14.5	14.5	-	-	-
Total Direct and Overlapping Rates	530.5	528.5	521.0	508.7	522.1	510.5	510.5	488.0	487.0	475.0

Source: Oconee County Auditor

Note: Overlapping rates are those of local and county governments that apply to property owners within Oconee County, South Carolina. Not all overlapping rates apply to all Oconee County, South Carolina property owners (e.g., the rates for the city or special district apply only to the portion of the government's property owners whose property is located within the geographic boundaries of the city or special district).

Table 7

Oconee County, South Carolina
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2010			2001		
	Taxable Assessed Value*	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value*	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Corporation	\$ 130,506,940	1	26.90%	\$ 115,387,660	1	37.80%
Blue Ridge Electric Coop Inc.	5,809,890	2	1.20%	3,799,520	4	1.24%
Sandvik Inc.	4,127,177	3	0.85%			
BASF Catalyst LLC	3,493,460	4	0.72%			
Cryovac Inc.	3,088,330	5	0.64%	4,243,490	3	1.39%
Bellsouth Telecom Inc.	3,077,960	6	0.63%	3,328,370	5	1.09%
Itron Electricity Metering Inc.	2,564,572	7	0.53%			
Borg Warner Torq Systems	2,200,428	8	0.45%			
Johnson Controls Battery	1,569,695	9	0.32%			
US Engine Valve Company	1,544,930	10	0.32%	1,677,520	10	0.55%
Westpoint Stevens Inc.				6,401,449	2	2.10%
Engelhard Corp.				3,277,480	6	1.07%
Square D Co.				2,234,340	7	0.73%
Valenite Inc.				1,867,130	8	0.61%
Dunlop Slazenger Group America				1,851,180	9	0.61%
Total	<u>\$ 157,983,382</u>		<u>32.56%</u>	<u>144,068,139</u>		<u>47.19%</u>

* in thousands

Source: Oconee County Auditor

Table 8

Oconee County, South Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 21,583,671	\$ 20,096,771	93.11%	\$ 479,853	\$ 20,576,624	95.33%
2002	22,063,984	20,585,519	93.30%	513,203	21,098,722	95.63%
2003	23,694,113	21,287,292	89.84%	419,972	21,707,264	91.61%
2004	23,698,683	21,766,648	91.85%	645,300	22,411,948	94.57%
2005	23,967,285	23,150,413	96.59%	574,694	23,725,107	98.99%
2006	29,734,480	28,537,940	95.98%	898,377	29,436,317	99.00%
2007	31,713,210	30,738,875	96.93%	758,149	31,497,024	99.32%
2008	33,109,438	32,008,545	96.67%	649,634	32,658,179	98.64%
2009	33,769,581	32,376,414	95.87%	737,626	33,114,040	98.06%
2010	35,142,666	33,697,683	95.89%	647,573	34,345,256	97.73%

Source: Oconee County Treasurer

Table 9

Oconee County, South Carolina
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Special Source Revenue Bonds	Capital Leases	Revenue Bond	State Revolving Fund Loan	Capital Leases			
2001	\$ 8,740,000	\$ 372,231	\$ 1,183,710	\$ -	\$ 6,577,042	\$ -	\$ 16,872,983	1.1%	255
2002	15,665,000	297,884	980,314	-	-	-	16,943,198	1.0%	253
2003	19,215,000	231,127	2,919,464	-	-	-	22,365,591	1.3%	329
2004	17,165,000	772,639	2,167,094	-	-	-	20,104,733	1.1%	294
2005	15,940,000	716,394	3,082,399	-	-	-	19,738,793	1.0%	286
2006	11,415,000	640,977	1,947,815	-	-	-	14,003,792	0.7%	201
2007	10,275,000	-	1,047,143	-	-	-	11,322,143	0.5%	160
2008	9,075,000	-	2,185,058	-	-	-	11,260,058	0.5%	159
2009	7,800,000	-	1,557,968	-	-	-	9,357,968	0.4%	131
2010	6,465,000	3,500,000	912,932	-	-	-	10,877,932	n/a	152

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Demographic and Economic Statistics for personal income and population data.

Table 10

Oconee County, South Carolina
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property ¹	Per Capita ²
	General Obligation Bonds	Less: Amount Available in Debt Service Fund	Total		
2001	\$ 8,740,000	\$ 2,704,542	\$ 6,035,458	1.98%	\$ 91
2002	15,665,000	3,326,793	12,338,207	3.60%	184
2003	19,215,000	3,836,757	15,378,243	4.40%	226
2004	17,165,000	2,302,062	14,862,938	4.34%	217
2005	15,940,000	1,193,315	14,746,685	4.18%	214
2006	11,415,000	1,382,218	10,032,782	2.46%	144
2007	10,275,000	1,613,985	8,661,015	1.98%	123
2008	9,075,000	1,880,690	7,194,310	1.57%	102
2009	7,800,000	2,210,845	5,589,155	1.18%	78
2010	6,465,000	1,607,112	4,857,888	1.00%	68

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

² Population data can be found on the Schedule of Demographic and Economic Statistics.

