



Public Comment SIGN IN SHEET

February 2, 2016 ~ ~ ~ 6:00 PM

The Public Comment Sessions at this meeting is limited to a total of 40 minutes, 4 minutes per person. Please be advised that citizens not utilizing their full four [4] minutes may not "donate" their remaining time to another speaker.

PLEASE PRINT

	FULL NAME	PURPOSE OF COMMENT
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Everyone speaking before Council will be required to do so in a civil manner. Council will not tolerate personal attacks on individual council members, county staff or any person or group. Racial slurs will not be permitted. Council's number one priority is to conduct business for the citizens of this county. All citizens who wish to address Council and all Boards and Commission appointed by Council should do so in an appropriate manner.



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**AGENDA ITEM SUMMARY
OCONEE COUNTY, SC**

**COUNCIL MEETING DATE: February 02, 2016
COUNCIL MEETING TIME: 6:00 PM**

ITEM TITLE [Brief Statement]:

Annual Audit Presentation of Financial and Compliance Results for the Fiscal Year Ended June 30, 2015; David Irwin, CPA – Mauldin & Jenkins, Certified Public Accountants, LLC

BACKGROUND DESCRIPTION:

This presentation includes a review of pertinent matters related to Oconee County's Comprehensive Annual Financial Report and the Independent Auditor's Report and required communications to County Council.

SPECIAL CONSIDERATIONS OR CONCERNS [only if applicable]:

None

FINANCIAL IMPACT [Brief Statement]:

Check Here if Item Previously approved in the Budget. No additional information required.

Approved by : LVP Finance

COMPLETE THIS PORTION FOR ALL GRANT REQUESTS:

Are Matching Funds Available: Yes / No
If yes, who is matching and how much:

Approved by : _____ Grants

ATTACHMENTS

Annual Audit Agenda Presentation of Financial and Compliance Audit Results, June 30, 2015
By: David Irwin, CPA – Mauldin & Jenkins, Certified Public Accountants, LLC

STAFF RECOMMENDATION [Brief Statement]:

Staff Recommendation: Accept the Comprehensive Financial Annual Financial Report for the fiscal year ended June 30, 2015.

Submitted or Prepared By:

 Addale Price
Department Head/Elected Official

Approved for Submittal to Council:

T. Scott Moulder, County Administrator

*Council has directed that they receive their agenda packages a week prior to each Council meeting, therefore, Agenda Items Summaries must be submitted to the Administrator for his review/approval no later than 12 days prior to each Council meeting. It is the Department Head / Elected Officials responsibility to ensure that all approvals are obtained prior to submission to the Administrator for inclusion on an agenda.
A calendar with due dates marked may be obtained from the Clerk to Council.*



**To the Members of the Oconee County Council
Walhalla, South Carolina**

In planning and performing our audit of the financial statements of Oconee County, South Carolina (the "County") as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of the County as of and for the year ended June 30, 2015. This letter does not affect our report dated December 8, 2015, on the financial statements of the County.

The following items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the County's practices and procedures.

1) Grant Accounting Structure and Cross-training

During our audit of the County's grant programs, we noted that the County personnel with direct responsibility for Federal and State grant activity were not directly supervised by the Administrative Services Department. Based on the predominantly financial nature of grant administration and accounting, we recommend that the County assign the associated responsibilities of grant administration to County employees within the Administrative Services department, while maintaining an appropriate level of cross training, so as to strengthen internal controls in order to foster open lines of communication, as well as compliment the reporting and reconciliation aspects of grant accounting and administration.

2) Schools and Roads Grants to States Program

During our audit of the County's grant programs, we noted that the County did not have a 45 day public comment period prior to spending the Federal Title III funds and did not submit a proposal to any resource advisory committee established under 16 USC 7125 prior to using the Federal Title III funds as outlined in the grant award. We recommend the County strengthen internal controls related to grant compliance so as to ensure that the requirements set forth in the grant award requiring a 45 day public comment period prior to the use of Federal Title III funds as well as the requirement to submit a proposal to a resource advisory committee in a timely manner prior to the use of Federal Title III funds are appropriately followed.

This letter is intended solely for the information and use of the County Council of Oconee County, South Carolina, its management and other officials, 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.

We appreciate the opportunity to serve Oconee County, South Carolina and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

Mauldin & Jenkins, LLC

Macon, Georgia
December 8, 2015

Oconee County
South Carolina



Auditor's Discussion & Analysis (AD&A)
Financial & Compliance Audit Results
June 30, 2015

Presented by:
David Irwin, CPA

**MAULDIN
& JENKINS**

Oconee County
Auditor's Discussion & Analysis (AD&A)
June 30, 2015

PURPOSE OF ANNUAL AUDITOR'S DISCUSSION & ANALYSIS

- ◆ Engagement Team and Firm Information.

- ◆ Overview of:
 - Audit Opinion;
 - Financial Statements, Footnotes and Supplementary Information;
 - Compliance Reports;
 - Audit Scopes & Procedures.

- ◆ Required Communications under Government Auditing Standards.

- ◆ Accounting Recommendations and Related Matters.

- ◆ Other Items and Closing Thoughts

- ◆ Answer Questions.



Oconee County
Auditor's Discussion & Analysis (AD&A)
June 30, 2015

MAULDIN & JENKINS – GOVERNMENTAL PRACTICE

General Information:

- Founded in ~1920.
- Large regional firm serving the Southeastern United States.
- Offices located in Macon, Atlanta, Albany, Bradenton, Chattanooga, and Birmingham.
- Approximately 260 personnel are employed at Mauldin & Jenkins.

Governmental Sector:

- Largest specific industry niche served by Firm representing 25% of Firm practice.
- Serve more governmental entities in Southeast than any other certified public accounting firm, requiring over 65,000 hours of service on an annual basis.
- Approximately 90 professional staff persons with current governmental experience.
- In past three (3) years, have served approx. 300 governments in the Southeast, including:
 - ✓ 75 cities;
 - ✓ 40 counties;
 - ✓ 40 school systems and 20 charter schools;
 - ✓ 40 state entities;
 - ✓ 90 special purpose entities (stand-alone entities: water/sewer, transit, gas, electric, airports, housing, development, other educational, retirement, libraries, etc.); and,
 - ✓ Included in the above are 78 governments receiving the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- Experience performing forensic audit services and information technology consultations.
- Experience performing municipal bond debt issuance attestation services serving clients with over \$8.7 billion in aggregate publicly issued debt instruments.
- 10th highest level of Single Audits conducted in U.S.A. approximating \$8.0 billion annually.

Engagement team leaders on the audit engagement include:

- David Irwin, Engagement Partner – 12 years experience service governments
- Miller Edwards, Concurring Reviewer – 29 years experience serving governments

Oconee County
Auditor's Discussion & Analysis (AD&A)
June 30, 2015

MAULDIN & JENKINS – ADDITIONAL INFORMATION

Other Industries & Services by Mauldin & Jenkins:

Each of Mauldin & Jenkins' offices provides a wide variety of services to a broad range of clientele. We have partners and managers who are responsible for specialized practice areas of auditing and accounting, taxes and management advisory services. Their purpose, as leaders in the particular practice area, is to establish policies with respect to technical matters in these specific areas and ensure that the quality of the Firm's practice is maintained.

Industries Served: Over the years our partners have developed expertise in certain industries representative of a cross section of the Southeastern economy, including:

- Governmental Entities (state entities, cities, counties, school systems, business type operations, libraries, and other special purpose entities)
- SEC Registrants
- Wholesale Distribution
- Agri-Businesses
- Manufacturing
- Professional Services
- Employee Benefit Plans
- Financial Institutions (community banks, savings & loans, thrifts, credit unions, mortgage companies, and finance companies)
- Non-Profit Organizations
- Retail Businesses
- Long-Term Healthcare
- Construction & Development
- Individuals, Estates and Trusts
- Real Estate Management

Services Provided: This diversity of practice enables our personnel to experience a wide variety of business, accounting and tax situations. We provide the traditional and not-so-traditional services such as:

- Financial Audit / Review / Compilation
- Compliance Audits & Single Audits
- Agreed-Upon Procedures
- Forensic Audits
- Bond Issuance Services
- Performance Audits
- State Sales Tax Matters
- International Tax Matters
- Business & Strategic Planning
- Profitability Consulting
- Budgeting
- Buy-Sell Agreements & Business Valuation Issues
- Income Tax Planning & Preparation
- Multi-State Income Tax Issues
- Information Systems Consulting
- Cost Accounting Analysis
- Healthcare Cost Reimbursement
- Outsourced Billing Services
- Fixed Asset Inventories
- Succession & Exit Strategy Consulting
- Estate Planning
- Management Information Systems
- Employee Benefit Plan Administration
- Merger / Acquisition & Expansion Financing

Oconee County
Auditor's Discussion & Analysis (AD&A)
June 30, 2015

INDEPENDENT AUDITOR'S REPORT

The independent auditor's report has specific significance to readers of the financial report.

Management's Responsibility for the Financial Statements

The financial statements are the responsibility of management.

Auditor's Responsibility

Our responsibility, as external auditors, is to express opinions on these financial statements based on our audit. 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. We planned and performed our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Opinions

We have issued an unmodified audit report (i.e., "clean opinions"). The respective financial statements are considered to present fairly the financial position and results of operations as of, and for the year ended June 30, 2015.

Emphasis of Matter

The financial statements reflect the implementation of certain new pronouncements, and our opinion(s) is/are not modified with respect to them.

Other Matters

Certain required supplementary information and other information is included in the financial report, and as directed by relevant auditing standards, we have not expressed an opinion or provided any assurance on the respective information.

Other Reporting

Government Auditing Standards require auditors to issue a report on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. We have issued such a report and reference to this report is included in the independent auditor's report.

Oconee County
Auditor's Discussion & Analysis (AD&A)
June 30, 2015

**REVIEW OF COMPREHENSIVE
ANNUAL FINANCIAL REPORT (CAFR)**

General Information about the CAFR

A Comprehensive Annual Financial Report (CAFR) goes beyond the normal financial reporting required by accounting principles generally accepted in the United States. A CAFR includes at a minimum the following elements/sections:

- **Introductory Section:** general information on the County's structure and the services it provides.
 - Letter of Transmittal
 - Organizational Chart
 - Directory of Officials
 - Certificate of Achievement for Excellence in Financial Reporting
- **Financial Section:** basic financial statements, footnotes and required supplementary information along with the auditor's report.
 - Independent Auditor's Report
 - Management Discussion & Analysis (MD&A)
 - Financial Statements and Footnotes
- **Statistical Section:** broad range of financial, demographic information useful in assessing the County's economic condition, and this information covers multiple years.
 - Financial Trends Information
 - Revenue Capacity Information
 - Debt Capacity Information
 - Operating Information

A CAFR goes far beyond the basic requirements of annual financial reporting, and the County should be commended for going beyond the minimum and providing such a report.

Recognition and Award

Once completed, the fiscal year 2014 CAFR was submitted to the Government Finance Officers Association (GFOA) for determination if the report would merit the GFOA's Certificate of Achievement for Excellence in Financial Reporting. We are happy to inform everyone that the GFOA did indeed review the CAFR and awarded the County with the sought after Certificate.

The GFOA Certificate has been made a part of the County's 2015 fiscal year CAFR, and is included in the Introductory Section.

Oconee County
Auditor's Discussion & Analysis (AD&A)
June 30, 2015

OVERVIEW OF FINANCIAL STATEMENTS

The financial statements as presented to you today include the basic financial statements as well as Management's Discussion and Analysis as prepared by County management.

The County's basic financial statements include three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

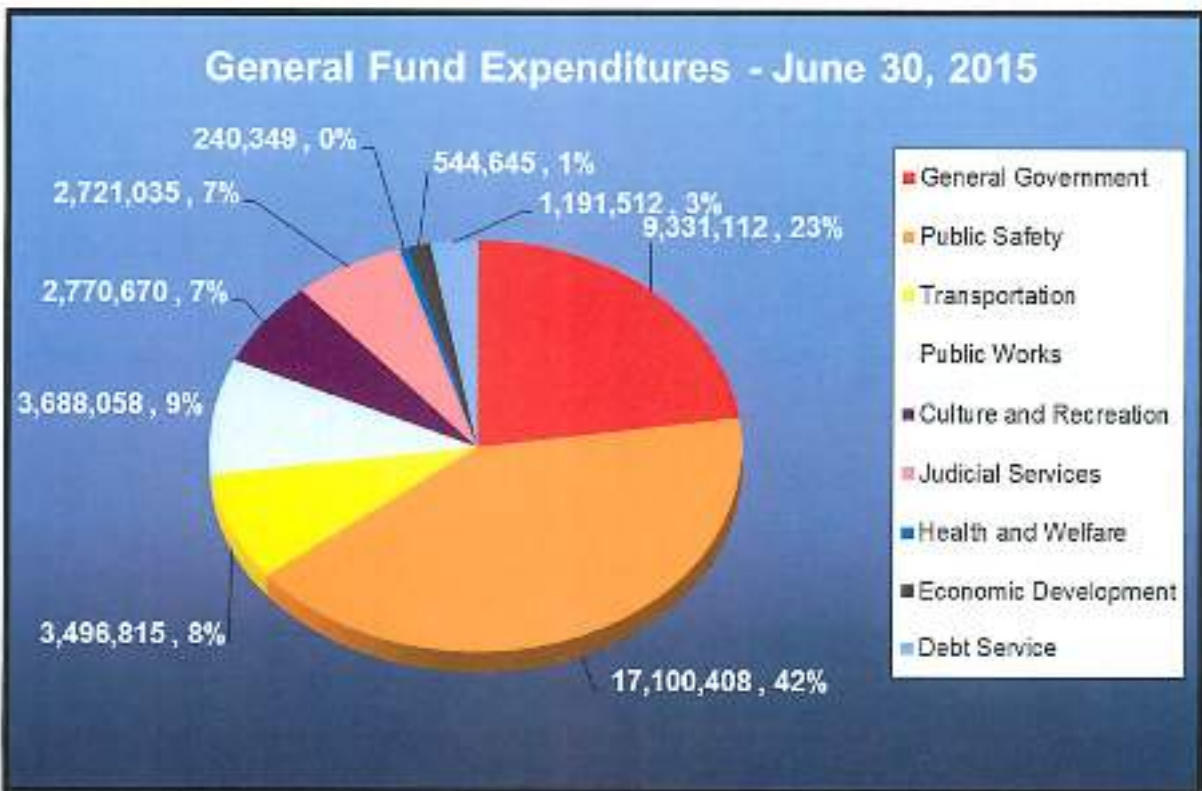
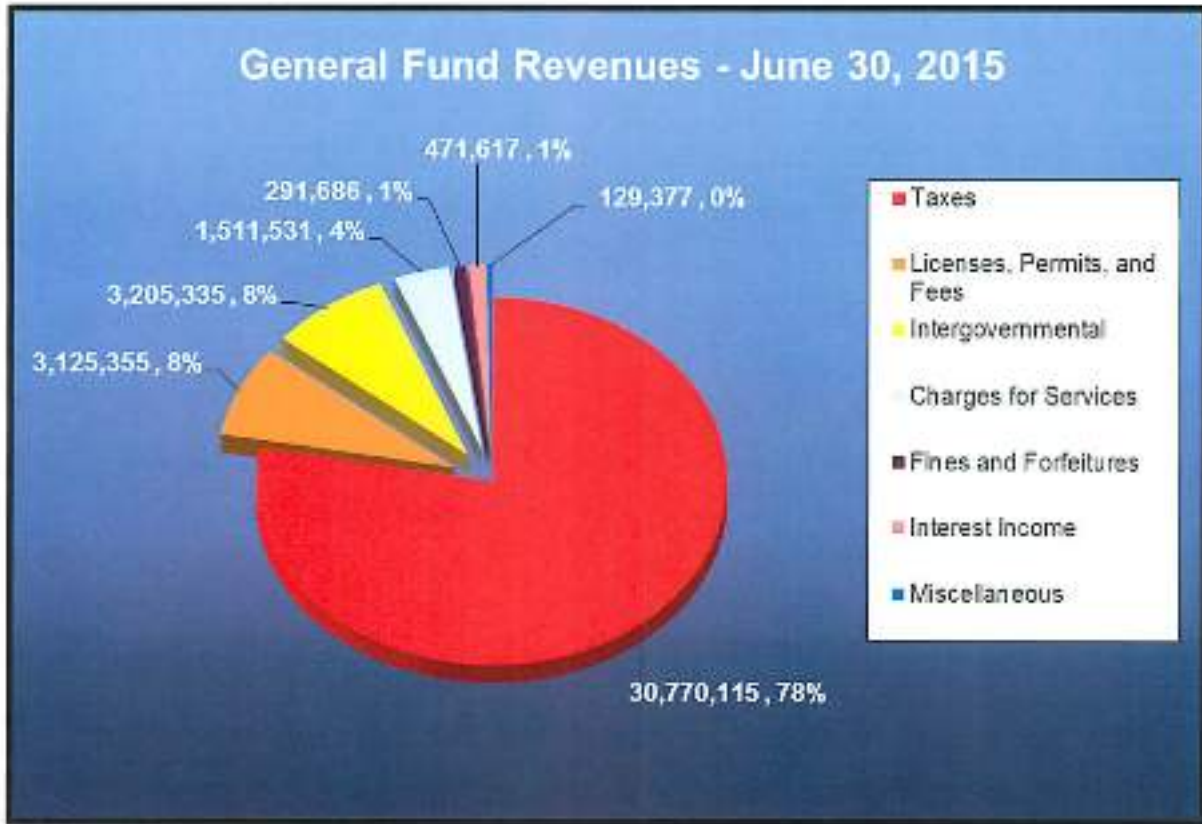
The **government-wide financial statements** provide a broad overview of all of the County's funds. The *Statement of Net Position* presents information on all assets and liabilities of the County, with the difference between the two reported as net position. The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. Revenues are categorized as program revenues or general revenues. Expenses are categorized by function.

The **fund financial statements** more closely resemble the financial statements as presented prior to the adoption of GASB Statement No. 34. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

General Fund

Of primary interest to the County is the General Fund, which accounts for the majority of revenues received and funds expended in the operations of the County, including administration, judicial activities, public safety, public works, parks and recreation, and community service. The following charts present the sources of revenues and the expenditures of the General Fund for the fiscal year ended June 30, 2015:

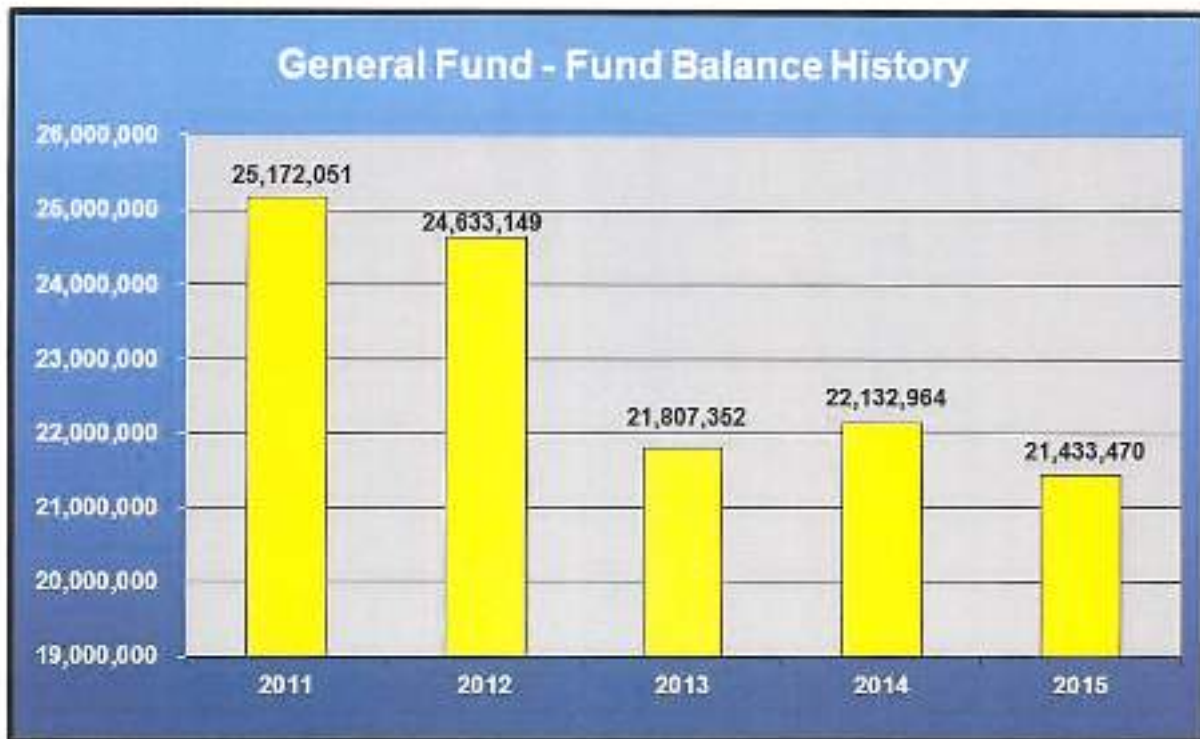
Oconee County
Auditor's Discussion & Analysis (AD&A)
 June 30, 2015



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June 30, 2015

Total fund balance of the General Fund at June 30, 2015, was a positive \$21,433,470. Fund balance does not necessarily equal cash on hand and available to spend. Fund balance is the difference between assets and liabilities, only a portion of which is cash available to be spent. While the General Fund has cash and cash equivalents on hand at June 30, 2015, of \$13,420,565, the General Fund also has \$2,264,561 in current liabilities due to outside parties and employees. The County's General Fund also has at June 30, 2015, deferred inflows of resources totaling approximately \$1.0 million in unearned/unavailable revenues. Additionally, the General Fund incurs expenditures of approximately \$3.4 million per month.