Table 11

Oconee County, South Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010

Jurisdiction	Debt Outstanding	Estimated Percent Applicable ¹	Estimated Share of Direct and Overlapping Debt
Direct Debt:			
Oconee County	\$ 6,465,000	100.00%	<u>\$ 6,465,000</u>
Overlapping Debt:			
School District of Oconee County	53,450,000	100.00%	53,450,000
Keowee Fire Special District	1,045,000	8.76%	91,542
Total Overlapping Debt			<u>53,541,542</u>
Total Direct and Overlapping Debt			<u><u>\$ 60,006,542</u></u>

Sources: Oconee County Auditor and Oconee County Treasurer

Note: ¹ Determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the County.

Oconee County, South Carolina
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed valuation	\$ 485,175,818
Debt limit - 8 percent of total assessed value	\$ 38,814,065
Debt applicable to limit:	
General obligation bonds	6,465,000
Less: amount set aside for repayment of general obligation bonds	<u>(1,607,112)</u>
Debt qualifying for margin	<u>4,857,888</u>
Legal debt margin	<u><u>\$ 33,956,177</u></u>

100

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Debt Limit*	\$ 38,814,065	\$ 37,768,262	\$ 36,573,266	\$ 34,912,181	\$ 32,585,731	\$ 28,186,805	\$ 27,368,058	\$ 28,012,006	\$ 27,410,412	\$ 24,422,824
Total Net Debt Applicable to Limit	4,857,888	5,589,155	7,194,310	8,661,015	10,032,782	15,940,000	17,165,000	19,215,000	15,665,000	8,740,000
Legal Debt Margin	<u>\$ 33,956,177</u>	<u>\$ 32,179,107</u>	<u>\$ 29,378,956</u>	<u>\$ 26,251,166</u>	<u>\$ 22,552,949</u>	<u>\$ 12,246,805</u>	<u>\$ 10,203,058</u>	<u>\$ 8,797,006</u>	<u>\$ 11,745,412</u>	<u>\$ 15,682,824</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.52%	14.80%	19.67%	24.81%	30.79%	56.55%	62.72%	68.60%	57.15%	35.79%

Source: Oconee County Auditor and Oconee County Treasurer

* Calculated at eight percent of assessed value.

Note: Under South Carolina State Constitution Article X Section 14 7(a), Oconee County's outstanding general obligation debt should not exceed eight percent of the total assessed property value.

Table 13

Oconee County, South Carolina
Demographic and Economic Statistics
Last Ten Years

Year	Population ¹	Personal Income* ²	Per Capita Personal Income ¹	Median Age ³	School Enrollment ⁴	Unemployment Rate ¹
2001	66,215	\$ 1,604,384	\$ 24,106	39.5	9,913	3.4%
2002	67,029	1,686,129	25,155	39.5	10,070	5.6%
2003	67,918	1,745,446	25,700	39.5	10,097	6.7%
2004	68,430	1,797,946	26,274	39.5	10,344	7.5%
2005	68,949	1,908,276	27,677	39.5	10,406	7.4%
2006	69,676	1,989,996	28,561	39.5	10,474	8.6%
2007	70,567	2,079,867	21,458	39.5	10,411	9.0%
2008	70,753	2,238,128	29,715	39.2	10,377	7.9%
2009	71,274	2,307,417	31,675	41.2	10,402	7.5%
2010	71,514	n/a	32,456	39.5	10,629	14.2%

* in thousands

Data Sources:

¹ Upstate Alliance, Inc.

² U. S. Bureau of Economic Analysis,

³ Oconee County Economic Development

⁴ School District of Oconee County, SC

Note: Data not available for some previous years and some current years.