The following is a history of the total ending fund balance of the General Fund over the past five (5) years:



Other Governmental Funds

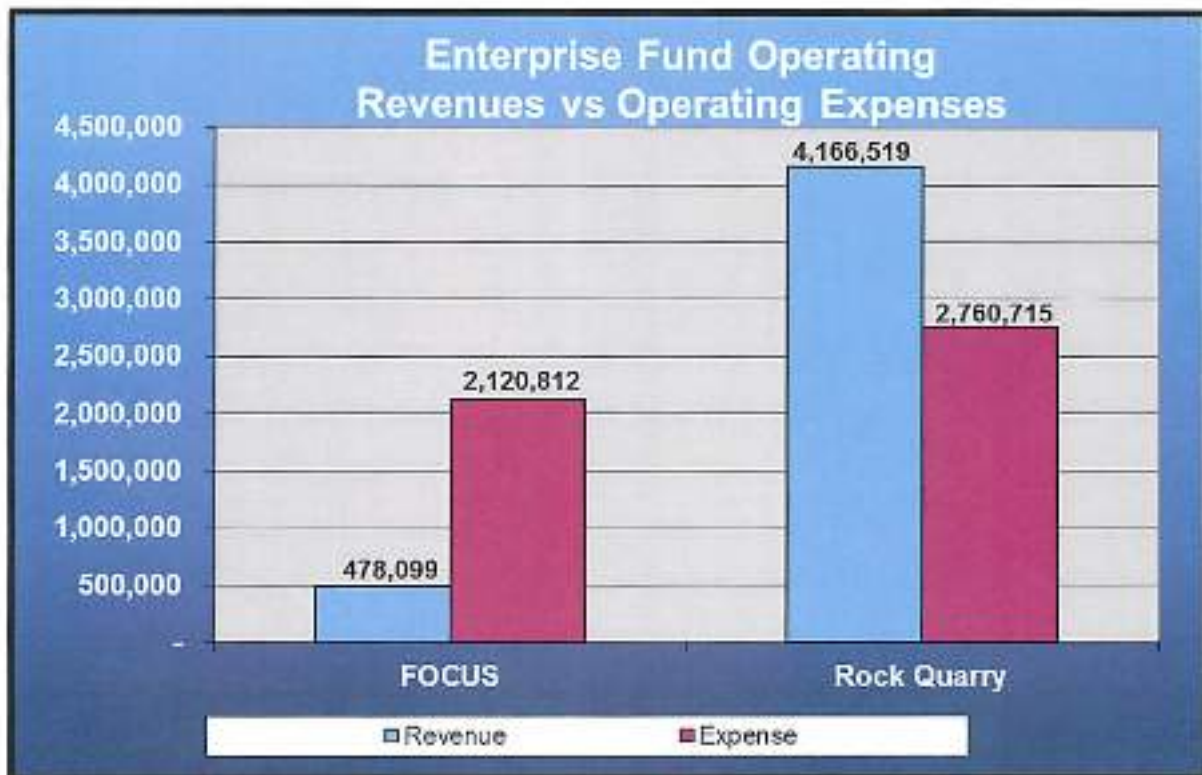
The County also maintains twelve (12) special revenue funds (Emergency Services Protection District, Sheriff's Victim Assistance, Miscellaneous Special Revenue, Solicitor's Victim Assistance, 911, State Accommodations Tax, Local Accommodations Tax, Library State Aid, Tri County Tech, Duke Energy Grant, Road Maintenance, and DSS Title IV Child Support Funds), three (3) capital projects funds (Capital Projects, Economic Development and Bridge and Culvert Capital Projects Funds) and a debt service fund. These funds account for revenues derived from specific sources which are legally restricted to finance particular functions or activities.

Oconee County
Auditor's Discussion & Analysis (AD&A)
June 30, 2015

Enterprise Funds

The County maintains two enterprise funds which are used to account for operations in a manner similar to private business enterprises – where the intent is that the costs of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. These include the FOCUS Fund and the Rock Quarry Fund.

Both of the County's enterprise funds generated revenues sufficient to cover the costs of operations for the year ended June 30, 2015 as reflected in the following graph.



Fiduciary Funds

The County maintains the following agency funds – School District of Oconee County (SDOC) General Fund, SDOC Debt Retirement, Fireman's Insurance and Inspection, Municipal Tax, Keowee Key Fire District, Delinquent Tax, Sheriff's Office, Clerk of Court, Family Court, Magistrate Funds, Probate Court, Register of Deeds, Solicitor's Worthless Check Program, Retiree Health Reimbursement, Employee Health Flexible Spending, Pickens County, Williamsburg County, and Community Development – which are used to account for the collection and disbursement of funds by the County on behalf of other governments and individuals.

Oconee County
Auditor's Discussion & Analysis (AD&A)
June 30, 2015

COMPLIANCE REPORTS

Last, but not least, two (2) reports on compliance and internal controls are included.

The first report is based on our tests of the County's internal controls and compliance with laws, regulations, etc. The report is not intended to provide an opinion, but to provide a form of negative assurance as to the County's internal controls and compliance with applicable rules and regulations. This report and the procedures performed are required by *Government Auditing Standards* as issued by the U. S. Government Accountability Office (GAO).

The second report is based on our tests of the County's internal controls and compliance with laws, regulations, etc. relative to the federal award expenditures reported for the fiscal year ended as required by the Single Audit Act and the U. S. Office of Management & Budget (OMB) Circular A-133. In this report we do provide an opinion on compliance that could have a direct and material effect on the County's major federal program for the respective year ended.

REQUIRED COMMUNICATIONS

**The Auditor's Responsibility Under Government Auditing Standards
and Auditing Standards Generally Accepted in the United States of America**

Our audit of the financial statements of Oconee County, South Carolina (the "County") for the year ended June 30, 2015 was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error, fraudulent financial reporting or misappropriation of assets. 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. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe our audit accomplishes that objective.

- I. In accordance with *Government Auditing Standards*, we have also performed tests of controls and compliance with laws and regulations that contribute to the evidence supporting our opinion on the financial statements. However, they do not provide a basis for opining on the County's internal control or compliance with laws and regulations.

Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the County. There are several new accounting standards which will be required to be implemented in the coming years. These are discussed later in this document.

Oconee County
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In considering the qualitative aspects of the County's accounting policies, we did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. The County's policies relative to the timing of recording of transactions are consistent with GAAP and typical government organizations.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us they used all the relevant facts available to them at the time to make the best judgments about accounting estimates and we considered this information in the scope of our audit. We considered this information and the qualitative aspects of management's calculations in evaluating the County's significant accounting policies. Estimates significant to the financial statements include such items the estimated lives of depreciable assets, and the estimated allowance for uncollectible accounts.

Financial Statement Disclosures

The footnote disclosures to the financial statements are also an integral part of the financial statements. The process used by management to accumulate the information included in the disclosures was the same process used in accumulating the financial statements, and the accounting policies described above are included in those disclosures. The overall neutrality, consistency, and clarity of the disclosures was considered as part our audit and in forming our opinion on the financial statements.

Significant Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management relating to the performance of the audit.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Representation from Management

We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without a problem.

Oconee County
Auditor's Discussion & Analysis (AD&A)
June 30, 2015

Management's Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements. We are not aware of any consultations management had with us or other accountants about accounting or auditing matters. No major issues were discussed with management prior to our retention to perform the aforementioned audit.

Audit Adjustments

During our audit of the County's basic financial statements as of and for the year ended June 30, 2015, there were several adjustments proposed to the funds of the County. All adjustments have been discussed with management and posted by management, and are available for our presentation to you.

Uncorrected Misstatements

We had no passed adjustments.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited basic financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the County.

Independence

We are independent of the County, and all related organizations, in accordance with auditing standards promulgated by the American Institute of Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Oconee County
Auditor's Discussion & Analysis (AD&A)
June 30, 2015

ACCOUNTING RECOMMENDATIONS AND RELATED MATTERS

Recommendations for Improvement and Other Matters

During our audit of the financial statements as of and for the year ended June 30, 2015, we noted areas within the accounting and internal control systems that we believe can be improved. Our recommendations (also commonly referred to as management points) are presented in the following paragraphs. We believe consideration of these recommendations will help provide proper control over financial activities, and add effectiveness and efficiency to overall operations.

Recommendations for Improvement (Management Points)

1) Grant Accounting Structure and Cross-training

During our audit of the County's grant programs, we noted that the County personnel with direct responsibility for Federal and State grant activity were not directly supervised by the Administrative Services Department. Based on the predominantly financial nature of grant administration and accounting, we recommend that the County assign the associated responsibilities of grant administration to County employees within the Administrative Services department, while maintaining an appropriate level of cross training, so as to strengthen internal controls in order to foster open lines of communication, as well as compliment the reporting and reconciliation aspects of grant accounting and administration.

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During our audit of the County's grant programs, we noted that the County did not have a 45 day public comment period prior to spending the Federal Title III funds and did not submit a proposal to any resource advisory committee established under 16 USC 7125 prior to using the Federal Title III funds as outlined in the grant award. We recommend the County strengthen internal controls related to grant compliance so as to ensure that the requirements set forth in the grant award requiring a 45 day public comment period prior to the use of Federal Title III funds as well as the requirement to submit a proposal to a resource advisory committee in a timely manner prior to the use of Federal Title III funds are appropriately followed.

Other Matters for Communication to the Board and Management

During our audit of the financial statements as of and for the year ended June 30, 2015, we noted other matters which we wish to communicate to you in an effort to keep the County abreast of accounting matters that could present challenges in financial reporting in future periods.

Oconee County
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June 30, 2015

1) New Governmental Accounting Standards Board (GASB) Pronouncements



As has been the case for the past 10 years, GASB has issued several other new pronouncements which will be effective in future years. The following is a brief summary of the new standards:

- a) *Statement No. 68, Accounting and Reporting for Pensions* and *Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (an Amendment of GASB No. 68)* are effective for the County's fiscal year ended June 30, 2015, and it has been adopted as part of the financial reports prepared and issued by the County as of and for the ended June 30, 2015. This pronouncement replaces the requirements of *Statement No. 27, Accounting for Pensions by State and Local Governmental Employers* and *Statement No. 50, Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria, including agent and cost-sharing multiple employer plans.

Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

The statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

Defined Benefit Pension Plans. Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries.

Statement No. 68 calls for immediate recognition of more pension expense than is currently required. This includes immediate recognition of annual service cost and interest on the pension liability and immediate recognition of the effect on the net pension liability of changes in benefit terms. Other components of pension expense will be recognized over a closed period that is determined by the average remaining service period of the plan members (both current and former employees, including retirees). These other components include the effects on the net pension liability of: (1) changes in economic and demographic assumptions used to project benefits; and, (2) differences between those assumptions and actual experience. Lastly, the effects on the net pension liability of differences between expected and actual investment returns will be recognized in pension expense over a closed five-year period.

Oconee County
Auditor's Discussion & Analysis (AD&A)
June 30, 2015

Statement No. 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. The statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense. These changes include:

- **Projections of Benefit Payments.** Projections of benefit payments to employees will be based on the then-existing benefit terms and incorporate projected salary changes and projected service credits (if they are factors in the pension formula), as well as projected automatic postemployment benefit changes (those written into the benefit terms), including automatic cost-of-living-adjustments (COLAs). For the first time, projections also will include ad hoc postemployment benefit changes (those not written into the benefit terms), including ad hoc COLAs, if they are considered to be substantively automatic.
- **Discount Rate.** The rate used to discount projected benefit payments to their present value will be based on a single rate that reflects (a) the long-term expected rate of return on plan investments as long as the plan net position is projected under specific conditions to be sufficient to pay pensions of current employees and retirees and the pension plan assets are expected to be invested using a strategy to achieve that return; and (b) a yield or index rate on tax-exempt 20-year, AA-or-higher rated municipal bonds to the extent that the conditions for use of the long-term expected rate of return are not met.
- **Attribution Method.** Governments will use a single actuarial cost allocation method – “entry age,” with each period’s service cost determined as a level percentage of pay.

Note Disclosures and Required Supplementary Information. Statement No. 68 also requires employers to present more extensive note disclosures and RSI, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. Single and agent employers will disclose additional information, such as the composition of the employees covered by the benefit terms and the sources of changes in the components of the net pension liability for the current year. A single or agent employer will also present RSI schedules covering the past 10 years regarding:

Oconee County
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June 30, 2015

- Sources of changes in the components of the net pension liability
- Ratios that assist in assessing the magnitude of the net pension liability
- Comparisons of actual employer contributions to the pension plan with actuarially determined contribution requirements, if an employer has actuarially determined contributions.

Cost-sharing employers are required to present the RSI schedule of net pension liability, information about contractually required contributions, and related ratios.

Defined Contribution Pensions. The existing standards for governments that provide defined contribution pensions are largely carried forward in this new statement. These governments will recognize pension expenses equal to the amount of contributions or credits to employees' accounts, absent forfeited amounts. A pension liability will be recognized for the difference between amounts recognized as expense and actual contributions made to a defined contribution pension plan.

Special Funding Situations. Certain governments are legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another government. For example, a state may be legally required to contribute to a pension plan that covers local school districts' teachers. In specific circumstances called special funding situations, the statement requires governments that are non-employer contributing entities to recognize in their own financial statements their proportionate share of the other governmental employers' net pension liability and pension expense.

The changes noted above by Statement No. 68 are significant to Governments who sponsor retirement plans, and we strongly encourage County officials to continue to review the actual pronouncement and always consider the potential effects on the financial reporting of the Government.

- b) **Statement No. 69, *Government Combinations and Disposals of Government Operations*** is effective for the County's fiscal year ended June 30, 2015. This pronouncement primarily applies to governments involved in some form of mergers, acquisitions, transfers of operations or disposal of operations. Unless the County enters into any agreements whereby such actions are anticipated, this pronouncement should not affect the County. As of June 30, 2015, we are not aware of any applications of this pronouncement to the County, but County officials should proceed forward always considering the potential effects of any prospective government combinations and disposal of operations.

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- c) **Statement No. 72, *Fair Value Measurement and Application*** was issued in February of 2015, and is effective for financial statements for periods beginning after June 15, 2015 resulting in the County's fiscal year ending June 30, 2016.

This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes, and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

This statement generally requires investments to be measured at fair value. An *investment* is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment.

This statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets were previously required to be measured at fair value.

This statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

- d) **Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement No. 68*** was issued in June of 2015, and is effective for financial statements for periods beginning after June 15, 2015 resulting in the County's fiscal year ending June 30, 2016.

The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This statement results from a comprehensive review of the effectiveness of existing standards of accounting

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and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

The requirements of this statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and non-employer contributing entities.

This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities.

This statement also clarifies the application of certain provisions of Statements No.'s 67 and 68 with regard to the following issues:

- **Information** that is required to be presented as notes to the 10-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
- **Accounting** and financial reporting for separately financed specific liabilities of individual employers and non-employer contributing entities for defined benefit pensions.
- **Timing** of employer recognition of revenue for the support of non-employer contributing entities not in a special funding situation.

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- e) *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* was issued in June of 2015, and is effective for financial statements for periods beginning after June 15, 2016 resulting in the County's fiscal year ending June 30, 2017. This statement could easily be described as the GASB No. 67 for postemployment benefit plans due to the fact that it will closely follow the provisions of GASB No. 67 for pension plans.

The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This statement replaces Statements No. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this statement includes OPEB plans (defined benefit and defined contribution) administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the OPEB plan administrator. If the plan is a

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defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

The requirements of this statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by OPEB plans that are administered through trusts that meet the specified criteria. The new information will enhance the decision-usefulness of the financial reports of those OPEB plans, their value for assessing accountability, and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year.

The net OPEB liability information, including ratios, will offer an up-to-date indication of the extent to which the total OPEB liability is covered by the fiduciary net position of the OPEB plan. The comparability of the reported information for similar types of OPEB plans will be improved by the changes related to the attribution method used to determine the total OPEB liability.

The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison with actuarially determined rates, if such rates are determined. In addition, new information about rates of return on OPEB plan investments will inform financial report users about the effects of market conditions on the OPEB plan's assets over time and provide information for users to assess the relative success of the OPEB plan's investment strategy and the relative contribution that investment earnings provide to the OPEB plan's ability to pay benefits to plan members when they come due.

- f) ***Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*** was issued in June of 2015, and is effective for financial statements for periods beginning after June 15, 2017 resulting in the County's fiscal year ending June 30, 2018. This statement could easily be described as the GASB No. 68 for postemployment benefit plans due to the fact that it will closely follow the provisions of GASB No. 68 for pension plans.

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

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This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity.

In this statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and non-employer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, non-employer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this statement will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information.

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- g) **Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*** was issued in June of 2015, and is effective for financial statements for periods beginning after June 15, 2015 resulting in the County's fiscal year ending June 30, 2016. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The objective of this statement is to identify (in the context of the current governmental financial reporting environment) the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two (2) categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

The requirements in this statement improve financial reporting by: (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in non-authoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

- h) **Statement No. 77, *Tax Abatement Disclosures*** was issued in August of 2015, and is effective for financial statements for periods beginning after December 15, 2015 resulting in the County's fiscal year ending June 30, 2017.

Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes, this statement defines tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens.

This statement requires disclosure of tax abatement information about: (1) a reporting government's own tax abatement agreements; and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

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This statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs.

Tax abatement agreements of other governments should be organized by the government that entered into the tax abatement agreement and the specific tax being abated. Governments may disclose information for individual tax abatement agreements of other governments within the specific tax being abated. For those tax abatement agreements, a reporting government should disclose:

- The names of the governments that entered into the agreements.
- The specific taxes being abated.
- The gross dollar amount of taxes abated during the period.

i) **Other Pending or Current GASB Projects.** As noted by the numerous pronouncements issued by GASB over the past decade, the GASB continues to research various projects of interest to governmental units. Subjects of note include:

- **Fiduciary responsibilities** and new definitions for fiduciary funds and use of whether a government has "control" and who benefits to determine accounting as fiduciary. Final standard expected in October 2015.
- **Capital leases or operating leases** continues to be a hot topic. Looking into whether all leases should be treated the same way. Final standard expected in November 2015.
- **Asset retirement obligations** in which the GASB is considering standards for reporting liabilities related to obligations to perform procedures to close certain capital assets, such as nuclear power plants. This concept would not change existing standards such as GASB 18 (landfills) or GASB 49 (pollution remediation). Final standard expected in December 2015.
- **External investment pools.** Current standards allow pools that are considered to be 2a7-like to report investments at amortized cost rather than fair value,

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however, the SEC recently made significant changes to Rule 2a7 making it hard to be 2a7 like.

An exposure draft created criteria (which are based on old 2a7 criteria) for an external investment pools to continue to be accounted for using amortized cost. Final standard expected in December 2015.

- **Irrevocable split-interest agreements** which are prevalent at colleges and universities whereby split-interest agreements in which an asset is given to government in trust. During stated term of the trust the income generated by the trust goes to the donor and when the trust ends then the assets become the governments. Final standard expected in January 2016.
- **Blending requirements for certain business-type activities.** GASB is considering revising the standards regarding how certain component units of business-type activities should be presented. There is diversity in practice, with some component units blended for reasons not included in Statement 14 (such as sole member of an LLC). Final standard expected in March 2016.
- **Conceptual Framework** is a constant matter being looked at by GASB. Current measurement focus statements (for governmental funds) to change to near-term financial resources measurement. May dictate a period (such as 60 days) for revenue and expenditure recognition. May expense thing such as supplies and prepaid assets at acquisition. Will look into which balances (at all statement levels) are measured at acquisition and which need to be re-measured at year-end. Project placed on hold for now.
- **Economic Condition Reporting** is another long-term matter being looked into by GASB. Includes presentation of information on fiscal sustainability (including projections). Tabled for now pending resolution to issues raised on GASBs scope.

Summations of Thoughts Noted Above

We believe the implementation of these suggestions will enhance both the control environment and the financial reporting process, making both more effective. We also believe these recommendations can be easily implemented, and all problems resolved quite timely should management elect to employ the corrective measures.

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**FREE QUARTERLY CONTINUING EDUCATION
AND NEWSLETTERS FOR GOVERNMENTAL CLIENTS**

Free Continuing Education. We provide free continuing education (quarterly is the goal and objective) for all of our governmental clients. Each quarter we pick a couple of significant topics tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking among our governmental clients. We normally see approximately 100 people per quarter. We obtain the input and services of experienced outside speakers along with providing the instruction utilizing our in-house professionals. We hope County staff and officials have been able to participate in this opportunity, and that it has been beneficial to you. Examples of subjects addressed in the past few quarters include:

- Accounting for Debt Issuances
- American Recovery & Reinvestment Act (ARRA) Updates
- Best Budgeting Practices, Policies and Processes
- CAFR Preparation (several times including a two (2) day hands-on course)
- Capital Asset Accounting Processes and Controls
- Collateralization of Deposits and Investments
- Evaluating Financial and Non-Financial Health of a Local Government
- GASB No. 51, Intangible Assets
- GASB No. 54, Governmental Fund Balance (subject addressed twice)
- GASB No. 60, Service Concession Arrangements (webcast)
- GASB No. 61, the Financial Reporting Entity (webcast)
- GASB No.'s 63 & 65, Deferred Inflows and Outflows (webcast)
- GASB No.'s 67 & 68, New Pension Stds. (presented several occasions)
- GASB Updates (ongoing and several sessions)
- Grant Accounting Processes and Controls
- Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
- Internal Controls Over Receivables & the Revenue Cycle
- Internal Revenue Service (IRS) Issues, Primarily Payroll Matters
- Legal Considerations for Debt Issuances & Disclosure Requirements
- Policies and Procedures Manuals
- Segregation of Duties
- Single Audits for Auditees
- Special Purpose Local Option Sales Tax (SPLOST) Accounting, Reporting & Compliance
- Uniform Grant Reporting Requirements and the New Single Audit

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Governmental Newsletters. We periodically produce newsletters tailored to meet the needs of governments. The newsletters have addressed a variety of subjects and are intended to be timely in their subject matter. The newsletters are authored by Mauldin & Jenkins partners and managers, and are not purchased from an outside agency. The newsletters are intended to keep you informed of current developments in the government finance environment.

Communication. In an effort to better communicate our free continuing education plans and newsletters, please email Paige Vercoe at pvercoe@mjcpa.com (send corresponding copy to dirwin@mjcpa.com), and provide to her individual names, mailing addresses, email addresses and phone numbers of anyone you wish to participate and be included in our database.

CLOSING

We believe the implementation of these suggestions will enhance both the control environment and the financial reporting process, making both more effective. We also believe these recommendations can be easily implemented, and all problems resolved quite timely should management elect to employ the corrective measures. If you have any questions regarding any comments, suggestions or recommendations set forth in this memorandum, we will be pleased to discuss it with you at your convenience.

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

We appreciate the opportunity to serve the Oconee County, South Carolina and look forward to serving the County in the future. Thank you.



OCONEE COUNTY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

Prepared by
Department of Finance

OCONEE COUNTY, SOUTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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INTRODUCTORY SECTION

T. Scott Moulder County Administrator

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



December 8, 2015

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, 2015, is hereby submitted pursuant to South Carolina Code of Laws, Title 4, Chapter 9, Section 150. 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, 2015. This 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 controls 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 Mauldin & Jenkins, Certified Public Accountants. The auditors issued an unmodified ("clean") opinion on Oconee County's financial statements for the year ended June 30, 2015. The independent auditors' report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' 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 Blue Ridge foothills and mountains. Five incorporated municipalities exist 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 75,045.

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.

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). The County Administrator is authorized to transfer appropriations between object classifications within departmental budgets. County Council may transfer funds from any fund, department, activity or purpose to another by normal Council action, subject to all other applicable legal requirements.

Local Economy

Oconee County's economy produced some very positive outcomes during the most recent fiscal year. For example, from June of 2014 to June of 2015, the county unemployment remained the same at 5.7% according to the US Department of Labor, Bureau of Labor Statistics. In conjunction with the lowest unemployment rate since the early 2000's, the number of workers participating in our workforce remains around 32,082. These signs are indicative of the intensive efforts to recruit, attract, and retain strong business partners in Oconee County. The County Council established economic development as one of the most important long-term strategic objectives for the next five years. In keeping with this commitment, Oconee County began construction of necessary infrastructure projects, including water and waste water to support the Golden Corner Commerce Park located in the southern part of the County with easy access to Interstate 85. While this business park is still under construction, the future plans of Council include expansion of this infrastructure to exits 1, 2 and 4 of Interstate 85. This project began in December of 2013 and the sewer force mains were nearing completion at June 30, 2014. In the coming fiscal year, the County plans to complete the infrastructure projects and have this property in inventory for potential business development near the close of fiscal 2015.

There are more positive developments to report during fiscal year 2015, there were several major economic development announcements which included a total of about \$87,500,000 of new capital investment within Oconee County. The following companies within Oconee County decided to expand their base of operations: U.S. Engine Valve, BorgWarner, Greenfield, Sandvik, and Ulbrich. Also, the economic development efforts worked to successfully recruit the following new companies to Oconee County: Plastic Products Company, GreenTech Recycling, and the headquarters of TDC Cutting Tools (parent company of Greenfield).

Throughout 2013 and into 2014, the county continued the work of bringing the Oconee Industry and Technology Park on-line with infrastructure enhancements and road installation. Essentially, the county money was used to "turn farm land into industrial real-estate." The county put into place a 300,000 square foot pad site and a 50,000 square foot pad site. This investment is designed to have sites readily available for attracting potential business investment in Oconee County and thereby create new jobs that help diversify and strengthen the County's job base. Oconee County's manufacturing portfolio is diverse and technologically focused. Companies include those in the automotive, plastics, precision tooling, advanced materials, and specialized medical equipment industries. These industries benefit from the proximity to the Clemson University research facilities and the Tri-County Technical College training programs that provide a highly skilled manufacturing workforce.

In addition to manufacturing, the County economy has a strong agricultural sector that includes farming, livestock production and timber interests. A small but growing sector includes specialty and organic produce, sold locally and to near-by markets in Charlotte, North Carolina and Atlanta, Georgia. The County recognizes the cultural influence of this sector to the work ethic and character of its citizens as well as the economic impact to the County. For the last two years the County has provided space for the Carolina Foothills Heritage Fair which celebrates agricultural excellence and draws visitors and exhibitors from throughout the state and region. The County has also begun to work with the agricultural community to develop future plans around a county-wide farmers market, a "farm to table" initiative and various other ways to strengthen this economic driver for our community.

As Oconee County contains a significant amount of public lands, in addition to 1,355 miles of lake shore line, tourism provides a significant contribution to the local economy, and is especially important to local small businesses. Oconee County continues to support the Mountain Lakes Convention and Visitors Bureau. Several potential recreational developments have been put on hold due to the economy, and the County expects that as the economy improves there will be increased activity and investment in the tourism industry. The County has improved the method of allocating accommodation taxes to ensure the most effective use of these revenue sources to promote and develop the tourism sector of the County.

Long-term Financial Planning & Major Initiatives

The County Council created a Capital Projects Advisory Committee, which has been charged with prioritizing proposed future large capital projects and making recommendations to Council. This committee is composed of a Council representative, the County Administrator, a representative from the Infrastructure Advisory Committee, and two citizen representatives. In addition to the voting members, a representative from the Planning Commission and the County's finance, facilities and planning directors serve in a non-voting advisory role. At present, the County is pursuing a strategic goal of using funds on projects that are predominately beneficial to local and regional economy.

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 County remains well within the legal debt limit. Future capital projects will be planned to ensure that the County does not exceed the debt limit and that debt service remains at a reasonable level.

During fiscal year 2015, the county invested very heavily in economic development to provide a backbone of infrastructure to the southern end of the county near interstate 85. This investment includes the short-range goal of developing a commerce park with complete amenities. The site is located on South Carolina Highway 59 near the Town of Fair Play and within minutes of a major interstate with easy access to several nearby major metropolitan areas. This is Phase I of the longer term plan to develop infrastructure including water, sewer, and necessary utilities to support growth at the intersections of interstate 85 within Oconee County's borders.

Financial Policies

The County's financial policies were created with the general purpose of enabling the County to achieve a long-term stable and positive financial condition. Below are some of the relevant financial policies:

- Fund Balance Reserve Policy – 25 to 30 % of regular general fund expenditures.
- Multi-Year Financial Forecasting – County Capital Improvement Plan must be updated and adopted on an annual basis.
- Quarterly Financial Recording and Monitoring – County Finance Department will provide Council with quarterly financial reports.
- Financial Accounting Award – Finance Department will prepare and submit the comprehensive annual financial report to the Governmental Finance Officers Association each year, for the award of excellence.
- Budgeting Award – Finance Department will prepare and submit the budget document to the Governmental Finance Officers Association each year, for the award of excellence.

Financial management is a crucial component of credit analysis at all levels of government, and a favorable credit rating is essential for the County in planning for the future.

Awards and Acknowledgements

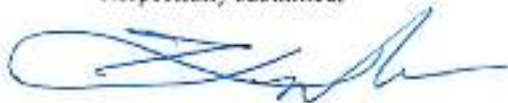
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Oconee County for its comprehensive annual financial report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of 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.

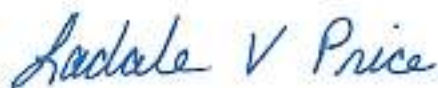
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. We wish to express our appreciation to all of the departments who assisted and contributed to the preparation of this report. We would especially like to thank the Treasurer and Auditor and their staff for all of their assistance during the audit. Credit must also be given to the governing council for their unfailing support for maintaining the highest standards of professionalism in the financial management of Oconee County.

GFOA awarded Oconee County a Distinguished Budget Award for the budget for the fiscal year beginning July 1, 2014. The County is proud of this recognition and believes this demonstrates to the Citizens of Oconee County how committed the County Council, Administration, and Staff are to achieving excellent financial results by properly planning and executing operational and capital plans in an orderly and professional manner.

Respectfully submitted,



T. Scott Moulder
County Administrator



Ladale V. Price
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

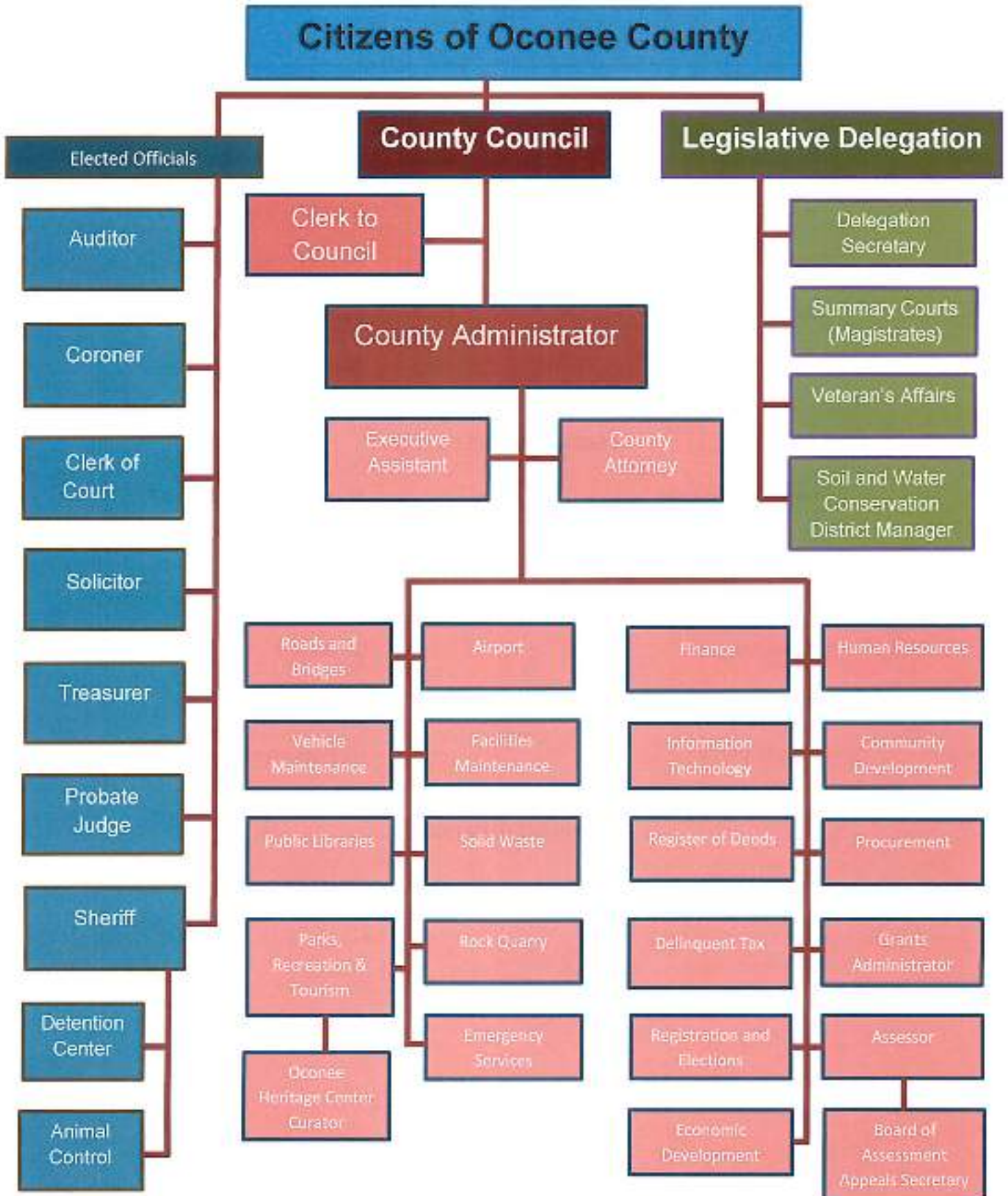
**Oconee County
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Oconee County Organization Chart



OCONEE COUNTY, SOUTH CAROLINA

PRINCIPAL COUNTY OFFICIALS JUNE 30, 2015

MEMBERS OF COUNTY COUNCIL

Wayne McCall	District II - Chairman
Paul A. Cain, Esq.	District III - Vice Chairman
Edda Cammick	District I - Chairman Pro Tem
Joel Thrift	District IV - Member
Reg Dexter	District V - Member

LEGISLATIVE DELEGATION

Thomas C. Alexander	SC State Senator, District 1
William R. "Bill" Whitmire	SC State Representative, District 1
William E. "Bill" Sandifer, III	SC State Representative, District 2
Lindsey Graham	US Senator
Timothy E. Scott	US Senator
Jeffrey D. Duncan	US Representative, District 3