Table 14

Oconee County, South Carolina
Principal Employers
Current Year and Nine Years Ago

Company or Organization	2010			2001		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
School District of Oconee County	1,605	1	7.70%	1,400	3	5.52%
Duke Energy Corporation	1,500	2	7.20%	1,797	2	7.09%
Oconee Memorial Hospital	1,370	3	6.58%	1,142	4	4.50%
Itron, Inc.	665	4	3.19%			
Schneider Electric - Square D	655	5	3.14%			
Timken U.S. Corporation	640	6	3.07%			
Oconee County	450	7	2.16%			
Covidien	423	8	2.03%			
BASF Catalysts, LLC	389	9	1.87%			
Sandvik	347	10	1.67%			
West Point Stevens, Inc.-Finishing				2,000	1	7.89%
West Point Stevens, Inc.-Fabrication				935	5	3.69%
Schlumberger Industries				855	6	3.37%
Square D				750	7	2.96%
Jacobs Chuck Manufacturing Co.				491	8	1.94%
Kendall Healthcare Products Co.				430	9	1.70%
Beacon Mfg Co.				426	10	1.70%
	<u>8,044</u>		<u>38.61%</u>	<u>10,226</u>		<u>40.35%</u>

Source: U.S. Bureau of Labor Statistics

Source: Economic Development

Table 15

Oconee County, South Carolina
County Employees by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government										
Administrator	2	2	2	2	3	4	2	2	2	2
County Council	1	1	1	1	1	1	1	1	1	1
Facilities Maintenance	10	10	11	11	10	10	10	10	10	9
Finance	9	8	8	7	7	7	8	7	6	5
Human Resources	4	4	4	5	5	5	5	5	5	3
Information Technology	10	8	8	13	11	11	9	3	3	2
Planning	3	3	4	3	2	2	2	2	2	2
Procurement	3	3	3	4	4	5	5	5	4	4
Register of Deeds	4	5	5	5	5	5	5	5	4	3
Registration and Elections	2	2	2	2	2	2	2	2	2	1
Vehicle Maintenance	14	14	15	15	15	16	15	15	15	14
Assessor	17	21	18	14	14	13	13	15	16	16
Auditor	7	7	7	7	7	7	6	16	6	5
Delinquent Tax Collector	3	3	3	4	4	4	4	4	4	4
Treasurer	7	7	6	6	6	6	6	6	6	5
Public Safety										
Animal Control	6	6	6	6	6	5	3	3	3	3
Building Codes	9	11	11	10	10	9	9	10	9	9
Communications	18	18	18	19	17	17	16	16	16	18
Coroner	1	1	1	1	1	1	1	1	1	1
Detention Center	36	36	28	27	25	25	25	25	25	24
Emergency Services	12	16	3	3	3	4	3	3	3	3
Rural Fire	-	-	4	4	4	4	4	3	3	2
Sheriff's Office	90	89	87	88	84	83	80	80	77	54
Transportation										
Airport	5	5	5	5	5	5	5	5	5	5
Roads and Bridges	38	38	38	37	37	36	40	39	39	39

Table 15 - Continued

Oconee County, South Carolina
County Employees by Function
Last Ten Fiscal Years

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Judicial Services										
Clerk of Court	10	10	11	10	10	10	10	9	9	9
Magistrate	9	9	9	9	9	10	11	11	11	9
Probate Court	6	6	5	5	5	5	5	5	5	5
Solicitor	10	8	7	7	6	6	6	6	7	7
Health and Welfare										
Legislative Delegation	1	1	1	1	1	1	1	1	1	1
Veteran's Affairs	3	3	3	3	3	3	3	2	2	2
Public Works										
Soil and Water	1	1	1	1	1	1	1	1	1	1
Solid Waste	36	39	42	43	43	49	49	49	49	47
Culture and Recreation										
Library	18	18	18	18	18	18	18	18	18	10
Parks, Recreation, and Tourism	14	13	13	13	10	15	14	14	13	17
Economic Development	2	2	2	2	2	2	2	2	2	2
Enterprise Fund										
Rock Quarry	16	16	16	17	17	18	17	17	17	16
	<u>4,457</u>	<u>4,462</u>	<u>4,442</u>	<u>4,442</u>	<u>4,425</u>	<u>4,435</u>	<u>4,424</u>	<u>4,424</u>	<u>4,406</u>	<u>4,362</u>