APPOINTED OFFICIAL

T. Scott Moulder	County Administrator
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Oconee County
SOUTH CAROLINA



County Council Districts
and Representatives

FY2015-2016

Map 1



Mrs. Edda Cammick



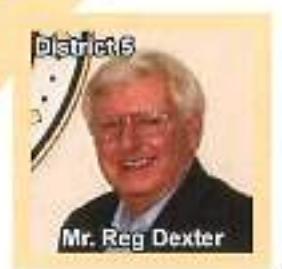
Mr. Wayne McCall



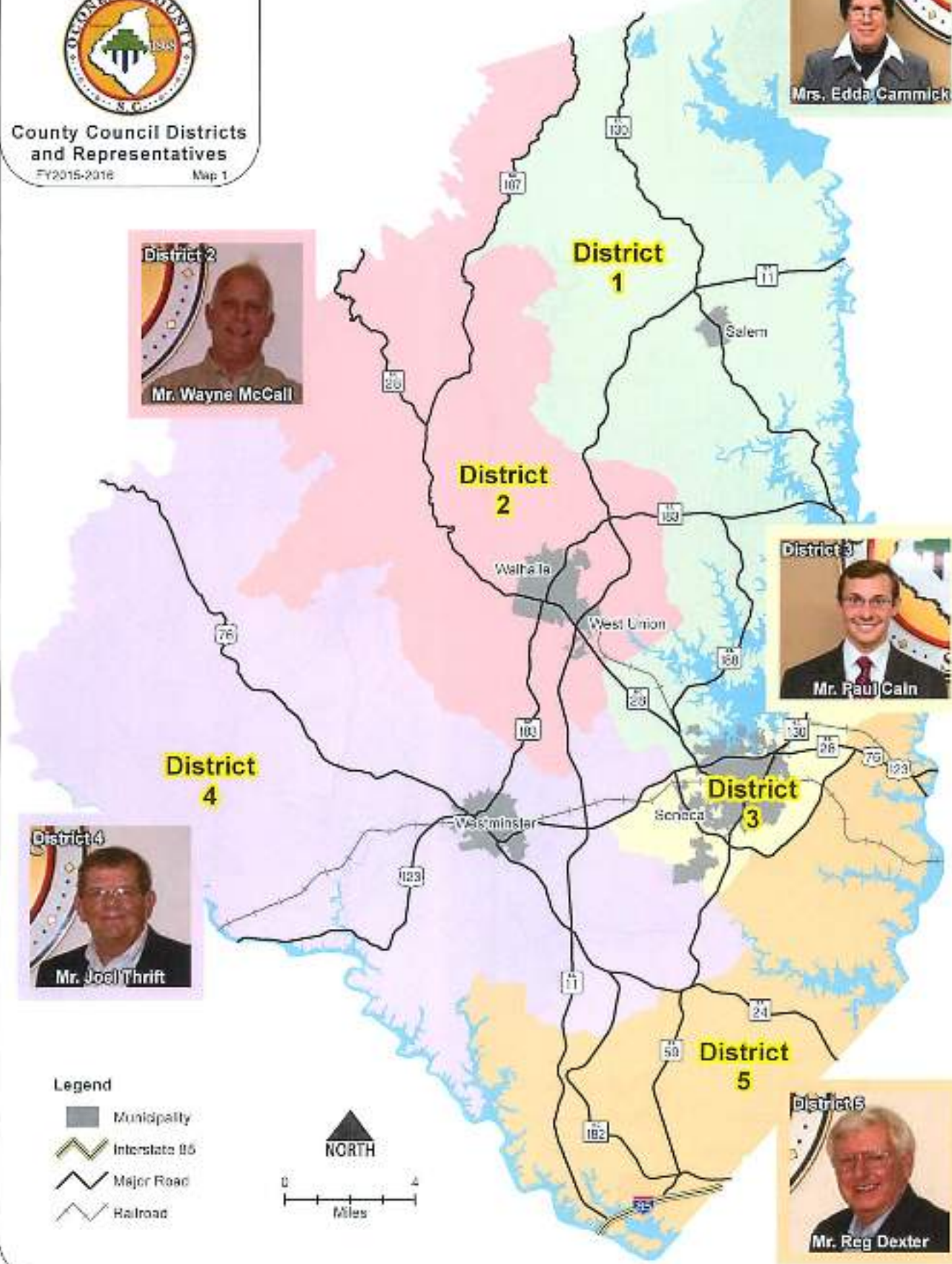
Mr. Paul Cain



Mr. Joel Thrift



Mr. Reg Dexter



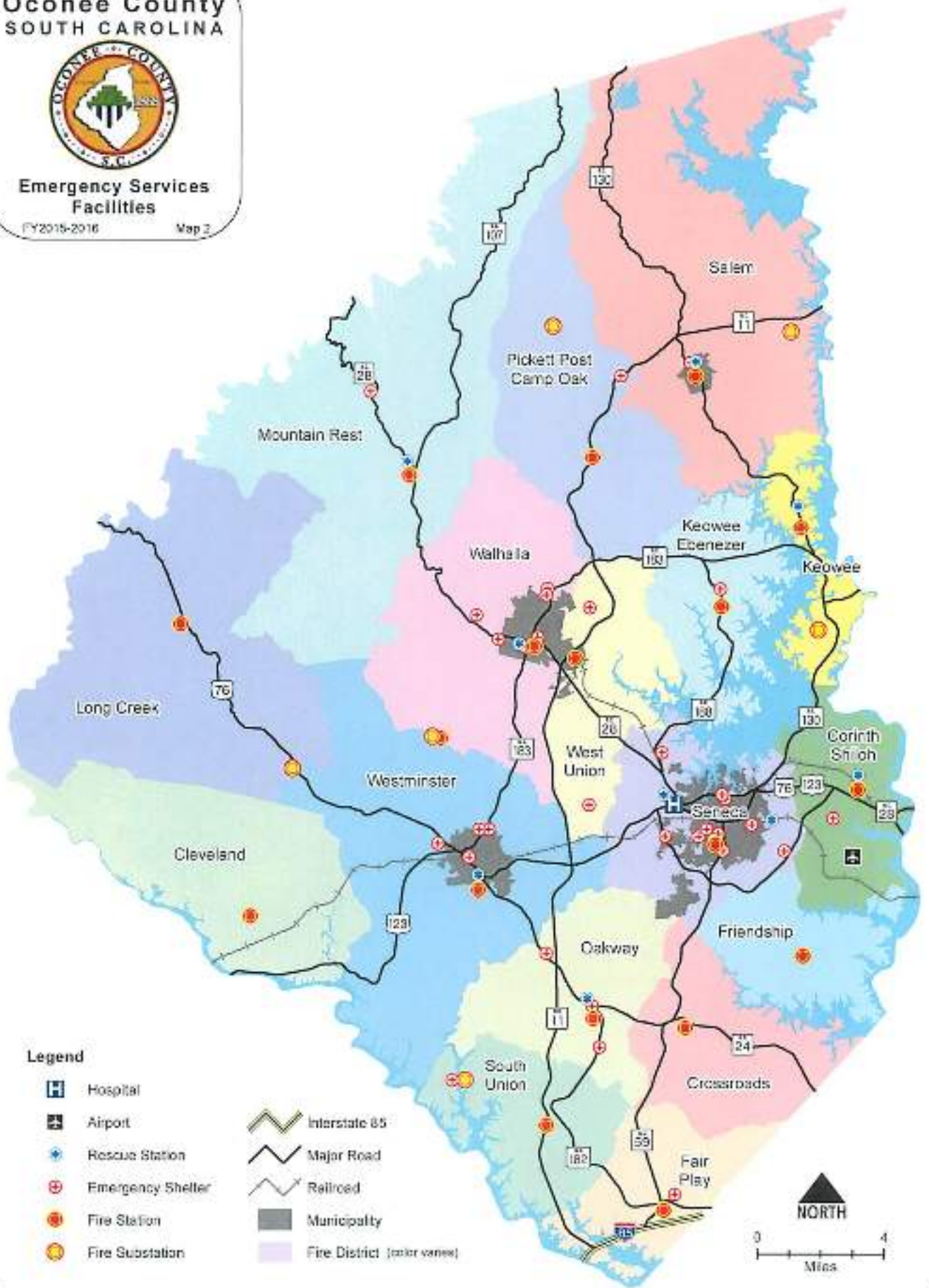
Oconee County
SOUTH CAROLINA



Emergency Services
Facilities

FY2015-2016

Map 2

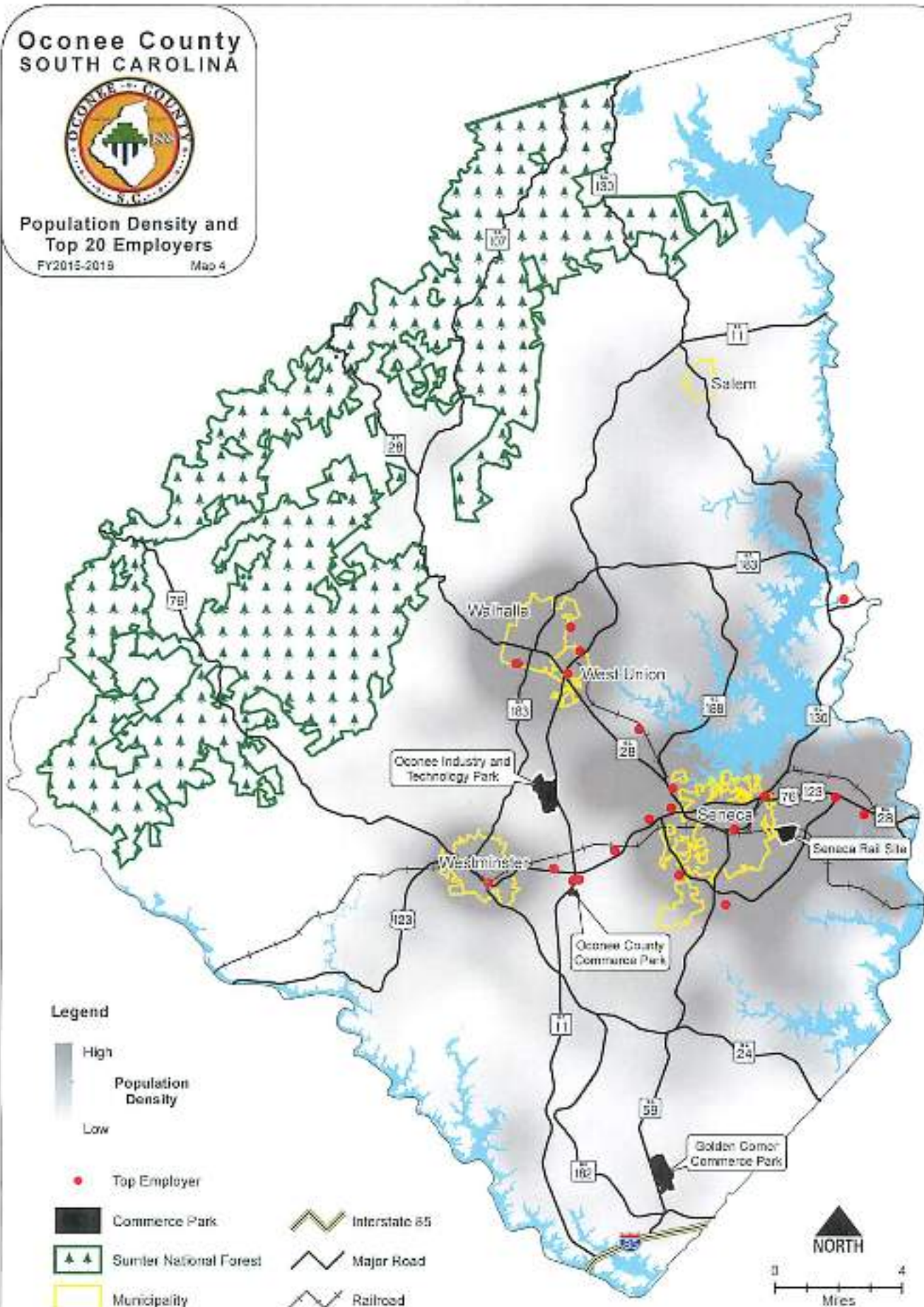


Oconee County
SOUTH CAROLINA



Population Density and
Top 20 Employers

FY2015-2019 Map 4



Legend

High
Population Density
Low

• Top Employer

■ Commerce Park

▲▲ Sumter National Forest

□ Municipality

— Interstate 85

— Major Road

— Railroad

NORTH
0 4
Miles

Source: S.C. Department of Employment and Workforce (June 2015) and U.S. Census Bureau (2010)



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Oconee County Council
of Oconee County
Walhalla, South Carolina**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Oconee County, South Carolina** (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Oconee County, South Carolina's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 Tax District, which represents 100% of the assets, net position and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Keowee Fire Tax District, is based solely 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Oconee County, South Carolina as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis (on pages 4 through 15), the pension information for the Retirement Plans for the employees of Oconee County, South Carolina (on pages 77 and 78), and the Schedule of Funding Progress (on page 81) 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. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oconee County, South Carolina’s basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The summary schedule of court fines, assessments and surcharges is presented for purposes of additional analysis as required by the State of South Carolina, and is not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, summary schedule of court fines, assessments and surcharges, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, budgetary comparison schedules, summary schedule of court fines, assessments and surcharges, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015, on our consideration of Oconee County, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oconee County, South Carolina's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
December 8, 2015

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, 2015. Please read the information presented here in conjunction with additional information presented with the County's financial statements.

FINANCIAL HIGHLIGHTS

- The County implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, which required a restatement of beginning net position in the governmental activities and business-type activities in the amounts of \$30,556,116 and \$1,416,108, respectively.
- Oconee County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources as of June 30, 2015 by \$128,573,480, which was an increase from the prior year of 1.9 percent. The County's deficit unrestricted net position was \$7,426,652.
- The County's governmental activities reported an increase in net position of \$3,560,446 resulting from the fiscal year 2015 activity. Net position of the business-type activities decreased \$1,176,414 due to the fiscal year 2015 activity. Overall the County's net position increased \$2,384,032.
- During the year, the County had expenditures in governmental activities that were \$2,810,446 less than the \$54,219,572 generated in tax and other revenues for governmental programs (before transfers). For comparison, the prior year expenses were \$680,770 more than the prior year revenues (before transfers) as reflected in the Changes in Net Position Figure 2.
- The General Fund reported a decrease in fund balance of \$699,494 resulting from fiscal year 2015 activity, resulting in an ending fund balance of \$21,433,470.
- In the General Fund, actual revenue sources available for appropriation were \$706,426 less than anticipated primarily due to property tax revenue, intergovernmental revenue and charges for services. Actual expenditures were \$1,009,307 less than the final budgeted expenditures. Further, actual revenues were \$1,579,588 less 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 Position 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 position 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 Position and the Statement of Activities are divided into two 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. In addition, activity for the Fiber Optics Creating Unified Solutions (FOCUS) project is a business-type activity as the County will lease bandwidth to customers to generate revenues.

The next statements are fund financial statements that begin on page 18. 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 Position 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 Position and the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities. Following the governmental fund statements is the General Fund Budgetary Comparison Schedule. It includes the original budget, final budget as amended, and actual, all of which are required supplementary information. In this report, the County includes a variance column, which is not required.
- **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 Position, the Statement of Revenues, Expenses and Changes in Net Position, 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 two enterprise funds. The reporting for these enterprise funds 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 four types of funds: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds, of which the County only has agency funds. Because the County acts as a clearing account to distribute certain financial resources to other entities, the County must report these activities separately, in agency funds, thereby demonstrating that those resources were used for and by the specific entity for which they were collected. The report for the agency funds is the Statement of Fiduciary Net Position where the assets equal the liabilities.

Following the financial statements are the Notes to the Financial Statements which 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, information on the County's capital assets and long-term debt, employee and post-employment health insurance plan information, information related to the County's retirement plans, and more.

Finally, the County must include additional supplementary information. Also, the Schedule of Funding Progress - Other Post-Employment Benefits is required supplementary information that addresses the County's liability for health care benefits for retired employees and progress of funding this liability. The County also presents supplementary information which includes the detailed financial statements and schedules for the non-major funds and various schedules for state and federal requirements. The final section relates to compliance and it includes the compliance reports, schedule of expenditures of federal awards and notes, and a schedule of findings and questioned costs. The completed financial report provides information indicating the accountability of the government and the County's resulting financial position.

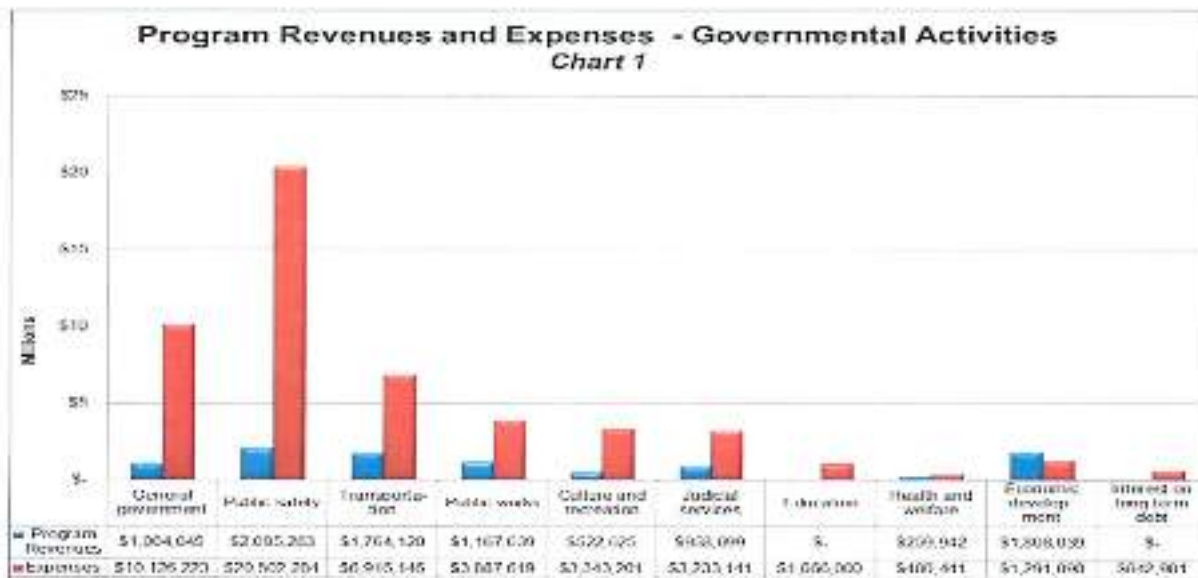
GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position 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, 2015 display combined net position of \$128.6 million, or 1.9 percent above June 30, 2014. The largest portion of the net position (102.2 percent) reflects the County's investment in capital assets (e.g., land, buildings, equipment and infrastructure) less any related debt still outstanding that was issued to acquire those items. The County's investment in its capital assets is reported net of the outstanding related debt, however, 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 position (3.4 percent) represents resources that are subject to external restrictions on how they may be used. The final portion of net position (-5.8 percent) is unrestricted net position, with a negative balance of \$7.4 million at June 30, 2015. Unrestricted net position includes \$8,586,242 of assets held for development that are not available to satisfy the obligations of the County because those assets are to be donated for economic development in the County.

Dorcas County's Net Position Figure 1						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 41,951,969	\$ 57,901,781	\$ 3,262,074	\$ 3,269,027	\$ 45,214,043	\$ 61,170,808
Capital assets	132,178,594	120,883,588	15,876,314	15,418,889	148,054,908	136,302,477
Total assets	\$ 174,130,563	\$ 178,785,369	\$ 19,138,388	\$ 18,687,916	\$ 193,276,756	\$ 214,688,285
Defined charge or refunding	\$ -	\$ 22,242	\$ -	\$ -	\$ -	\$ 22,242
Pension - South Carolina Retirement System	1,794,436	1,174,583	422,055	93,206	2,216,491	1,267,789
Pension - South Carolina Police Officers' Retirement System	1,112,208	791,650	-	-	1,112,208	791,650
Total defined outflow of resources	\$ 2,906,644	\$ 1,988,475	\$ 422,055	\$ 93,206	\$ 3,328,700	\$ 2,059,639
Long-term liabilities	\$ 29,923,777	\$ 30,000,221	\$ 7,071,057	\$ 6,250,189	\$ 37,000,834	\$ 36,250,410
Other liabilities	35,021,003	39,580,751	788,062	287,228	35,809,065	39,867,979
Total liabilities	\$ 64,944,780	\$ 69,580,972	\$ 7,859,119	\$ 6,537,417	\$ 72,803,899	\$ 76,118,389
Pension - South Carolina Retirement System	\$ 1,771,607	\$ -	\$ 422,055	\$ -	\$ 2,193,662	\$ -
Pension - South Carolina Police Officers' Retirement System	1,185,949	-	-	-	1,185,949	-
Total defined inflow of resources	\$ 2,957,556	\$ -	\$ 422,055	\$ -	\$ 3,379,611	\$ -
Net position						
Net investment in capital assets	\$ 110,270,114	\$ 98,724,529	\$ 16,675,314	\$ 15,418,889	\$ 126,945,428	\$ 114,143,418
Restricted	4,547,704	3,974,450	-	-	4,547,704	3,974,450
Unrestricted (deficit)	(2,880,215)	11,224,174	(4,290,442)	(3,162,800)	(7,470,657)	8,071,571
Total net position	\$ 111,937,603	\$ 113,923,153	\$ 12,384,872	\$ 12,256,089	\$ 124,062,475	\$ 126,189,439

Oconee County's Changes in Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2014	2016	2014	2016	2014
Revenues						
<i>Program revenues:</i>						
Charges for services	\$ 5,220,956	\$ 5,124,232	\$ 4,644,025	\$ 3,435,048	\$ 9,865,484	\$ 8,552,280
Operating grants and contributions	1,805,624	1,825,061	-	-	1,805,624	1,825,061
Capital grants and contributions	2,531,412	2,022,895	-	-	2,531,412	2,022,895
<i>General revenues:</i>						
Property taxes	40,205,079	39,825,940	-	-	40,205,079	39,825,940
Other taxes	883,908	843,741	-	-	883,908	843,741
Grants and contributions not restricted to specific programs	2,780,812	2,743,615	-	-	2,780,812	2,743,615
Interest income	521,943	483,260	13,683	143	535,826	483,403
Miscellaneous	-	-	-	-	-	-
Proceeds from Legal Settlement	-	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-	-
Insurance recoveries	203,750	-	-	-	203,750	-
Total revenues	\$ 54,219,572	\$ 50,069,750	\$ 4,658,411	\$ 3,435,191	\$ 58,877,963	\$ 53,507,941
Program expenses						
General government	\$ 10,125,223	\$ 10,047,351	\$ -	\$ -	\$ 10,125,223	\$ 10,047,351
Public safety	20,502,284	20,131,431	-	-	20,502,284	20,131,431
Transportation	9,915,146	8,008,004	-	-	9,915,146	8,008,004
Public works	3,887,619	3,897,003	-	-	3,887,619	3,897,003
Culture and recreation	3,343,201	3,213,785	-	-	3,343,201	3,213,785
Judicial services	3,233,141	3,045,553	-	-	3,233,141	3,045,553
Education	1,065,000	1,041,785	-	-	1,065,000	1,041,785
Health and welfare	400,441	1,357,650	-	-	400,441	1,057,650
Economic development	1,291,000	2,454,331	-	-	1,291,000	2,454,331
Interest and fiscal charges	642,951	852,127	-	-	642,951	852,127
FOCUS	-	-	2,324,110	1,605,700	2,324,110	1,605,700
Rock quarry	-	-	2,780,715	2,727,275	2,780,715	2,727,275
Total expenses	\$ 51,400,128	\$ 53,750,520	\$ 5,084,825	\$ 4,333,978	\$ 56,485,953	\$ 58,084,498
Excess (deficiency) before transfers	\$ 2,819,445	\$ (3,680,770)	\$ (426,414)	\$ (898,787)	\$ 2,393,032	\$ (1,676,557)
Transfers	750,000	1,583,009	(750,000)	(1,583,009)	-	-
Increase (decrease) in net position	\$ 3,569,445	\$ 192,239	\$ (1,176,414)	\$ (2,476,796)	\$ 2,393,032	\$ (1,676,557)



The Statement of Activities on page 17 shows that the County's total revenues, including charges for services, operating grants and contributions, capital grants and contributions, and general revenues, increased to \$58.9 million, or 4.2 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 increased 15.2 percent, or \$1.3 million, from fiscal year 2014 to fiscal year 2015. 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, \$1.9 million, are used to fund the general operations of certain programs of the County. The operating grants decreased from the prior year by \$36,437 (1.9 percent). This decrease is due to the governmental activities general government, culture and recreation and economic development programs. Capital grants and contributions fund the purchase of capital assets and improvements. During 2015, the County received \$2.5 million in capital grants compared to the \$2 million received for fiscal year 2014, a 25.1 percent increase. The majority of this increase pertains to the transportation and economic development programs. Property tax revenues increased by \$281,133 (0.7 percent).

The total governmental and business-type activities program expenses decreased \$1.6 million, which is composed primarily of decreases in economic development (\$1,163,241), transportation (\$1,091,858), health and welfare (\$657,209) and interest on long-term debt (\$209,146) offset by increases in FOCUS (\$717,407), public safety (\$370,853), judicial services (\$186,588), culture and recreation (\$129,416), general government (\$78,872), Rock Quarry (\$35,135), and education (\$24,215). The decrease in economic development expenses resulted from the construction progress being impeded by slow approval of the federal grants to fund the further development of the waste water treatment facilities for the Golden Corner Commerce Park (GCCP). FOCUS expenses increased mainly due to professional services and employee salaries and fringe benefits. The net revenue, (difference between program revenues and program expenses), for all programs and services increased \$4.0 million from the previous year, due to the decreased expenses noted.