Table 16

Oconee County, South Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government										
County Council										
Regular Meetings	24	24	24	24	24	24	24	24	-	-
Special Meetings	18	12	8	8	6	6	4	4	-	-
Finance										
Accounts Payable Disbursements	11,000	10,939	10,767	10,516	9,541	10,100	10,025	-	-	-
Payroll Disbursements	12,360	12,303	12,256	11,748	11,530	11,858	11,619	-	-	-
Human Resources										
Applications Processed	3,215	2,832	2,621	2,568	1,656	2,182	1,503			
Terminations	82	90	74	82	72	80	65			
Planning										
Formal Subdivision Reviews	10	-	25	25	20	11	-	-	-	-
Procurement										
Number of Requests for Proposals (RFP)	5	6	7	2	8	6	-	15	20	15
Number of Purchase Orders	1,000	1,000	1,020	875	698	712	-	12	20	10
Register of Deeds										
Recorded Documents	15,215	15,832	20,226	23,458	23,884	21,758	23,761	21,819	20,401	16,815
Registration and Elections										
Current Registered Voters	46,785	50,000	44,233	39,244	38,391	36,076	33,076	-	-	-
Vehicle Maintenance										
Repair Orders Processed	2,600	2,633	2,600	2,600	2,421	2,800	2,700	-	-	-
Assessor										
Agricultural Forms Processed	1,450	1,625	1,700	1,500	1,400	1,184	1,400	-	-	-
Residential Forms Processed	2,640	2,800	3,300	3,000	2,600	2,045	2,000	-	-	-
Assessment Appeals Processed	800	650	500	300	6,500	800	-	-	-	-
Auditor										
Airplanes	68	-	82	77	-	-	-	-	-	-
Real Estate Notices	71,835	-	74,000	72,896	-	-	-	-	-	-
Board of Assessment and Appeals										
Appeals Filed	6	29	180	131	8	7	7	179	-	-
Hearings Held	2	6	-	25	3	2	1	75	-	-

Table 16 - Continued

Oconee County, South Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government - continued										
Delinquent Tax Collector										
Tax Payments Processed	6,325	5,526	6,981	6,634	5,620	4,741	5,097	-	-	-
Redemptions Processed	183	190	225	264	335	353	-	-	-	-
Treasurer										
Real Estate Tax Notices Mailed	71,835	-	-	70,630	69,000	66,900	-	-	-	-
Vehicle Notices Mailed	72,969	-	-	58,507	72,805	79,000	-	-	-	-
Public Safety										
Animal Control										
Animals Received	5,500	5,200	5,500	5,198	5,234	5,198	5,234	-	-	-
Responses to Complaints	2,700	2,000	2,560	2,266	1,936	2,266	1,936	-	-	-
Animals Adopted	1,200	1,200	721	-	-	-	-			
Building Codes										
Permits Issued	1,200	932	2,500	2,100	2,100	2,197	2,200	1,996	-	-
Inspections Performed	3,000	2,428	6,806	10,000	10,000	10,890	12,000	11,541	-	-
Coroner (Based on a calendar year.)										
Deaths	-	547	496	366	362	329	198	195	184	158
Detention Center										
Number of Inmates	4,217	3,853	3,817	3,779	4,591	3,782	3,832	3,363	-	-
Average Daily Population	170	166	154	139	130	118	96	86	-	-
Emergency Services (Based on a calendar year.)										
Structure Fires	-	143	117	113	294	255	355	-	-	-
Woods/Grass Fires	-	174	138	148	237	181	188	-	-	-
Alarms	-	498	352	430	400	491	456	-	-	-
Control Burns	-	48	29	112	5	36	63	-	-	-
Vehicle Accident/Fire Calls	-	788	252	314	526	493	534	-	-	-
Bomb Threats	-	2	0	0	3	0	15	-	-	-
Other Calls	-	480	418	695	789	822	709	-	-	-

Table 16 - Continued

Oconee County, South Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Public Safety - continued										
Sheriff's Office										
Service Calls	3,800	37,666	48,000	36,322	261,668	254,047	88,785	-	-	-
Incident Reports	6,400	6,023	6,034	8,873	8,869	6,144	5,431	-	-	-
Drug Arrests	316	608	450	402	366	372	422	-	-	-
Meth Labs	25	2	3	6	8	16	-	-	-	-
Traffic Unit - Citations	2,740	1,805	3,675	1,938	2,864	2,163	2,785	-	-	-
Warrants Units - Arrest	3,100	3,700	3,382	3,548	3,840	2,236	2,867	-	-	-
Transportation										
Roads and Bridges										
Work Orders	4,700	5,268	3,825	3,017	2,514	1,900	1,467	-	-	-
Tons of Gravel Hauled	19,700	21,185	32,763	42,400	42,007	35,006		-	-	-
Judicial Services										
Clerk of Court										
Foreclosure Auctions	423	63	118	150	138	177	182	-	-	-
Common Pleas New Cases	2,047	774	1,126	1,090	1,087	1,089	-	-	-	-
Family Court New Cases	848	421	901	900	879	944	929	-	-	-
Juvenile Cases	182	95	130	140	139	167	214	-	-	-
General Sessions Court Warrants Filed	1,893	1,026	2,728	3,100	3,060	3,104	2,700	-	-	-
Indicted Cases	1,868	1,650	1,925	1,650	1,604	1,826	2,162	-	-	-
Magistrate										
Municipal Arrest Warrants	2,236	1,162	6,670	5,526	4,753	5,524	3,575	-	-	-
Municipal Traffic Tickets	14,903	7,250	11,752	9,794	10,297	9,996	7,641	-	-	-
Health and Welfare										
Department of Social Services										
Food Stamps Cases	4,250	3,100	2,975	2,908	2,787	2,460	-	-	-	-
Family Independence Cases	260	190	190	199	188	163	-	-	-	-
Child Protective Services Investigations	200	275	250	207	331	271	-	-	-	-
Child Protective Services Cases	175	254	250	256	275	269	-	-	-	-