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

Governmental Activities

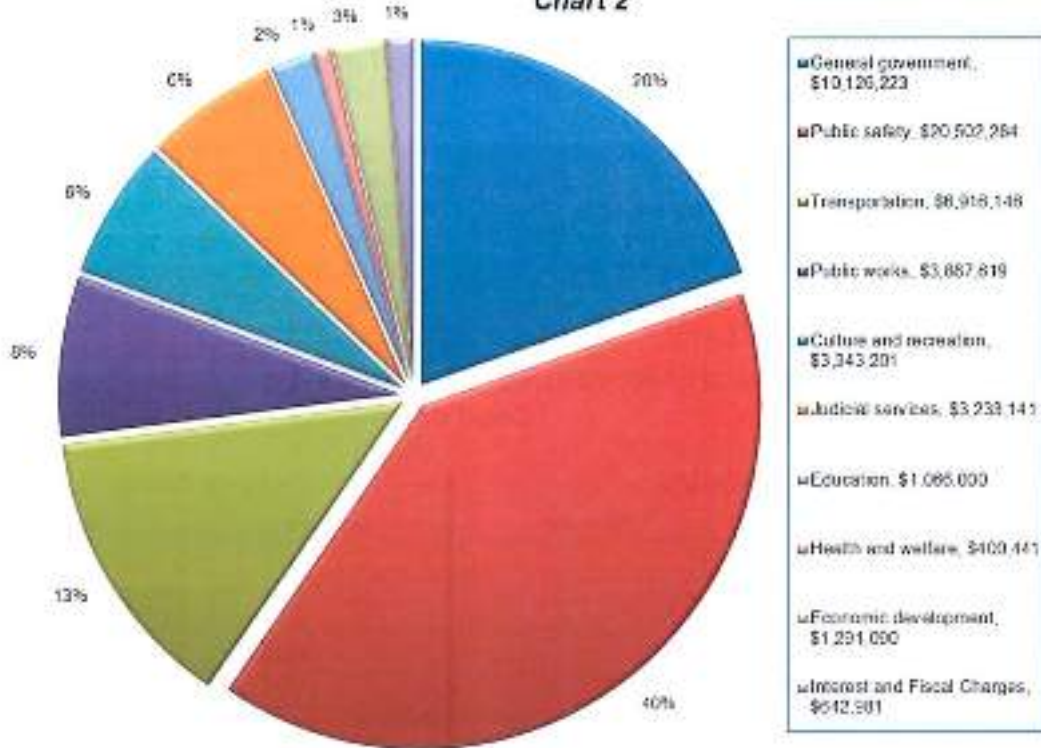
Net position of the County's governmental activities increased from 2014 to 2015. This \$3,560,446 increase is due to increased revenues and decreased expenditures in 2015 as compared to 2014. The governmental activities unrestricted net position at June 30, 2015 totaled a negative \$2.8 million, a decrease from the prior year of \$14.1 million. This significant decrease is the result of the implementation of GASB 68 during the year. Additionally, the fiscal year 2015 total net position from the governmental activities operations included an increase in the restricted net position of \$573,245. Furthermore, the net investment in capital assets increased by \$17.1 million.

The cost of all governmental activities this year was \$51.4 million compared to \$53.8 million last year due mainly to the decrease in economic development and transportation.

The amount that our taxpayers paid in County property taxes to finance the governmental activities was \$40.2 million. Some operating costs were paid either by those who directly benefited from the services offered (\$5.2 million) through charges for services or other governments and organizations that subsidized certain programs with both operating and capital grants and contributions (\$4.4 million). Overall, the County's governmental program revenues, consisting of both fees for services and intergovernmental aid, increased marginally from \$9.1 million in 2014 to \$9.6 million in 2015. Both the transportation and economic development programs capital grants and contributions increased as a result of state and federal funding opportunities with initiatives that provide infrastructure improvements and job growth and encourage economic development in the County.

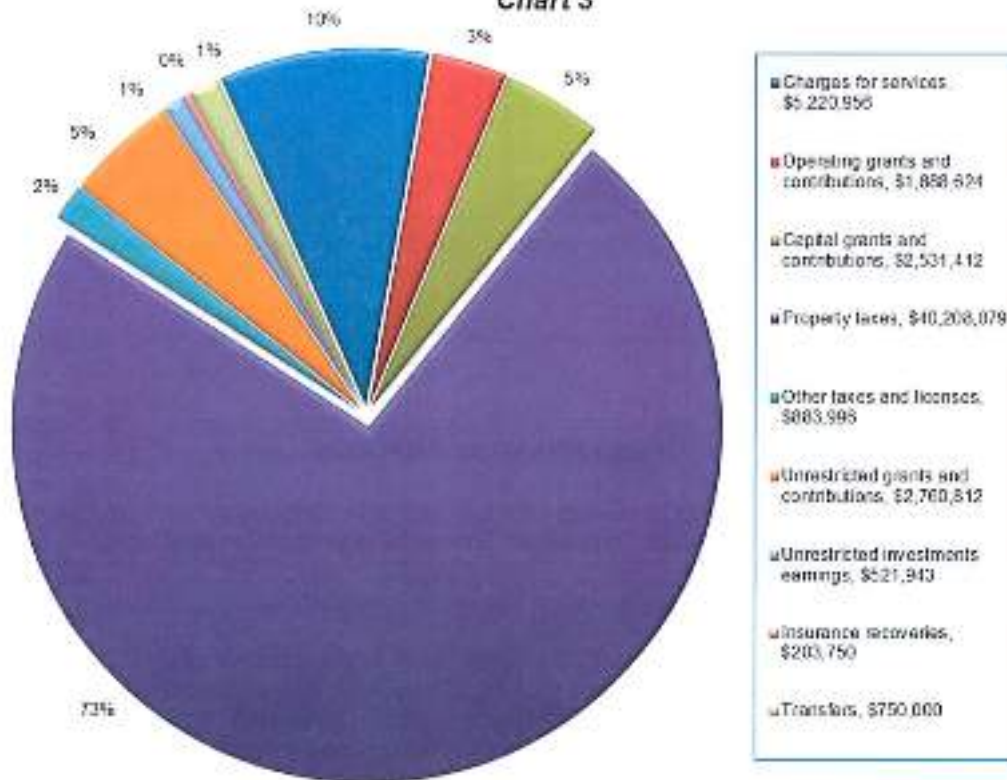
Expenses by Program - Governmental Activities

Chart 2



Revenues by Source - Governmental Activities

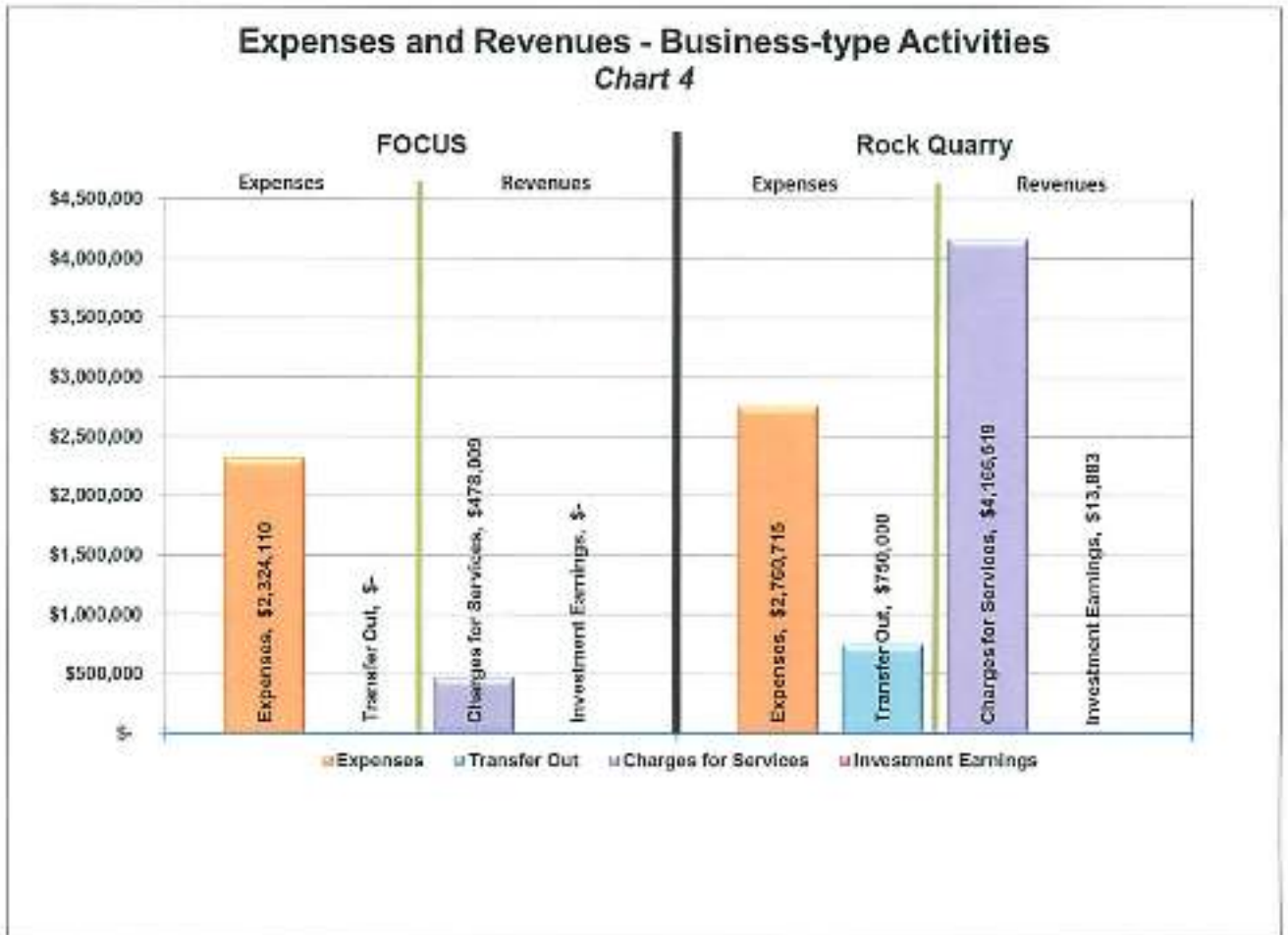
Chart 3



Business-type Activities

Total net position of the business-type activities decreased by \$1,176,414 or 9.6 percent. The decrease in the total net position is a result of an increase in expenses and an increase in the net investment in capital assets portion of net position.

Fiscal year 2015 business-type activities program revenues increased by \$1.2 million, or 35.1 percent, over fiscal year 2014. FOCUS had an increase in lease revenues of \$440,230 over the prior year. The Rock Quarry had an increase in program revenues of \$773,350 for rock sales. The business-type activities expenses increased 13.9 percent, or \$750,847. This is primarily due to increases in the depreciation expense for the FOCUS project and in the professional services and supplies for the Rock Quarry.



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 24.

Governmental Funds

At completion of fiscal year 2015, the County's governmental funds reported total fund balances of \$41.3 million, which was a decrease from last year's total by \$11 million. This decrease was primarily related to activity within the Capital Projects Fund. Total governmental revenues increased \$948,054, or 1.8 percent mainly as a result of increased property tax collections and intergovernmental revenues. Total governmental funds expenditures increased slightly by \$59,460, or 0.1 percent, from the prior year. The increase in expenditures from capital outlay in the Capital Projects Fund and the decreased expenditures in the economic development program within the Economic Development Fund virtually offset each other producing the small increase.

The chief operating and major fund of the County is the General Fund. At the end of the fiscal year, the unassigned fund balance of the General Fund was \$7.7 million, while its total fund balance was \$21.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to its total original budgeted expenditures for the following year. The unassigned fund balance represents 18.8 percent of the total General Fund expenditures, while the total fund balance represents 52.2 percent of that same amount. The General Fund revenues have decreased marginally by \$11,880 from 2014. General Fund expenditures increased 3.3 percent primarily in the public safety and health and welfare programs.

The County is required to present individual financial statements for each of the County's most significant, or major, funds. The General Fund is always a major fund. In addition, other governmental and enterprise funds must be reported as a major fund if both of the following criteria have been met.

- a) Total assets, liabilities, revenues, or expenses/expenditures of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for that element (assets, liabilities, etc.) for all funds of that category or type.
- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for that element (assets, liabilities, etc.) of all governmental and enterprise funds combined.

The County could decide to include any governmental or enterprise fund's individual financial statements as a major fund, even if they do not meet the criteria for major fund reporting.

The following funds have met the criteria for inclusion as a major fund.

Capital Projects Fund – this fund accounts for the acquisition and construction of capital assets. The June 30, 2015 fund balance was \$764,270, a decrease of \$13.7 million from the June 30, 2014 fund balance. During the year, the detention center construction project was nearly completed which exhausted most of the bond proceeds for that project.

Economic Development Capital Projects Fund – this fund accounts for property taxes, grants, and other funding sources restricted for the acquisition and construction of economic development properties and infrastructure. The revenues collected in fiscal year 2014 - 2015 were \$3.3 million. Expenditures related a temporary halt to the development of the GCCP waste water treatment facilities contributed to the \$6.5 million, or 82 percent, decrease from 2014.

Proprietary Funds

The County reports two enterprise funds. Those funds are the Rock Quarry Fund and the FOCUS Fund. The Rock Quarry produces and sells mined blue granite for use in construction and landscaping. The FOCUS fund has completed the backbone installation for the countywide fiber optics broadband network, but is installing cabling to businesses and residences as requested. The total net position for both proprietary funds at June 30, 2015 was \$11.1 million, of which \$4.4 million is related to the Rock Quarry and \$6.7 million related to FOCUS. The Rock Quarry transferred \$750,000 of its income to the General Fund, decreasing net position of the Rock Quarry by \$669,687 from the previous year. The FOCUS fund's net position decreased \$1.8 million due to accumulated depreciation. See analysis of business-type activities above for further discussion of revenues and expenses for proprietary funds.

General Fund Budgetary Highlights

In the 2015 adopted budget (Ordinance 2014-01), the General Fund's original budget totaled \$41,195,283. Encumbrances for purchase orders involving capital expenditures with an outstanding balance at fiscal year-end 2014 did not lapse and were allowed to roll forward to the 2015 budget year as allowed in the budget provisions. The 2014 fiscal year end's encumbrances added \$574,435 in amendments to the original 2015 budget.

By the end of the year, General Fund actual revenues totaled \$39,505,016; \$706,426 less than the final budget attributed mainly to reductions in the property tax revenue, intergovernmental revenue, and the charges for services categories. During the year, expenditure budget amendments increased the total budgeted expenditures by \$1,251,847, which included the purchase order encumbrances from June 30, 2014. Actual expenditures totaled \$41,084,604, thus creating a budget variance in total expenditures of

\$1,009,307. This difference between the actual expenditures and the final budgeted expenditures was accomplished by actual expenditures being less than the final budget in all functions of the general fund. Equally important to note, the actual expenditures were more than the original budget by \$242,540 and the original and final budgeted revenues were the same.

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, 2015, totals \$147.9 million (net of accumulated depreciation and depletion). These assets include land, construction in progress, infrastructure land rights, buildings and improvements, vehicles and equipment, infrastructure, permits and mineral interests. The net increase (including additions and deductions) is \$11.6 million, or 8.5 percent, above last year. The increase is due to numerous capital projects expenditures.

Oconee County's Capital Assets <i>Net of Accumulated Depreciation and Depletion</i> <i>Figure 3</i>						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 3,359,066	\$ 3,249,630	\$ 393,580	\$ 393,590	\$ 3,752,656	\$ 3,643,220
Infrastructure Land Rights	36,895,456	36,841,456	-	-	36,895,456	36,841,456
Construction in Progress	29,397,542	14,184,682	-	-	29,397,542	14,184,682
Building and Improvements	34,793,137	38,200,890	227,109	253,424	35,020,246	38,454,314
Equipment and Vehicles	8,941,203	10,802,896	2,028,088	1,096,892	10,969,291	11,899,788
Infrastructure	18,759,679	18,784,432	12,747,412	13,366,934	31,507,091	32,151,366
Other	44,451	-	-	-	44,451	-
Mineral Interests	-	-	282,137	289,019	282,137	289,019
Total	\$ 132,178,534	\$ 120,963,536	\$ 15,676,314	\$ 15,418,839	\$ 147,854,848	\$ 136,282,477

Major capital asset transactions during the year include:

- Construction in progress for:
 - New detention center facility, \$13,552,519;
 - Sewer South project lines and lift stations, \$559,863;
 - GCCP waste water treatment plant, \$189,920;
 - Shiloh emergency substation, \$2,800;
 - Whetstone emergency substation, \$800;
 - Chechee Valley emergency substation, \$7,250;
 - Airport improvement projects, \$154,709;
 - Six County roads, \$63,192;
 - Three County bridges, \$438,692; and
 - Installation of Sheriff's department software system upgrade, \$359,729; and
- Asset additions for:
 - Coroner's office, \$357,294;
 - 2.58 acres for the airport expansion, \$119,436;
 - Fourteen County roads, \$713,657 and one bridge, \$174,588;
 - Fifteen passenger vehicles, \$441,754;
 - Two rigid-frame haul trucks for the Rock Quarry, \$823,300; and
 - Oconee FOCUS last-mile additions to inside and outside plant, \$268,247.

Additional information on the County's capital assets can be found in Note 5 on pages 46 - 48 of the basic financial statements.

Long-term Debt

As of June 30, 2015, the County had outstanding a total bonded debt of approximately \$15.6 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 Primary Government	
	2015	2014	2015	2014	2015	2014
General obligation (GO) bonds						
<i>Applicable to the debt margin:</i>						
GO bonds	\$ 13,065,000	\$ 14,380,000	\$ -	\$ -	\$ 13,065,000	\$ 14,380,000
Plus unamortized premium	577,178	648,793	-	-	577,178	648,793
GO refunding bonds	1,360,000	2,005,000	-	-	1,360,000	2,005,000
Plus unamortized premium	23,022	45,499	-	-	23,022	45,499
Total GO bonds applicable to the debt margin	\$ 14,965,178	\$ 17,079,292	\$ -	\$ -	\$ 14,965,178	\$ 17,079,292
<i>Not applicable to the debt margin:</i>						
GO bonds for special tax districts	\$ 660,000	\$ 760,000	\$ -	\$ -	\$ 660,000	\$ 760,000
Total GO bonds not applicable to the debt margin	\$ 660,000	\$ 760,000	\$ -	\$ -	\$ 660,000	\$ 760,000
Total GO bonds	\$ 15,625,178	\$ 17,839,292	\$ -	\$ -	\$ 15,625,178	\$ 17,839,292
Capital lease obligations	1,844,489	2,987,597	-	-	1,844,489	2,987,597
Special source refunding revenue bonds	2,758,000	2,893,000	-	-	2,758,000	2,893,000
Total outstanding debt	\$ 20,247,667	\$ 23,820,289	\$ -	\$ -	\$ 20,247,667	\$ 23,820,289

At June 30, 2015, the County's total outstanding general obligation (GO) debt in the governmental funds was \$15,645,178. The outstanding balance consists of the series 2007 Keowee Fire Tax District GO bonds, series 2010 GO refunding bonds, series 2011 Detention Center GO bonds, and the series 2013 Echo Hills Commerce Park GO bonds.

As a part of the process of issuing new debt, credit rating assessments are reviewed by credit rating agencies. The two main credit rating agencies are Moody's Investors Service and Standard & Poor's. Each rating agency interprets the County's data slightly differently, resulting in possibly different ratings. On July 3, 2014, Standard & Poor's upgraded the County's ratings from "AA" - to "AA"; while the County's rating remains at "Aa2" with Moody's Investors Service. These stable bond ratings are a clear indication of the continued sound financial condition of the County and are 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 of general obligation debt that the County could borrow without a referendum), for the County is approximately \$28.7 million, which is a 3.1 percent increase from the prior year. GO debt issued for special tax districts does not apply to the legal debt margin calculation.

The outstanding balance of the series 2014 special source refunding revenue bond is \$2,758,000. Since special source refunding revenue bonds are repaid with special revenues and not with property taxes, they are not included in the calculations of the above stated debt limits.

The 2013 capital lease purchase had an outstanding balance of \$1,844,489. The enterprise funds do 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 2015, the estimated liability was reduced by \$126,689 due to the current year's portion. The balance of the estimated liability for closure and post-closure care costs at June 30, 2015 is \$2.3 million.