Table 16 - Continued

Oconee County, South Carolina
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Public Works										
Solid Waste										
Municipal Solid Waste (MSW)	36,000	37,250	37,773	35,816	36,880	39,641	40,441	38,764	-	-
Construction and Demolition (C&D)	22,330	26,255	25,014	23,440	19,594	20,393	15,549	13,638	-	-
Recyclables	3,800	4,356	4,784	5,581	4,871	5,845	5,180	4,784	-	-
Yard Waste	3,880	6,650	3,735	4,361	3,450	2,929	2,594	1,859	-	-
Culture and Recreation										
Library										
Computer Users	60,607	53,164	44,556	399	27,880	25,344	20,143	17,725	7,950	-
Registered Patrons	37,370	32,941	33,428	33,131	41,665	28,329	35,007	31,865	-	-
Enterprise Fund										
Rock Quarry										
Tons Shot	450,000	450,000	552,517	489,316	481,097	479,907	469,105	446,261	-	-
Tons Sold/Used	458,000	458,000	493,165	435,554	488,917	446,835	493,263	413,715	-	-

Note: Not all departments have maintained workload indicator data for each year above. Beginning with fiscal year end 2004, the departments have been strongly encouraged to maintain this data.

Source: Oconee County Finance Department

Table 17

Oconee County, South Carolina
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Government										
Nondepartmental										
Buildings	6	6	7	6	6	6	6	6	-	-
Vehicles	30	29	34	30	31	41	37	38	-	-
Solid Waste ²										
Construction and Demolition Landfill Facility	-	1	1	-	-	-	-	-	-	-
Buildings - Transfer Station	-	1	1	-	-	-	-	-	-	-
Buildings - Materials Recovery Facility	-	1	1	-	-	-	-	-	-	-
Buildings - Manned Convenience Centers	-	11	11	-	-	-	-	-	-	-
Equipment and Vehicles	-	71	99	-	-	-	-	-	-	-
Taxation										
Vehicles	13	8	8	7	7	6	6	6	-	-
Public Safety										
Nondepartmental										
Buildings	2	2	2	2	2	2	1	1	-	-
Animal Control										
Vehicles	8	7	8	6	6	5	5	4	-	-
Building Codes										
Vehicles	6	7	13	11	10	9	6	6	-	-
Coroner										
Vehicles	1	1	1	2	1	1	1	1	-	-
Emergency Services ¹										
Vehicles	101	92	26	24	23	21	18	18	-	-
Rescue Boats	3	3	3	3	2	2	1	1	-	-
Rural Fire ¹										
Vehicles	-	-	64	62	63	60	60	60	-	-
Sheriff's Department										
Vehicles	118	105	116	109	108	96	98	93	-	-
Patrol Boats	2	2	1	1	1	1	1	1	-	-
Helicopters	1	1	1	1	1	1	1	1	-	-

Table 17 - Continued

Oconee County, South Carolina
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Transportation										
Airport										
Land (acres)	300.7216	300.7216	300.7216	300.7216	300.7216	300.7216	300.7216	300.7216	-	-
Buildings	4	4	6	7	7	7	7	7	-	-
Equipment and Vehicles	10	10	11	9	9	9	9	9	-	-
Roads and Bridges										
Bridges	24	24	24	24	-	-	-	-	-	-
Roads	1572	1569	1553	1439	136	75	51	37	-	-
Vehicles and Heavy Equipment	103	93	100	86	92	92	98	98	-	-
Judicial Services										
Nondepartmental										
Buildings	3	3	2	2	2	2	2	2	-	-
Health and Welfare										
Department of Social Services										
Buildings	1	1	1	2	1	1	1	1	-	-
Health Clinic										
Buildings	1	1	1	1	1	1	1	1	-	-
Health Department										
Buildings	2	2	2	2	2	2	2	2	-	-
Nursing Home										
Buildings	1	1	1	1	1	1	1	1	-	-
Public Works										
Solid Waste ²										
Construction and Demolition Landfill Facility	1	-	-	-	-	-	-	-	-	-
Buildings - Transfer Station	1	-	-	-	-	-	-	-	-	-
Buildings - Materials Recovery Facility	1	-	-	-	-	-	-	-	-	-
Buildings - Manned Convenience Centers	11	-	-	-	-	-	-	-	-	-
Equipment and Vehicles	71	-	-	-	-	-	-	-	-	-