Included in the long-term liabilities are the compensated absences, which consist of accrued accumulated unpaid vacation time, earned by County employees. The estimated long-term liability for annual leave is \$1,250,214 for the governmental activities and \$93,359 for the business-type activities.

Finally, the long-term liabilities include the net post-employment benefit obligation as well as the net pension liability for state retirement. At fiscal year end, the net post-employment benefit obligation for the governmental activities was \$2,828,196, an increase of \$399,702 from 2014. The business-type activities net post-employment benefit obligation increased \$37,609 during 2015 to \$131,554 at fiscal year-end. At fiscal year-end, the net pension liability for the governmental activities was \$30,831,126, a decrease of \$1.6 million from 2014. The business-type activities net pension liability decreased \$60,047 during 2015 to \$1,436,347 at fiscal year-end.

Additional information regarding the County's long-term liabilities can be found in Note 6 on pages 49 - 53 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The national economy continues to impact Oconee County, although there are definite indications of improvement. The County's unemployment rate, as of October 2015, was 5.3 percent which is lower than the October 2014 rate of 6.3 percent. The State's unemployment rates for the same periods are 5.8 percent and 6.6 percent, respectively. Oconee County continues to make significant investments in economic development including the development of land specifically to attract industry and thereby employment opportunities to Oconee County. These investments combined with our proximity to the Interstate 85 corridor, the outstanding natural beauty of our mountains and lakes, an excellent school system, and our workforce's outstanding work ethic have placed the County in an excellent position for future growth.

Oconee County Ordinance 2015-01 establishes the budget and provides for the levy of taxes for ordinary County purposes for fiscal year beginning July 1, 2015 and ending June 30, 2016. Appropriations in the 2015-2016 annual adopted budgets provide funding for:

- **Governmental funds:**
 - General Fund, \$41,848,004,
 - Special revenues funds for:
 - Emergency Services Protection, \$1,702,000,
 - Road Maintenance, \$1,282,600,
 - Tri-County Technical College Operations, \$1,786,000,
 - Victims Services – Sheriff's Office, \$138,264,
 - Victims Services – Solicitor's Office, \$61,430,
 - 911 Communications, \$504,000,
 - Capital projects funds for:
 - Bridge and Culvert, \$1,725,000,
 - Capital Projects (lease purchase), \$4,111,551,
 - Economic Development, \$2,812,000,
 - Debt service fund, \$3,046,679,
- **Enterprise funds:**
 - Rock Quarry, \$3,269,548, and
 - Oconee FOCUS, \$2,278,241.

The total budget for these funds is \$64,565,317. The General Fund's adopted budget for fiscal year 2016 totals \$41,848,004, which is more than the prior year's budget by \$652,721. The increase is due to the addition of staff to operate the new detention center facility that is expected to be operational in the first half of the fiscal year.

The total millage levied for fiscal year ending June 30, 2016 for the County's incorporated areas is 71 mills and the unincorporated areas is 73.9 mills. The unincorporated and the incorporated millage rates did not change from the prior year.

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

Or on the web at: www.OconeeSC.com.

OCONEE COUNTY, SOUTH CAROLINA

STATEMENT OF NET POSITION JUNE 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Keowee Fire Tax District
ASSETS				
Cash and cash equivalents	\$ 19,135,841	\$ 2,183,547	\$ 21,319,388	\$ 611,017
Investments	9,735,793	496,670	10,232,463	-
Receivables:				
Taxes	1,322,274	-	1,322,274	7,399
Accounts	194,278	197,071	391,349	-
Due from other governments	1,465,865	15,882	1,481,747	11,250
Internal balances	5,410,737	(5,410,737)	-	-
Due from component unit	680,000	-	680,000	-
Inventories	182,071	368,904	550,975	-
Prepaid expenses	8,189	-	8,189	-
Seized assets	194,160	-	194,160	-
Assets held for resale	56,419	-	56,419	-
Assets held for economic development	8,566,242	-	8,566,242	-
Capital assets:				
Nondepreciable	69,653,064	393,590	70,046,654	-
Depreciable, net	62,525,470	15,282,724	77,808,194	1,393,105
Total assets	<u>179,130,403</u>	<u>13,527,651</u>	<u>192,658,054</u>	<u>2,022,771</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	8,897	-	8,897	-
Pension - South Carolina Retirement System	1,794,436	122,655	1,917,091	-
Pension - South Carolina Police Officers Retirement System	1,112,208	-	1,112,208	62,627
Total deferred outflows of resources	<u>2,915,541</u>	<u>122,655</u>	<u>3,038,196</u>	<u>62,627</u>
LIABILITIES				
Accounts payable	3,322,439	600,599	3,923,038	-
Accrued liabilities	684,165	37,481	721,646	6,700
Unearned revenues	183,273	-	183,273	-
Due to primary government	-	-	-	680,000
Claims and judgments	-	150,000	150,000	-
Noncurrent liabilities:				
Due within one year	3,640,662	36,502	3,677,164	3,031
Due in more than one year	22,983,115	188,411	23,171,526	27,268
Net Pension Liability:				
South Carolina Retirement System	21,013,693	1,436,347	22,450,040	-
South Carolina Police Officers Retirement System	9,817,433	-	9,817,433	600,805
Total liabilities	<u>61,644,780</u>	<u>2,449,340</u>	<u>64,094,120</u>	<u>1,317,804</u>
DEFERRED INFLOWS OF RESOURCES				
Pension - South Carolina Retirement System	1,771,607	121,094	1,892,701	-
Pension - South Carolina Police Officers' Retirement System	1,135,949	-	1,135,949	69,518
Total deferred inflows of resources	<u>2,907,556</u>	<u>121,094</u>	<u>3,028,650</u>	<u>69,518</u>
NET POSITION				
Net investment in capital assets	115,776,114	15,676,314	131,452,428	676,142
Restricted for debt service	1,682,706	-	1,682,706	-
Restricted for culture and recreation	315,699	-	315,699	-
Restricted for public safety	2,549,299	-	2,549,299	15,432
Unrestricted	(2,830,210)	(4,596,442)	(7,426,652)	6,502
Total net position	<u>\$ 117,493,608</u>	<u>\$ 11,079,872</u>	<u>\$ 128,573,480</u>	<u>\$ 698,076</u>

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

OCONEE COUNTY, SOUTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>			<u>Keowee Fire Tax District</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Primary government:								
Governmental activities:								
General government	\$ 10,126,223	\$ 957,289	\$ 107,356	\$ -	\$ (9,061,578)	\$ -	\$ (9,061,578)	\$ -
Public safety	20,502,284	1,121,939	973,344	-	(18,407,001)	-	(18,407,001)	-
Transportation	6,916,146	840,747	-	923,373	(5,152,026)	-	(5,152,026)	-
Public works	3,887,619	1,143,107	24,532	-	(2,719,980)	-	(2,719,980)	-
Culture and recreation	3,343,201	378,066	144,559	-	(2,820,576)	-	(2,820,576)	-
Judicial services	3,233,141	779,808	178,891	-	(2,274,442)	-	(2,274,442)	-
Education	1,066,000	-	-	-	(1,066,000)	-	(1,066,000)	-
Health and welfare	400,441	-	259,942	-	(140,499)	-	(140,499)	-
Economic development	1,291,090	-	200,000	1,608,039	516,949	-	516,949	-
Interest on long-term debt	642,981	-	-	-	(642,981)	-	(642,981)	-
Total governmental activities	<u>51,409,126</u>	<u>5,220,956</u>	<u>1,888,624</u>	<u>2,531,412</u>	<u>(41,768,134)</u>	<u>-</u>	<u>(41,768,134)</u>	<u>-</u>
Business-type activities:								
FOCUS	2,324,110	478,009	-	-	-	(1,846,101)	(1,846,101)	-
Rock quarry	2,760,715	4,166,519	-	-	-	1,405,804	1,405,804	-
Total business-type activities	<u>5,084,825</u>	<u>4,644,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(440,297)</u>	<u>(440,297)</u>	<u>-</u>
Total primary government	<u>\$ 56,493,951</u>	<u>\$ 9,865,484</u>	<u>\$ 1,888,624</u>	<u>\$ 2,531,412</u>	<u>(41,768,134)</u>	<u>(440,297)</u>	<u>(42,208,431)</u>	<u>-</u>
Component unit:								
Keowee Fire Tax District	<u>\$ 758,182</u>	<u>\$ 51,000</u>	<u>\$ 22,447</u>	<u>\$ 5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(679,735)</u>
General revenues:								
Property taxes levied for:								
General purposes					32,067,162	-	32,067,162	-
Public safety					1,377,102	-	1,377,102	676,560
Debt service					3,587,523	-	3,587,523	-
Capital projects					519,413	-	519,413	-
Economic development					1,546,525	-	1,546,525	-
Education					1,110,354	-	1,110,354	-
Other taxes and licenses					883,996	-	883,996	-
Grants and contributions not restricted for a specific purpose					2,760,812	-	2,760,812	45,000
Unrestricted investment earnings					521,943	13,883	535,826	751
Gain on sale of capital assets					-	-	-	5,567
Insurance recovery					203,750	-	203,750	-
Transfers					750,000	(750,000)	-	-
Total general revenues and transfers					<u>45,328,580</u>	<u>(736,117)</u>	<u>44,592,463</u>	<u>727,878</u>
Change in net position					3,560,446	(1,176,414)	2,384,032	48,143
Net position, beginning of year, as restated					113,933,162	12,256,286	126,189,448	649,933
Net position, end of year					<u>\$ 117,493,608</u>	<u>\$ 11,079,872</u>	<u>\$ 128,573,480</u>	<u>\$ 698,076</u>

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

OCONEE COUNTY, SOUTH CAROLINA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>General</u>	<u>Capital Projects</u>	<u>Economic Development</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 13,420,565	\$ 1,919,204	\$ 409,509	\$ 3,386,563	\$ 19,135,841
Investments	785,793	-	3,000,000	5,950,000	9,735,793
Taxes receivable, net	1,077,748	-	29,723	214,803	1,322,274
Accounts receivable, net	132,763	-	-	61,515	194,278
Due from other governments	815,276	58,646	-	591,943	1,465,865
Due from other funds	578,838	-	-	-	578,838
Due from component unit	-	-	-	680,000	680,000
Advances to other funds	4,894,174	-	-	-	4,894,174
Prepaid expenditures	6,656	-	-	1,533	8,189
Inventories	182,071	-	-	-	182,071
Seized assets	-	-	-	194,160	194,160
Assets held for resale	56,419	-	-	-	56,419
Assets held for economic development	2,754,025	-	5,812,217	-	8,566,242
Total assets	\$ 24,704,328	\$ 1,977,850	\$ 9,251,449	\$ 11,080,517	\$ 47,014,144
LIABILITIES					
Accounts payable	\$ 1,769,306	\$ 1,176,750	\$ 86,149	\$ 290,234	\$ 3,322,439
Due to other funds	-	-	-	2,275	2,275
Accrued liabilities	493,057	-	-	5,691	498,748
Advances from other funds	-	-	-	60,000	60,000
Unearned revenue	2,198	-	-	181,075	183,273
Total liabilities	2,264,561	1,176,750	86,149	539,275	4,066,735
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	949,878	-	25,329	185,032	1,160,239
Unavailable revenue - seized property	-	-	-	194,160	194,160
Unavailable revenue - intergovernmental	-	36,830	-	223,418	260,248
Unavailable revenue - forfeited land commission	56,419	-	-	-	56,419
Total deferred inflows of resources	1,006,297	36,830	25,329	602,610	1,671,066
FUND BALANCES					
Nonspendable:					
Prepaid expenditures	6,656	-	-	1,533	8,189
Inventories	182,071	-	-	-	182,071
Assets held for resale	56,419	-	-	-	56,419
Assets held for economic development	2,754,025	-	5,812,217	-	8,566,242
Seized assets	-	-	-	194,160	194,160
Advances to other funds	4,894,174	-	-	-	4,894,174
Restricted for:					
General government	-	-	-	15,221	15,221
Public safety	-	-	-	2,549,299	2,549,299
Transportation	-	-	-	779,674	779,674
Culture and recreation	-	-	-	315,699	315,699
Judicial services	-	-	-	136,458	136,458
Education	-	-	-	1,044,835	1,044,835
Health and welfare	-	-	-	11,791	11,791
Economic development	-	-	-	1,088	1,088
Capital projects	-	764,270	1,497,754	3,211,598	5,473,622
Debt service	-	-	-	1,682,706	1,682,706
Committed:					
OJRSA	-	-	1,830,000	-	1,830,000
Assigned:					
Solid waste reserve	2,297,700	-	-	-	2,297,700
Health care reserve	2,592,895	-	-	-	2,592,895
OPEB reserve	622,749	-	-	-	622,749
Subsequent year's budget	345,996	-	-	-	345,996
Unassigned	7,680,785	-	-	(5,430)	7,675,355
Total fund balances	21,433,470	764,270	9,139,971	9,938,632	41,276,343
Total liabilities, deferred inflows of resources, and fund balances	\$ 24,704,328	\$ 1,977,850	\$ 9,251,449	\$ 11,080,517	\$ 47,014,144

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

OCONEE COUNTY, SOUTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balances for governmental funds:		\$ 41,276,343
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		132,178,534
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,671,066
Certain long-term liabilities are not due and payable in the current period and are therefore not reported in the funds. All liabilities, both current and long-term, are reported in the Statement of Net Position net of issuance premiums, discounts, and refunding deferral amounts.		
General obligation bonds	\$ (15,645,178)	
Unamortized refunding deferral amount on general obligation bonds	8,897	
Capital lease obligations	(1,844,489)	
Special source revenue bonds	(2,758,000)	
Other post-employment benefits	(2,828,196)	
Post-closure care liabilities	(2,297,700)	
Compensated absences payable	(1,250,214)	
Net pension liability	(30,832,038)	
Total long-term liabilities		(57,446,918)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(185,417)
Net position of governmental activities		<u>\$ 117,493,608</u>

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

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Capital Projects	Economic Development	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 30,770,115	\$ -	\$ 1,544,601	\$ 7,707,990	\$ 40,022,706
Other taxes	-	-	-	692,870	692,870
Intergovernmental	3,205,335	223,495	1,507,500	2,208,883	7,145,213
Licenses, permits and fees	3,125,355	-	-	11,210	3,136,565
Fines and forfeitures	291,686	-	-	105,594	397,280
Charges for services	1,511,531	-	-	-	1,511,531
Interest revenue	471,617	18,364	38	31,924	521,943
Contributions and donations	-	-	-	27,909	27,909
Other revenues	129,377	-	200,000	45,055	374,432
Total revenues	<u>39,505,016</u>	<u>241,859</u>	<u>3,252,139</u>	<u>10,831,435</u>	<u>53,830,449</u>
EXPENDITURES					
Current:					
General government	9,331,112	6,505	-	2,589	9,340,206
Public safety	17,100,408	-	-	2,427,652	19,528,060
Transportation	3,496,815	-	-	1,875,633	5,372,448
Public works	3,688,058	-	-	24,532	3,712,590
Culture and recreation	2,770,670	-	-	401,165	3,171,835
Judicial services	2,721,035	-	-	180,620	2,901,655
Education	-	-	-	1,066,000	1,066,000
Health and welfare	240,349	-	-	154,879	395,228
Economic development	544,645	-	1,240,445	100,000	1,885,090
Capital outlay	-	13,983,052	182,218	177,717	14,342,987
Debt service:					
Principal	1,143,508	-	-	2,335,000	3,478,508
Interest	48,004	-	-	695,866	743,870
Total expenditures	<u>41,084,604</u>	<u>13,989,557</u>	<u>1,422,663</u>	<u>9,441,653</u>	<u>65,938,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,579,588)</u>	<u>(13,747,698)</u>	<u>1,829,476</u>	<u>1,389,782</u>	<u>(12,108,028)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	781,857	-	72,725	40,000	894,582
Transfers out	(112,725)	-	-	(31,857)	(144,582)
Insurance recoveries	168,154	23,896	-	11,700	203,750
Proceeds from the sale of capital assets	42,808	64,300	-	-	107,108
Total other financing sources	<u>880,094</u>	<u>88,196</u>	<u>72,725</u>	<u>19,843</u>	<u>1,060,858</u>
Net change in fund balances	<u>(699,494)</u>	<u>(13,659,502)</u>	<u>1,902,201</u>	<u>1,409,625</u>	<u>(11,047,170)</u>
Fund balances, beginning of year	<u>22,132,964</u>	<u>14,423,772</u>	<u>7,237,770</u>	<u>8,529,007</u>	<u>52,323,513</u>
Fund balances, end of year	<u>\$ 21,433,470</u>	<u>\$ 764,270</u>	<u>\$ 9,139,971</u>	<u>\$ 9,938,632</u>	<u>\$ 41,276,343</u>

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

OCONEE COUNTY, SOUTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds \$ (11,047,170)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 17,487,709	
Depreciation expense	<u>(6,030,810)</u>	11,456,899

The net effect of various miscellaneous transactions (i.e., sales and donations) is to decrease net position. (141,953)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 185,373

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Also, the refunding deferral amount, which is the difference in the amount that is sent to the paying agent to be escrowed for payment of refunded debt and the principal amount of debt refunded, is amortized as an adjustment of interest expense in the statement of activities. The effects of these items are as follows:

Repayment of the principal of long-term debt	\$ 3,478,508	
Amortization of premium on long-term debt	94,114	
Amortization of the refunding deferral amount on the refunding general obligation bonds	<u>(13,345)</u>	3,559,277

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The following amounts represent the net liability changes using the full accrual method of accounting:

Pension liability	\$ (275,922)	
Landfill postclosure liability	126,689	
Compensated absences	76,835	
Accrued interest on long-term debt	20,120	
OPEB liability	<u>(399,702)</u>	<u>(451,980)</u>
		<u>\$ 3,560,446</u>

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

OCONEE COUNTY, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Taxes	\$ 31,182,317	\$ 31,182,317	\$ 30,770,115	\$ (412,202)
Intergovernmental	3,528,177	3,528,177	3,205,335	(322,842)
Licenses, permits and fees	2,823,182	2,823,182	3,125,355	302,173
Fines and forfeitures	333,500	333,500	291,686	(41,814)
Charges for services	1,829,600	1,829,600	1,511,531	(318,069)
Interest revenue	252,850	252,850	471,617	218,767
Other revenues	261,816	261,816	129,377	(132,439)
Total revenues	<u>40,211,442</u>	<u>40,211,442</u>	<u>39,505,016</u>	<u>(706,426)</u>
EXPENDITURES:				
Current:				
General government:				
County council	296,549	284,799	282,312	2,487
Legislative delegation	86,796	86,796	86,555	241
Non-departmental expenditures	1,609,700	1,615,132	991,382	623,750
Information technology	1,085,177	898,914	887,974	10,940
Procurement	156,952	158,452	157,565	887
Facilities maintenance	1,128,483	1,147,838	1,139,640	8,198
Registration and elections	184,520	218,820	218,521	299
Soil and water conservation	72,923	72,923	72,254	669
Administrator's office	462,205	513,377	463,507	49,870
Vehicle maintenance	842,031	799,771	789,892	9,879
Register of deeds	318,414	319,614	319,260	354
Assessor	1,081,826	1,043,520	1,026,405	17,115
Auditor	462,869	462,869	460,275	2,594
Board of assessment appeals	11,624	11,624	3,748	7,876
Tax collector	451,193	451,193	406,251	44,942
Treasurer	536,256	536,256	471,204	65,052
Direct aid	637,610	637,610	636,553	1,057
Administrative Services	915,468	928,077	917,814	10,263
Total general government	<u>10,340,596</u>	<u>10,187,585</u>	<u>9,331,112</u>	<u>856,473</u>
Public safety:				
Sheriff's department	7,097,408	7,474,500	7,453,019	21,481
Law enforcement center	2,981,440	2,980,215	2,947,915	32,300
Communications	1,524,092	1,405,275	1,404,723	552
Animal control	524,033	527,404	511,972	15,432
Coroner	164,241	564,392	554,363	10,029
Building codes	610,707	676,099	675,586	513
Emergency management	1,585,000	1,585,000	1,585,320	(320)
Fire services	1,579,452	1,651,334	1,649,987	1,347
Emergency services	368,763	318,263	317,523	740
Total public safety	<u>16,435,136</u>	<u>17,182,482</u>	<u>17,100,408</u>	<u>82,074</u>
Transportation:				
County airport	865,642	879,472	874,428	5,044
Roads department	2,626,487	2,651,732	2,622,387	29,345
Total transportation	<u>3,492,129</u>	<u>3,531,204</u>	<u>3,496,815</u>	<u>34,389</u>
Public works				
Solid waste	3,566,255	3,689,119	3,688,058	1,061