Table 17 - Continued

Oconee County, South Carolina
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Culture and Recreation										
Library										
Buildings - Branches	3	3	3	3	3	3	3	3	-	-
Parks, Recreation, and Tourism										
Land (acres)	119.171	119.171	119.171	119.171	119.171	119.171	119.171	119.171	-	-
Vehicles	10	10	12	10	9	8	11	10	-	-
Economic Development										
Economic Development										
Commerce Park Land (acres)	430.396	430.396	430.396	33.17	40.58	40.58	40.58	40.58	-	-
Enterprise Fund										
Solid Waste ²										
Construction and Demolition Landfill Facility	-	-	-	1	1	1	1	1	-	-
Buildings - Transfer Station	-	-	-	1	1	1	1	1	-	-
Buildings - Materials Recovery Facility	-	-	-	1	1	1	1	1	-	-
Buildings - Manned Convenience Centers	-	-	-	11	11	11	11	11	-	-
Equipment and Vehicles	-	-	-	34	30	32	28	26	-	-
Rock Quarry										
Land (acres)	26.429	26.429	26.429	26.429	26.429	26.429	26.429	26.429	-	-
Buildings	3	3	5	5	5	5	5	5	-	-
Equipment and Vehicles	28	28	39	32	37	37	34	34	-	-

Note: This report is retroactive back to the fiscal year ended June 30, 2003 when GASB Statement 34 was implemented.

¹ In fiscal year 2008-2009, Emergency Services and Rural Fire merged and became Emergency Services

² During fiscal year end 2008, Solid Waste was reclassified from an enterprise fund to a department in the General Fund

Source: Oconee County Finance Department

This page is intentionally left blank.

COMPLIANCE SECTION

This page is intentionally left blank.

SINGLE AUDIT SECTION

This page is intentionally left blank.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Oconee County Council
Oconee County
Walhalla, South Carolina

We have audited the financial statements of 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, South Carolina as of and for the year ended June 30, 2010, which collectively comprise Oconee County's basic financial statements and have issued our report thereon dated January 25, 2011. Our report includes a reference to 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. Other auditors audited the financial statements of the Keowee Fire District and the School District of Oconee County, as described in our report of the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Keowee Fire District were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010-01, 2010-02, 2010-03 and 2010-04 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, County Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McAbee, Talbert, Halliday & Co.

Spartanburg, South Carolina
January 25, 2011



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Oconee County Council
Oconee County
Walhalla, South Carolina

Compliance

We have audited the compliance of Oconee County, South Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditor's results 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 the County's management. Our responsibility is to express an opinion on the 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 the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Oconee County, South Carolina, 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, 2010.

Internal Control Over Compliance

Management of the County, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, County Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McAbee, Talbert, Halliday & Co.

Spartanburg, South Carolina
January 25, 2011

**OCONEE COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
US Department of Transportation			
Airport Improvement Program	20.106	3-45-0016-015-2007	\$ 6,064
Airport Improvement Program	20.106	3-45-0016-016-2008	107,030
Airport Improvement Program	20.106	3-45-0016-017-2008	1,266,211
Airport Improvement Program	20.106	3-45-0016-018	98,129
Airport Improvement Program	20.106	3-45-0016-019	1,187,238
			<u>* 2,664,672</u>
US Department of Justice			
Passed through SC Department of Public Safety			
Bulletproof Vest Partnership Program	16.607		291
Bulletproof Vest Partnership Program	16.607		6,923
Edward Byrne Memorial Formula Grant Program	16.579	2007-DJ-BX-0847	4,341
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0847	24,251
Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/Grants to Units of Local Governments	16.804	2009-SB-B9-3014	89,383
Violence Against Women Formula Grants	16.588	1K09007	8,155
			<u>133,344</u>
US Department of Agriculture			
Passed through the SC State Treasurer's Office			
Secure Payments for States and Counties Containing Federal Land	10.665		<u>* 389,213</u>
US Department of Housing and Urban Development			
Passed through the SC Department of Commerce			
Community Development Block Grant	14.228	4-W-01-005	<u>* 649,804</u>
US Department of Education			
Passed through the SC State Library			
State Fiscal Stabilization Fund - Government Services, Recovery Act	84.397		<u>27,810</u>
US Homeland Security Administration			
Passed through the SC Emergency Management Division			
Emergency Management Performance Grants	97.042	9EMPG01	37,144
Emergency Management Performance Grants	97.042	8EMPG01	38,302
Passed through the SC State Law Enforcement Division			
Citizens Corp	97.067	8CCP01	4,646
			<u>80,092</u>
Total federal assistance expended			<u><u>\$ 3,944,935</u></u>

* Major Program

1. Summary of Significant Accounting Policies

Basis of Accounting

The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.

**OCONEE COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Oconee County, South Carolina.
2. Four significant deficiencies disclosed during the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs. These deficiencies are reported as material weaknesses.
3. No instances of noncompliance material to the financial statements of Oconee County, South Carolina, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies 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 on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:

Program Name	CFDA Number
Airport Improvement Program	20.106
Community Development Block Grant	14.228
Secure Payments for State and Counties Containing Federal Lands	10.665

8. The threshold for distinguishing between Type A and B programs was \$300,000.
9. Oconee County, South Carolina did not qualify as a low-risk auditee.

**OCONEE COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2010-1

Conditions and Criteria

During the year, the County discovered that the prior year financial statements contained material misstatements related to the Oconee County Rock Quarry. The misstatements resulted from errors in recording the accounts receivable and related allowance for uncollectible accounts and the valuation of the inventory. Upon discovery of the errors, the County has recorded prior period adjustments to correct the misstatements. However, the County's system of internal control over financial reporting did not prevent the errors from being made or detect it prior to the issuance of the financial statements.

Cause

The County had not recorded the accounts receivable and related allowance for uncollectible amounts as of June 30, 2009. In the previous year, the inventory valuation included "shot rock on the ground" which is unprocessed rock and has minimal costs in it.

Effect

As of the beginning of the year, the accounts receivable and related allowance for uncollectible amounts was understated by approximately \$196,000 and the inventory was overstated by approximately \$214,000.

Recommendation

We recommend that the County implement policies and procedures to reconcile the general ledger to the Rock Quarry accounts receivable aging reports on at least annually. In addition, we recommend that the County review the year-end calculation of the rock quarry inventory costs to ensure that the valuation is accurate.

Management's Response

The Rock Quarry will submit reports, detailing the customer accounts receivable balances and the uncollectible accounts, to the Finance Department on an annual basis. In addition to these reports, the Rock Quarry will provide a detailed calculation resulting in the customer accounts receivable, net of the allowance for uncollectible accounts, to be reported on the financial statements. This calculation will be used to reconcile and adjust the general ledger to the actual accounts receivable at fiscal year-end.

In previous years, the Rock Quarry inventory had been recorded using a survey from an external engineering firm. In order to ensure the accuracy of the inventory recorded, management will review the survey and use it as a tool for calculating the Rock Quarry inventory. The general ledger will be reconciled and adjusted to the calculated inventory at fiscal year-end.

**OCONEE COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

B. FINDINGS – FINANCIAL STATEMENT AUDIT – continued

2010-02

Conditions and Criteria

Monthly bank reconciliations are the primary internal control procedure relating to the County's cash accounts. During the year, bank account reconciliations were prepared; however, the accounts were not completely reconciled and unreconciled differences had not been investigated. Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and disbursements.

Cause

The operating bank account had not been completely reconciled and reviewed during the year.

Effect

As of June 30, 2010, there were unreconciled differences of approximately \$700,000 in the County operating account.

Recommendation

We recommend that the monthly bank reconciliations be completed and reviewed for accuracy and completeness on a timely basis. The composition of unreconciled differences should be determined and followed up on, and any journal entries deemed necessary as a result should be recorded. Unreconciled differences should be investigated and not be allowed to roll forward from month to month.

Management's Response

During 2010, the County encountered unexpected problems with posting deposits into the CSI accounting software. This resulted in multiple reconciliation differences. In addition, the bank reconciliations were being prepared bi-weekly rather than monthly. Changes in posting deposits into the CSI accounting software have been implemented and the bank reconciliations are being prepared monthly, reducing the number of reconciling items. In addition, the bank reconciliation format has been revised to allow for the reconciliation of the bank statement to the general ledger. This allows for all necessary adjusting journal entries to be recorded in the CSI accounting software and ensures that the general ledger reflects the correct balance.

**OCONEE COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

B. FINDINGS – FINANCIAL STATEMENT AUDIT – continued

2010-03

Conditions and Criteria

An analysis of the County's capital asset accounts resulted in a restatement of the beginning of the year balances. Upon discovery of the errors, the County has recorded prior period adjustments to correct the misstatements. However, the County's system of internal control over financial reporting did not prevent the errors from being made or detect it prior to the issuance of the financial statements.

Cause

Certain capital expenditures had not been properly recorded or classified in the County's capital asset ledger.