(Continued)

OCONEE COUNTY, SOUTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures: (Continued)				
Culture and recreation:				
Library	\$ 1,345,356	\$ 1,314,456	\$ 1,313,819	\$ 637
Parks, recreation and tourism	483,184	626,498	621,448	5,050
High Falls Park	295,933	301,226	302,245	(1,019)
South Cove Park	376,799	329,653	328,899	754
Chau Ram Park	197,061	199,854	204,259	(4,405)
Total culture and recreation	<u>2,698,333</u>	<u>2,771,687</u>	<u>2,770,670</u>	<u>1,017</u>
Judicial services:				
Clerk of court	661,120	659,140	658,313	827
Probate judge	380,493	407,643	406,892	751
Solicitor	696,914	691,914	691,447	467
Public defender	200,000	200,000	200,000	-
Magistrate office	722,898	765,382	764,383	999
Total judicial	<u>2,661,425</u>	<u>2,724,079</u>	<u>2,721,035</u>	<u>3,044</u>
Health and welfare:				
Department of social services	12,500	12,500	10,075	2,425
Health department	80,027	60,007	35,947	24,060
Veteran's affairs	189,460	194,480	194,327	153
Total health and welfare	<u>281,987</u>	<u>266,987</u>	<u>240,349</u>	<u>26,638</u>
Economic development:				
Economic development	512,051	549,256	544,645	4,611
Debt service				
	854,152	1,191,512	1,191,512	-
Total expenditures	<u>40,842,064</u>	<u>42,093,911</u>	<u>41,084,604</u>	<u>1,009,307</u>
Deficiency of revenues under expenditures	<u>(630,622)</u>	<u>(1,882,469)</u>	<u>(1,579,588)</u>	<u>302,881</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	804,000	804,000	781,857	(22,143)
Transfers out	(112,725)	(112,725)	(112,725)	-
Insurance recoveries	142,986	142,986	168,154	25,168
Proceeds from the sale of capital assets	36,855	36,855	42,808	5,953
Total other financing sources	<u>871,116</u>	<u>871,116</u>	<u>880,094</u>	<u>8,978</u>
Net change in fund balances	240,494	(1,011,353)	(699,494)	311,859
Fund balances, beginning of year	22,132,964	22,132,964	22,132,964	-
Fund balances, end of year	<u>\$ 22,373,458</u>	<u>\$ 21,121,611</u>	<u>\$ 21,433,470</u>	<u>\$ 311,859</u>

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

OCONEE COUNTY, SOUTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015**

ASSETS	Rock Quarry	FOCUS	Totals
CURRENT ASSETS			
Cash	\$ 2,183,547	\$ -	\$ 2,183,547
Investments	496,670	-	496,670
Receivables			
Accounts, net of allowance	44,558	152,513	197,071
Due from other governments	-	15,882	15,882
Inventories	368,904	-	368,904
Total current assets	<u>3,093,679</u>	<u>168,395</u>	<u>3,262,074</u>
NONCURRENT ASSETS			
Capital assets:			
Nondepreciable	393,590	-	393,590
Depreciable, net of accumulated depreciation	2,424,347	12,858,377	15,282,724
Total noncurrent assets	<u>2,817,937</u>	<u>12,858,377</u>	<u>15,676,314</u>
Total assets	<u>5,911,616</u>	<u>13,026,772</u>	<u>18,938,388</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension - South Carolina Retirement System	107,434	15,221	122,655
Total deferred outflows of resources	<u>107,434</u>	<u>15,221</u>	<u>122,655</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	32,179	568,420	600,599
Accrued liabilities	31,479	6,002	37,481
Current portion - compensated absences	31,840	4,662	36,502
Due to other funds	-	576,563	576,563
Claims and judgments	-	150,000	150,000
Total current liabilities	<u>95,498</u>	<u>1,305,647</u>	<u>1,401,145</u>
NONCURRENT LIABILITIES			
Compensated absences, net of current portion	44,577	12,280	56,857
Advances from other funds	-	4,834,174	4,834,174
Net OPEB obligation	103,608	27,946	131,554
Net pension liability - South Carolina Retirement System	1,258,103	178,244	1,436,347
Total noncurrent liabilities	<u>1,406,288</u>	<u>5,052,644</u>	<u>6,458,932</u>
Total liabilities	<u>1,501,786</u>	<u>6,358,291</u>	<u>7,860,077</u>
DEFERRED INFLOWS OF RESOURCES			
Pension - South Carolina Retirement System	106,067	15,027	121,094
Total deferred inflows of resources	<u>106,067</u>	<u>15,027</u>	<u>121,094</u>
NET POSITION			
Investment in capital assets	2,817,937	12,858,377	15,676,314
Unrestricted	1,593,260	(6,189,702)	(4,596,442)
Total net position	<u>\$ 4,411,197</u>	<u>\$ 6,668,675</u>	<u>\$ 11,079,872</u>

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

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Rock Quarry</u>	<u>FOCUS</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services:			
Outside customer sales	\$ 4,135,711	\$ 476,688	\$ 4,612,399
Miscellaneous operating revenues	30,808	1,321	32,129
Total operating revenues	<u>4,166,519</u>	<u>478,009</u>	<u>4,644,528</u>
OPERATING EXPENSES			
Salaries and fringe benefits	1,064,166	162,468	1,226,634
Supplies	36,883	674	37,557
Electricity and natural gas	73,225	110,010	183,235
Petroleum, oil and lubricants	217,919	-	217,919
Machinery, equipment repairs and maintenance	546,997	346,047	893,044
Professional services	382,979	413,624	796,603
Claims	-	150,000	150,000
Miscellaneous	94,170	4,194	98,364
Depreciation and depletion	344,376	933,795	1,278,171
Total operating expenses	<u>2,760,715</u>	<u>2,120,812</u>	<u>4,881,527</u>
Operating income (loss)	<u>1,405,804</u>	<u>(1,642,803)</u>	<u>(236,999)</u>
NON-OPERATING INCOME (EXPENSE)			
Interest income (expense)	13,883	(203,298)	(189,415)
Total non-operating income (expense)	<u>13,883</u>	<u>(203,298)</u>	<u>(189,415)</u>
Income (loss) before transfers	1,419,687	(1,846,101)	(426,414)
TRANSFERS			
Transfers out	(750,000)	-	(750,000)
Total transfers	<u>(750,000)</u>	<u>-</u>	<u>(750,000)</u>
Change in net position	669,687	(1,846,101)	(1,176,414)
Net position, beginning of year, as restated	<u>3,741,510</u>	<u>8,514,776</u>	<u>12,256,286</u>
Net position, end of year	<u>\$ 4,411,197</u>	<u>\$ 6,668,675</u>	<u>\$ 11,079,872</u>

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

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Rock Quarry</u>	<u>FOCUS</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,127,757	\$ 915,759	\$ 5,043,516
Payments to suppliers	(1,414,862)	(425,350)	(1,840,212)
Payments to employees	(1,022,139)	(155,200)	(1,177,339)
Net cash provided by operating activities	<u>1,690,756</u>	<u>335,209</u>	<u>2,025,965</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(750,000)	-	(750,000)
Net cash used in noncapital financing activities	<u>(750,000)</u>	<u>-</u>	<u>(750,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,200,387)	(335,209)	(1,535,596)
Net cash used in capital and related financing activities	<u>(1,200,387)</u>	<u>(335,209)</u>	<u>(1,535,596)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(496,670)	-	(496,670)
Interest and dividends received	13,883	-	13,883
Net cash used in investing activities	<u>(482,787)</u>	<u>-</u>	<u>(482,787)</u>
Net change in cash and cash equivalents	(742,418)	-	(742,418)
Cash and cash equivalents:			
Beginning of year	<u>2,925,965</u>	<u>-</u>	<u>2,925,965</u>
End of year	<u>\$ 2,183,547</u>	<u>\$ -</u>	<u>\$ 2,183,547</u>

(Continued)

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Rock Quarry</u>	<u>FOCUS</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 1,405,804	\$ (1,642,803)	\$ (236,999)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	344,376	933,795	1,278,171
Changes in assets and liabilities:			
Increase in accounts receivable	(38,762)	(122,931)	(161,693)
Increase in due from other governments	-	(15,882)	(15,882)
Increase in inventories	(61,720)	-	(61,720)
Increase in deferred outflows of resources	(37,111)	(5,258)	(42,369)
Decrease in accounts payable	(17,330)	430,395	413,065
Increase in accrued liabilities	16,095	1,981	18,076
Increase in claims and judgments	-	150,000	150,000
Increase in Net OPEB obligation	21,122	16,487	37,609
Increase in compensated absences	4,810	5,287	10,097
Increase in due to other funds	-	576,563	576,563
Decrease in net pension liability	(52,595)	(7,452)	(60,047)
Increase in deferred inflows of resources	106,067	15,027	121,094
Net cash provided by operating activities	<u>\$ 1,690,756</u>	<u>\$ 335,209</u>	<u>\$ 2,025,965</u>

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

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 8,290,519
Taxes receivable	<u>2,644,142</u>
Total assets	<u><u>10,934,661</u></u>
LIABILITIES	
Due to other taxing districts and agencies	<u>10,934,661</u>
Total liabilities	<u><u>\$ 10,934,661</u></u>

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



NOTES TO THE FINANCIAL STATEMENTS

OCONEE COUNTY, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2015

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 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. 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 component unit discussed below is included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

The Keowee Fire Tax District (the "District") is a discretely presented component unit which was established by Oconee County Ordinance 2003-12 in August 2003. The District is governed by five elected commissioners that serve staggered terms. The District is fiscally dependent upon the primary government. The district has a June 30 year-end. Separate financial statements for the District can be obtained from the District's administrative office at 115 Maintenance Road, Salem, SC 29676.

The County has no blended component units.

Basis of Presentation

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-wide financial statements

The statement of net position 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 position 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 County reports the following governmental fund types:

General Fund - 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund financial statements (continued)

Special Revenue Funds - The special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than capital projects or debt service.

Capital Projects Funds - The capital projects funds are used to account for and report financial resources that are restricted, committed or assigned for the acquisition of capital assets or construction of major capital facilities.

The County has the following major capital projects funds:

1. **Capital Projects Fund** - is used to account for funds to be used for the acquisition of capital equipment or construction of major capital facilities.
2. **Economic Development Fund** - is used to account for the acquisition and construction of facilities or infrastructure for the promotion of economic development within the County.

Debt Service Funds - The debt service funds are used to account for and report financial resources that are restricted, committed or assigned for the payment of general long-term debt principal and interest and related costs.

Enterprise Funds - The enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The County reports the following major enterprise funds:

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

The FOCUS Fund accounts for the activities of the County's broadband operations.

Additionally, the County reports the following fund type:

Fiduciary Fund - Fiduciary fund reporting focuses on net position and changes in net position. The agency fund, a fiduciary fund type, is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The County's fiduciary fund category includes agency funds for education, clerk of court, family court, property taxes, magistrates and others.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 position.

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

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

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 when 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 when payment is due.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Fund financial statements (continued)

With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify 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 position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 or capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Agency funds have no measurement focus, but rather are custodial in nature (assets equal liabilities).

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 unearned revenue and in the presentation of expenses versus expenditures.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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 field 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 60 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, entitlement and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Unearned revenue

The County reports unearned revenue on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, resources received that are "intended to finance" a future period are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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 assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The assigned fund balance for subsequent year's budget totaled \$345,996 for the year ended June 30, 2015.

Assets, Liabilities and Net Position or Equity

Cash and investments

Cash includes demand deposits as well as cash equivalents and 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 which approximates cost. State statutes authorize the County to invest in obligations of the United States and its agencies, general obligations (not revenue obligations) of the State of South Carolina and its political subdivisions, savings and loan associations to the extent of federal insurance, certificates of deposits collaterally secured, repurchase agreements secured by the foregoing obligations, and the State Treasurer's Investment Pool. The State Treasurer's Investment Pool is a 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC), but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. There is no regulatory oversight of the pool.

Receivables

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Intergovernmental receivable

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

Inventories and prepaid assets

The County's inventories consist of consumable supplies and processed rock. The inventory valuation methods used approximate cost based on the average cost 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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Capital assets (continued)

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 - 25

Compensated absences

It is the County'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.

Deferred inflows / outflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The County has two items that qualify for reporting in this category. One item is a deferred charge on refunding, which is reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The other item relates to the County's Retirement Plan and is reported in the government-wide and proprietary fund statements of net position. Experience gains or losses result from periodic studies by the County's actuary, which adjust the net position liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources and are amortized into pension expense over the expected remaining service lives of the plan members. Additionally, any contributions made by the County to the pension plan before year-end but subsequent to the measurement date of the County's net pension liability are reported as deferred outflows of resources.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Deferred inflows / outflows of resources (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category, one of which arises only under a modified accrual basis of accounting. Accordingly, the items, unavailable revenue, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, seized property, intergovernmental, and the forfeited land commission and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other item relates to the County's Retirement Plan and is reported in the government-wide and proprietary fund statements of net position. The differences between projected investment return on pension investments and actual return on those investments are deferred and amortized against pension expense over a five year period, resulting in recognition as deferred inflows of resources.

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.

Activities 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".

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Interfund transactions (continued)

Noncurrent portions of long-term interfund loan receivables are reported as advances within the governmental and proprietary funds and are reported as nonspendable fund balance in the governmental funds.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the lives of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Fund equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) are legally or contractually required to be maintained intact. The County has classified assets held for development, inventories, prepaid items, and long-term portions of receivables and advances as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next current fiscal year.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources through being either a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Fund equity (continued)

Committed - This classification includes amounts that can only be used for specific purposes pursuant to constraints determined by a formal action of the government's highest level of decision making authority, the County Council, through passage of an ordinance. These amounts cannot be used for any other purpose unless the County Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. Through resolution, this intent can be expressed by the County Council or by an official or body to which the County Council delegates authority. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned - This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balances of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

The County would typically use restricted fund balances first, followed by committed resources and the assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

County Council has established a policy to maintain a General Fund unassigned fund balance between 25 and 30 percent of regular budgeted General Fund expenditures. At June 30, 2015, the County did not attain the minimum fund balance due to the fiscal year 2012 and 2013 shortfall attributable to the long-term advances to the FOCUS fund, the addition of the County's portion of the net pension liabilities attributable to the SCRS and PORS retirement plans, and amounts assigned for the subsequent year's budget.

Proprietary fund equity is classified the same as in the government-wide statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position or Equity (Continued)

Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Restricted resources

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed, but Council reserves the right to selectively spend unrestricted resources first and to defer the use of the restricted funds.

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/expenses. Actual results could differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

County Council adopts annual budgets for General Fund, Emergency Services Protection District, Road Maintenance Tax, Miscellaneous Special Revenue, 911 Communications, Sheriff's Victims' Assistance, Solicitor's Victims' Assistance, Library State Aid, Tri-County Tech, Debt Service, and Bridges and Culverts Capital Project Funds revenue and expenditures prior to the beginning of each fiscal year. The adopted budgets specify expenditure limits appropriated to each County department. The County Administrator can approve transfers within departments. County Council must approve transfers between departments or funds. The budgets are prepared on a consistent basis of accounting with actual financial statement results, including significant accruals, to provide meaningful comparisons. The other special revenue funds are budgeted as grants are awarded and are budgeted on a project basis, therefore, some grants span several years. The other capital projects funds are budgeted on a project basis and some projects span several years.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2015, expenditures exceeded appropriations as follows:

Fund	Excess
General Fund	
Emergency management	\$ 320
High Falls Park	1,019
Chau Ram Park	4,405
Miscellaneous Special Revenue Fund	
Public safety	207,534
Public works	24,532
Health and welfare	154,879
Culture and recreation	10,240
Economic development	100,000
911 Fund	
Public safety	33,709
Capital outlay	5,225
Sheriff's Victim Assistance Fund	
Public safety	2,837
Solicitor's Victim Assistance Fund	
Judicial services	1,048
Library State Aid Fund	
Culture and recreation	1,116
Debt Service Fund	
Interest	1,793

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS

Total deposits and investments at June 30, 2015, are summarized below:

As reported in the Statement of Net Position:

Primary government	
Cash and cash equivalents	\$ 21,319,388
Investments	10,232,463
Agency Fund - cash and cash equivalents	8,290,519
Component Unit - cash and cash equivalents	611,017
	<u>\$ 40,453,387</u>
Cash deposited with financial institutions	\$ 14,863,319
SC State Investment Pool	15,357,605
Certificates of deposit	10,232,463
	<u>\$ 40,453,387</u>

Custodial credit risk

This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding cash custodial credit risk is to require the banks with which the County maintains deposits to collateralize or insure the County's funds. As of June 30, 2015, the carrying amount of the County's deposits was \$39,842,370 and the bank balance was \$40,955,471. 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 \$8,289 are reflected as cash.

The Keowee Fire Tax District, a discretely presented component unit, does not have a deposit policy for custodial credit risk. The carrying amount of deposits for the District was \$611,017 and the bank balance was \$625,286 at June 30, 2015. The total cash balances were covered by federal depository insurance coverage. From time to time during the year, the District may have cash on deposit with banks that exceed the balance insured by federal depository insurance.

As of June 30, 2015, the County has the following investments:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-5	6-10
SC State Investment Pool	\$ 15,357,605	\$ 15,357,605	\$ -	\$ -
Certificates of deposit	10,232,463	384,245	8,418,010	1,430,208
	<u>\$ 25,590,068</u>	<u>\$ 15,741,850</u>	<u>\$ 8,418,010</u>	<u>\$ 1,430,208</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Credit risk

This is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. The County's policy is to invest in only those securities allowed by state statutes and that are highly rated. The County is invested in certificates of deposit with varying maturity dates and the State South Carolina Local Government Investment Pool. The County's certificates of deposit are properly collateralized for those deposits that are in excess of federal depository insurance. The South Carolina Local Government Investment Pool is not rated, but generally, investments in this pool are collateralized by debt securities in corporate obligations, state or political subdivision obligations of investment grade or higher quality and in federal agency securities.

Interest rate risk

This is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. The County's policy is to minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools limiting the average maturity in accordance with the County's requirements.

Concentration of credit risk

This is the risk of loss attributable to the magnitude of the County's investment in a single issuer. The County's policy is to minimize the concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized, although there is no formal limit on the amount the County may invest in any one issuer.

Custodial credit risk

This is the risk that, in the event of a failure of the counterparty, the County may not be able to recover the value of investments or collateral securities that are in possession of an outside party. The County's policy is to minimize custodial credit risk by limiting investments to the types of securities allowed by law and pre-qualifying the financial institutions, broker/dealer, intermediaries and advisors with which the County will do business.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4. RECEIVABLES AND 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 60 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 Oconee County 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. Unavailable property tax revenue represents that portion of property taxes which is deemed not available to pay current expenditures.