Effect

The County's capital asset balances were overstated by approximately \$7,000,000. This resulted in prior period adjustments to correct asset classifications and to record assets purchased in previous years that had not been recorded in the capital asset ledger.

Recommendation

We recommend that the capital asset expenditures be reconciled to the capital asset additions to ensure that all capital assets have been capitalized. In addition, the construction in progress should be reviewed on a periodic basis to ensure that as projects are completed, the assets are placed in service and depreciated.

Management's Response

The general ledger expenditures are reviewed periodically, by the Finance Department, for possible capital asset purchases that have not been previously reported by the departments. Any items identified as capital assets are then added to the capital assets ledger. On a quarterly basis, a capital asset listing is sent to the departments for review. The Finance Department plans to visit the various departments to conduct internal audits of capital assets. These internal audits will enhance the accuracy of the capital asset ledger by identifying assets omitted from the ledger while safeguarding the County's assets and increasing accountability of the departments responsible for these assets.

Certain parcels of land had been previously misclassified as capital assets when those assets should have been reported as land held for resale. In the future, any land purchased for economic development commerce centers or industrial parks will be classified as land held for resale. The land held for resale will be recorded on the general ledger and not reported on the capital asset ledger.

Construction in process (CIP) projects will be reviewed annually with the Facilities Maintenance Department to access the status of the projects. If a project has been completed, a copy of the occupancy certificate, if applicable, will be requested. Projects remaining on CIP list for over three years will be reviewed by the County's management to determine status and projected completion. Once a CIP is deemed to be completed, the asset will be added to the capital asset ledger and depreciated over its useful life.

**OCONEE COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

B. FINDINGS – FINANCIAL STATEMENT AUDIT – continued

2010-04

Conditions and Criteria

Upon analysis of the accrued liability for landfill closure and post-closure costs, it was discovered that no inflation factor had been used in the calculation. In addition, no closure and post-closure costs had been accrued for the County's C&D landfills. Upon discovery of the errors, the County has recorded prior period adjustments to correct the misstatements. However, the County's system of internal control over financial reporting did not prevent the errors from being made or detect it prior to the issuance of the financial statements.

Cause

No inflation factor had been used because amounts were picked up from the wrong column in the engineering cost estimate. New monitoring regulations became effective that required monitoring of C&D landfills.

Effect

The accrued liability for landfill closure and post-closure costs was understated.

Recommendation

We recommend that County obtain an updated cost estimate for the closure and post-closure costs for all the County's landfills.

Management's Response

The County will obtain new engineering estimates for closure and post-closure costs that will include the inflation factors in the annual totals for both the MSW and the C&D landfills.

**OCONEE COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

D. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None

**OCONEE COUNTY, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2009-01

Conditions and Criteria

This finding was material weaknesses stating that the unauthorized system changes and activities could take place without the County's management approval or knowledge.

Recommendation

The auditor recommended that the County limit current employee access rights to only those financial applications needed to perform their specific job requirements and remove former employees' access rights to the financial system.

Current Status

During FY 2010, the County has reviewed the CSI user list and has removed employees who no longer need access. The Finance Office and the Information Technology Department are continuing to improve security on all county systems and to develop standard procedures to ensure that changes to user profiles are made in a timely manner.

Finding 2009-02

Conditions and Criteria

This finding was a material weakness stating that the County's capital asset required additional analysis to correctly state the capital asset additions.

Recommendation

The auditor recommended that capital expenditures be reconciled to capital asset additions at year-end to determine that all capital assets are properly capitalized.

Current Status

During FY 2010, the County established general ledger codes for capital assets that included a field that identifies the expenditure as a capital outlay. This allowed for easier identification of capital items and the County to reconcile capital outlay expenditures to capital outlay additions.

Finding 2009-03

Conditions and Criteria

This finding was a material weakness stating that the County, without proper investment account reconciliations, cannot produce accurate internal financial information.

Recommendation

The auditor recommended timely review of investment reconciliations to ensure that all balances are properly stated.

Current Status

In order to ensure accurate records for the School District, the County sent monthly general ledgers to the School District to review and arranged for the School District Finance Office to have access to view their bank statements online.

**OCONEE COUNTY, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

US Department of Agriculture

Finding 2009-04 Secure Payments for States and Counties Containing Federal Lands

Conditions and Criteria

This finding was a significant deficiency stating that the County failed to include all federal expenditures in the Schedule of Expenditures of Federal Programs.

Recommendation

The auditor recommended that the County review all state and federal funds expended during the year to ensure all federal funds are properly reported on the Schedule of Expenditures of Federal Awards.

Current Status

This has been corrected by the County and no similar findings were noted during the fiscal year 2010 audit.