Receivables as of June 30, 2015, including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Economic Development	Other Governmental
Taxes receivable	\$ 1,099,743	\$ -	\$ 30,330	\$ 219,187
Accounts receivable	221,263	-	-	61,515
Due from other governments	815,276	58,646	-	591,943
Less: Allowance	<u>(110,495)</u>	<u>-</u>	<u>(607)</u>	<u>(4,384)</u>
Net receivables	<u>\$ 2,025,787</u>	<u>\$ 58,646</u>	<u>\$ 29,723</u>	<u>\$ 868,261</u>

	Rock Quarry	FOCUS	Total
Taxes receivable	\$ -	\$ -	\$ 1,349,260
Accounts receivable	44,558	152,513	479,849
Due from other governments	-	15,882	1,481,747
Less: Allowance	<u>-</u>	<u>-</u>	<u>(115,486)</u>
Net receivables	<u>\$ 44,558</u>	<u>\$ 168,395</u>	<u>\$ 3,195,370</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS

A. Primary Government

Capital asset activity for the County's governmental activities for the year ended June 30, 2015 was as follows:

Governmental Activities	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Capital Assets Not Being Depreciated					
Land	\$ 3,249,630	\$ -	\$ -	\$ 119,436	\$ 3,369,066
Other costs	36,841,456	45,000	-	-	36,886,456
Construction in progress	14,184,682	15,923,588	-	(710,728)	29,397,542
Total capital assets not being depreciated	<u>54,275,768</u>	<u>15,968,588</u>	<u>-</u>	<u>(591,292)</u>	<u>69,653,064</u>
Capital Assets Being Depreciated					
Buildings and improvements	54,488,365	-	(65,370)	357,295	54,780,290
Equipment and vehicles	41,512,359	817,955	(974,215)	7,900	41,363,999
Infrastructure	71,407,439	701,166	(568,824)	187,077	71,726,858
Other	46,675	-	-	46,920	93,595
Total capital assets being depreciated	<u>167,454,838</u>	<u>1,519,121</u>	<u>(1,608,409)</u>	<u>599,192</u>	<u>167,964,742</u>
Less Accumulated Depreciation					
Buildings and improvements	(18,287,675)	(1,733,459)	20,981	-	(20,000,153)
Equipment and vehicles	(30,909,661)	(2,448,128)	942,893	(7,900)	(32,422,796)
Infrastructure	(51,623,007)	(1,846,754)	502,582	-	(52,967,179)
Other	(46,675)	(2,469)	-	-	(49,144)
Total accumulated depreciation	<u>(100,867,018)</u>	<u>(6,030,810)</u>	<u>1,466,456</u>	<u>(7,900)</u>	<u>(105,439,272)</u>
Total capital assets being depreciated, net	<u>66,587,820</u>	<u>(4,511,689)</u>	<u>(141,953)</u>	<u>591,292</u>	<u>62,525,470</u>
Governmental activities capital assets, net	<u>\$ 120,863,588</u>	<u>\$ 11,456,899</u>	<u>\$ (141,953)</u>	<u>\$ -</u>	<u>\$ 132,178,534</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

Depreciation expense was charged to functions as follows:

General Government	\$ 424,130
Public Safety	1,768,591
Transportation	2,641,632
Public Works	627,949
Culture and Recreation	235,899
Judicial Services	306,430
Economic Development	26,179
	<u>6,030,810</u>
Total Governmental Activities Depreciation Expense	<u>\$ 6,030,810</u>

Capital asset activity for the County's business-type activities for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Business-Type Activities					
Capital Assets Not Being Depreciated					
Land	\$ 393,590	\$ -	\$ -	\$ -	\$ 393,590
Total capital assets not being depreciated	<u>393,590</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>393,590</u>
Capital Assets Being Depreciated					
Buildings and Improvements	544,786	-	-	-	544,786
Equipment and vehicles	6,222,571	1,267,349	-	(7,900)	7,482,020
Infrastructure	14,245,742	268,247	-	-	14,513,989
Mineral interests	529,934	-	-	-	529,934
Total capital assets being depreciated	<u>21,543,033</u>	<u>1,535,596</u>	<u>-</u>	<u>(7,900)</u>	<u>23,070,729</u>
Less Accumulated Depreciation					
Buildings and improvements	(291,362)	(26,315)	-	-	(317,677)
Equipment and vehicles	(5,125,679)	(338,175)	-	7,900	(5,455,954)
Infrastructure	(859,778)	(906,799)	-	-	(1,766,577)
Mineral interests	(240,915)	(6,882)	-	-	(247,797)
Total accumulated depreciation	<u>(6,517,734)</u>	<u>(1,278,171)</u>	<u>-</u>	<u>7,900</u>	<u>(7,788,005)</u>
Total capital assets being depreciated, net	<u>15,025,299</u>	<u>257,425</u>	<u>-</u>	<u>-</u>	<u>15,282,724</u>
Business-type activities capital assets, net	<u>\$ 15,418,889</u>	<u>\$ 257,425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,676,314</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (CONTINUED)

A. Primary Government (Continued)

Depreciation expense was charged to programs of the business-type activities as follows:

Rock Quarry Fund	\$	344,376
FOCUS Fund		933,795
Total Business-type Activities Depreciation Expense	\$	1,278,171

B. Component Unit

Capital asset activity for the Keowee Fire Tax District for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital Assets Being Depreciated				
Buildings and improvements	\$ 1,561,039	\$ -	\$ -	\$ 1,561,039
Vehicles	249,033	-	-	249,033
Equipment	49,304	9,474	-	58,778
Total capital assets being depreciated	1,859,376	9,474	-	1,868,850
Less Accumulated Depreciation				
Buildings and improvements	(259,362)	(44,280)	-	(303,642)
Vehicles	(138,097)	(12,132)	-	(150,229)
Equipment	(11,957)	(9,917)	-	(21,874)
Total accumulated depreciation	(409,416)	(66,329)	-	(475,745)
Total capital assets being depreciated, net	\$ 1,449,960	\$ (56,855)	\$ -	\$ 1,393,105

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES

A. Primary Government

	Balance			Balance June 30, 2015	Due Within One Year
	June 30, 2014	Additions	Reductions		
Governmental Activities					
General obligation bonds	\$ 17,145,000	\$ -	\$ (2,100,000)	\$ 15,045,000	\$ 2,185,000
General obligation bond premiums	694,292	-	(94,114)	600,178	-
Total general obligation bonds	17,839,292	-	(2,194,114)	15,645,178	2,185,000
Capital lease obligations	2,987,997	-	(1,143,508)	1,844,489	497,708
Special source refunding revenue bonds	2,993,000	-	(235,000)	2,758,000	242,000
Post-closure care costs	2,424,389	-	(126,689)	2,297,700	45,954
Annual leave	1,327,049	589,719	(666,554)	1,250,214	670,000
Net pension liability	32,522,649	3,182,502	(4,874,025)	30,831,126	-
Net post-employment benefit obligation	2,428,494	399,702	-	2,828,196	-
	<u>\$ 62,522,870</u>	<u>\$ 4,171,923</u>	<u>\$ (9,239,890)</u>	<u>\$ 57,454,903</u>	<u>\$ 3,640,662</u>
Business-type Activities					
Annual leave	\$ 83,262	\$ 46,599	\$ (36,502)	\$ 93,359	\$ 36,502
Net pension liability	1,496,394	141,398	(201,445)	1,436,347	-
Net post-employment benefit obligation	93,945	37,609	-	131,554	-
	<u>\$ 1,673,601</u>	<u>\$ 225,606</u>	<u>\$ (237,947)</u>	<u>\$ 1,661,260</u>	<u>\$ 36,502</u>

The General Fund has typically been used in prior years to liquidate the liability for compensated absences and the net post-employment benefit obligation for all governmental funds.

General Obligation Bonds: During the year ended June 30, 2008, the County issued series 2007 general obligation bonds in the amount of \$1,200,000. The bond proceeds were used to (1) construct a new substation for the Keowee Fire Tax District and (2) expand the current headquarters of the Keowee Fire Tax District. General obligation bonds outstanding at June 30, 2015, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2007 General Obligation Bonds	3 - 3.6 %	15 years	2022	<u>\$ 1,200,000</u>	<u>\$ 680,000</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

A. Primary Government (Continued)

General Obligation Bonds (Continued)

During the year ended June 30, 2011, the County issued series 2010 general obligation refunding bonds in the amount of \$5,300,000. The bond proceeds were used to (1) refund the outstanding Series 1996 general obligation bonds, (2) refund the outstanding series 2001 general obligation bonds, (3) advance refund the outstanding series 2001 general obligation bonds and (4) pay the costs to issue the 2010 series general obligation bonds. The refunding transaction resulted in an economic gain of \$428,682 and a difference in debt service required between the refunded bonds and the refunding bonds of \$493,690. General obligation bonds outstanding at June 30, 2015, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2010 General Obligation Refunding Bonds	2 - 5 %	7 years Plus unamortized premium	2017	<u>\$ 5,300,000</u>	\$ 1,360,000 <u>23,002</u>
					<u>\$ 1,383,002</u>

During the year ended June 30, 2011, the County issued series 2011 general obligation bonds in the amount of \$17,000,000. The bond proceeds were used to (1) defray the costs of designing, constructing, and equipping a new detention center in the County and (2) pay the costs to issue the 2011 series general obligation bonds. General obligation bonds outstanding at June 30, 2015, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2011 General Obligation Bonds	2 - 5 %	20 years Plus unamortized premium	2031	<u>\$ 17,000,000</u>	\$ 10,690,000 <u>547,502</u>
					<u>\$ 11,237,502</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

A. Primary Government (Continued)

General Obligation Bonds (Continued)

During the year ended June 30, 2013, the County issued taxable series 2013 general obligation bonds in the amount of \$2,600,000. The bond proceeds were used to (1) defray all or a portion of the costs of design, acquisition, construction, and installation, as applicable, of improvements and infrastructure serving the Echo Hills Commerce Park and (2) pay the costs to issue the 2013 series general obligation bonds. General obligation bonds outstanding at June 30, 2015, are as follows:

Purpose	Interest Rate	Term	Due Date	Original Amount	Outstanding Amount
2013 General Obligation Bonds	3 - 3.6 %	15 years	2028	\$ 2,600,000	\$ 2,315,000
		Plus unamortized premium			29,674
					<u>\$ 2,344,674</u>

The annual requirements to amortize all general obligation bonds as of June 30, 2015, including interest payments, are as follows:

Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2016	\$ 2,185,000	\$ 539,186	\$ 2,724,186
2017	1,305,000	466,754	1,771,754
2018	740,000	437,426	1,177,426
2019	770,000	414,352	1,184,352
2020	795,000	390,378	1,185,378
2021-2025	4,115,000	1,508,990	5,623,990
2026-2030	4,305,000	664,740	4,969,740
2031	830,000	33,200	863,200
	<u>\$ 15,045,000</u>	<u>\$ 4,455,026</u>	<u>\$ 19,500,026</u>

Debt service funds of \$1,682,706 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.

There are a number of limitations and restrictions contained in the various debt instruments. The County is in compliance with all significant limitations and restrictions including the legal debt limit imposed by Article X, Section 15 of the Constitution of the State of South Carolina, 1895, as amended.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

A. Primary Government (Continued)

Capital Leases

The County has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is an analysis of equipment leased under capital leases as of June 30, 2015:

Machinery and Equipment and Construction in Progress	\$	3,289,016
Less: Accumulated Depreciation		<u>(973,499)</u>
	\$	<u><u>2,315,517</u></u>

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, 2015:

<u>Fiscal Year Ending June 30,</u>		<u>Governmental Funds</u>
2016	\$	516,792
2017		854,152
2018		<u>516,792</u>
Total Minimum Lease Payments	\$	<u>1,887,736</u>
Less: Amount Representing Interest		<u>(43,247)</u>
	\$	<u><u>1,844,489</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6. LONG-TERM LIABILITIES (CONTINUED)

A. Primary Government (Continued)

Special Source Refunding Revenue Bonds

During 2014, the County issued special source refunding revenue bonds in the amount of \$2,933,000 to redeem the 2010 series special source revenue bonds which were issued to finance 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 through 2025 and have an annual interest rate of 2.85 percent. The refunding transaction resulted in an economic gain of \$223,847 and a difference in debt service required between the refunded bonds and the refunding bonds of \$263,876.

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

Year Ending June 30,	Special Source Refunding Revenue Bonds		
	Principal	Interest	Total
2016	\$ 242,000	\$ 78,603	\$ 320,603
2017	249,000	71,706	320,706
2018	256,000	64,610	320,610
2019	262,000	57,314	319,314
2020	273,000	49,847	322,847
2021-2025	1,476,000	128,535	1,604,535
	<u>\$ 2,758,000</u>	<u>\$ 450,615</u>	<u>\$ 3,208,615</u>

B. Component Unit

Long-term liabilities for the Keowee Fire Tax District at June 30, 2015 were as follows:

	Balance	Additions	Reductions	Balance	Due Within
	June 30, 2014			June 30, 2015	One Year
Keowee Fire Tax District					
Annual leave	\$ 28,099	\$ 2,200	\$ -	\$ 30,299	\$ 3,031
	<u>\$ 28,099</u>	<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ 30,299</u>	<u>\$ 3,031</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

Federal and state laws require the County to place a final cover on their landfills when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The County has recorded a liability in the government-wide statement of net position for the total estimated closure and post-closure care costs for the portion of the landfills filled at June 30, 2015, calculated as follows:

	MSW	C&D I	C&D II	Total
Total Estimated Current Closure and Post-Closure Care Cost	\$ 1,650,500	\$ 524,427	\$ 605,733	
Percentage of Landfill Capacity Used to Date	100%	98%	22%	
Reported Liability for Closure and Post-Closure Care Cost	\$ 1,650,500	\$ 513,938	\$ 133,262	\$ 2,297,700
Total Estimated Current Closure and Post-Closure Care Cost Remaining to be Recognized	\$ -	\$ 10,489	\$ 472,471	
Landfill's Approximate Remaining Life in Years	-	1	18	

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, 2015. 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS

Retirement Plan

Overview:

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11980, Columbia, SC 29211-1960. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description:

The County contributes to the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan. The plan was established effective July 1, 1945 pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

In addition to the SCRS pension plan, the County also contributes to the South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan. The plan was established effective July 1, 1962 pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions. The Keowee Fire Tax District also contributes to the PORS plan.

Membership:

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is described below.

South Carolina Retirement System. Generally, all employees of covered employers are required to participate in and contribute to the SCRS as a condition of employment. This plan covers general employees, teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Membership (Continued):

South Carolina Retirement System (Continued). An employee member of the SCRS with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the SCRS with an effective date of membership on or after July 1, 2012, is a Class Three member.

South Carolina Police Officers Retirement System. To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits:

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

South Carolina Retirement System. A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Benefits (Continued):

South Carolina Retirement System (Continued). The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

South Carolina Police Officers Retirement System. A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions:

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.9 percent of earnable compensation for SCRS and 5 percent for PORS. An increase in the contribution rates adopted by the board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Contributions (Continued):

Required employee contribution rates for the year ended June 30, 2015 are as follows:

South Carolina Retirement System

Employee class two	8.00% of earnable compensation
Employee class three	8.00% of earnable compensation

South Carolina Police Officers Retirement System

Employee class one	\$21 per month
Employee class two	8.41% of earnable compensation
Employee class three	8.41% of earnable compensation

Required employer contribution rates for the year ended June 30, 2015 are as follows:

South Carolina Retirement System

Employer class two	10.75% of earnable compensation
Employer class three	10.75% of earnable compensation
Employer incidental death benefit	0.15% of earnable compensation

South Carolina Police Officers Retirement System

Employer class one	7.80% of earnable compensation
Employer class two	13.01% of earnable compensation
Employer class three	13.01% of earnable compensation
Employer incidental death benefit	0.20% of earnable compensation
Employer accidental death program	0.20% of earnable compensation

Net Pension Liability:

The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and Control Board are as of July 1, 2013. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2013 actuarial valuations, using membership data as of July 1, 2013, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2014, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by the systems' consulting actuary, Gabriel, Roeder, Smith and Company.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability (Continued):

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67, less that system's fiduciary net position. As of June 30, 2014, the County's net pension liability amounts for SCRS and PORS are as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
SCRS	\$ 56,012,300	\$ 33,562,260	\$ 22,450,040	59.9%
PORS	\$ 30,253,377	\$ 20,435,944	\$ 9,817,433	67.5%

As of June 30, 2014, the District's net pension liability amounts for PORS is as follows:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
PORS	\$ 1,851,272	\$ 1,250,467	\$ 600,805	67.5%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability (Continued):

As of June 30, 2014 the change in the County's net pension liability for the SCRS Plan is calculated as follows:

Total pension liability	
Service cost	\$ 963,661
Interest	3,939,298
Difference between actual and expected experience	832,904
Benefit payments	<u>(3,352,570)</u>
Net change in total pension liability	2,383,294
Total pension liability - beginning June 30, 2013	<u>53,629,006</u>
Total pension liability - ending June 30, 2014	<u>56,012,300</u>
Plan fiduciary net position	
Contributions - employer	1,255,460
Contributions - member	851,011
Refunds of contributions to members	(117,684)
Retirement benefits	(3,209,798)
Death benefits	(25,088)
Net investment income	4,586,486
Administrative expense	(15,341)
Net transfers to affiliated systems	<u>(3,221)</u>
Net change in Plan fiduciary net position	3,321,824
Plan fiduciary net position - beginning June 30, 2013	<u>30,240,436</u>
Plan fiduciary net position - ending June 30, 2014	<u>33,562,260</u>
Net pension liability	<u><u>\$ 22,450,040</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability (Continued):

As of June 30, 2014 the change in the County's net pension liability for the PORS Plan is calculated as follows:

Total pension liability	
Service cost	\$ 767,193
Interest	2,143,290
Difference between actual and expected experience	329,924
Benefit payments	<u>(1,701,418)</u>
Net change in total pension liability	1,538,989
Total pension liability - beginning June 30, 2013	<u>28,714,388</u>
Total pension liability - ending June 30, 2014	<u>30,253,377</u>
Plan fiduciary net position	
Contributions - employer	797,974
Contributions - member	492,319
Refunds of contributions to members	(82,990)
Retirement benefits	(1,597,881)
Death benefits	(20,547)
Net investment income	2,760,894
Administrative expense	(9,393)
Net transfers to affiliated systems	<u>11,591</u>
Net change in Plan fiduciary net position	2,351,965
Plan fiduciary net position - beginning June 30, 2013	<u>18,083,978</u>
Plan fiduciary net position - ending June 30, 2014	<u>20,435,944</u>
Net pension liability	<u><u>\$ 9,817,433</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Net Pension Liability (Continued):

As of June 30, 2014 the change in the District's net pension liability for the PORS Plan is calculated as follows:

Total pension liability		
Service cost	\$	46,946
Interest		131,153
Difference between actual and expected experience		20,189
Benefit payments		<u>(104,114)</u>
Net change in total pension liability		94,174
Total pension liability - beginning June 30, 2013		<u>1,757,098</u>
Total pension liability - ending June 30, 2014		<u>1,851,272</u>
Plan fiduciary net position		
Contributions - employer		48,830
Contributions - member		30,126
Refunds of contributions to members		(5,078)
Retirement benefits		(97,778)
Death benefits		(1,257)
Net investment income		168,945
Administrative expense		(629)
Net transfers to affiliated systems		<u>709</u>
Net change in Plan fiduciary net position		143,868
Plan fiduciary net position - beginning June 30, 2013		<u>1,106,599</u>
Plan fiduciary net position - ending June 30, 2014		<u>1,250,467</u>
Net pension liability	\$	<u>600,805</u>

Actuarial Assumptions and Methods:

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2013 valuations for SCRS and PORS.

	SCRS	PORS
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	levels off at 3.5%	levels off at 4.0%
Includes inflation at	2.75%	2.75%
Benefit adjustments	lesser of 1% or \$500	lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000.

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as Consensus Economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgment.

The RSIC has exclusive authority to invest and manage the retirement trust funds' assets. As co-fiduciary of the Systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon. The expected real rates of investment return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the table on the following page. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued):

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Short-Term	5.0%		
Cash	2.0%	0.3	0.01
Short duration	3.0%	0.6	0.02
Domestic Fixed Income	13.0%		
Core fixed income	7.0%	1.1	0.08
High yield	2.0%	3.5	0.07
Bank loans	4.0%	2.8	0.11
Global Fixed Income	9.0%		
Global fixed income	3.0%	0.8	0.02
Emerging markets debt	6.0%	4.1	0.25
Global Public Equity	31.0%	7.8	2.42
Global Tactical Asset Allocation	10.0%	5.1	0.51
Alternatives	32.0%		
Hedge funds (low beta)	8.0%	4	0.32
Private debt	7.0%	10.2	0.71
Private equity	9.0%	10.2	0.92
Real estate (broad market)	5.0%	5.9	0.29
Commodities	3.0%	5.1	0.15
Total expected real return	100.0%		5.88
Inflation for actuarial purposes			2.75
Total expected nominal return			8.63

Discount Rate:

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Discount Rate (Continued):

The following table presents the sensitivity of the net pension liability to changes in the discount rate.

Sensitivity of the Net Position Liability to Changes in the Discount Rate			
	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's portion - SCRS	\$ 29,051,741	\$ 22,450,040	\$ 16,942,328
County's portion - PORS	\$ 13,719,527	\$ 9,817,433	\$ 6,588,669
District's portion - PORS	\$ 839,529	\$ 600,805	\$ 403,176

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended June 30, 2015, the County recognized pension expense of \$1,572,901 for the SCRS plan and \$852,875 for the PORS plan.

At June 30, 2015 the County reported deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS pension plans, respectively, from the following sources:

SCRS	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 636,140	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,892,701
Employer contributions subsequent to the measurement date	<u>1,280,951</u>	<u>-</u>
Total	<u>\$ 1,917,091</u>	<u>\$ 1,892,701</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

PORS	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 261,984	\$ -
Net difference between projected and actual earnings on pension plan investments	-	1,135,949
Employer contributions subsequent to the measurement date	<u>850,224</u>	<u>-</u>
Total	<u>\$ 1,112,208</u>	<u>\$ 1,135,949</u>

For the year ended June 30, 2015, the District recognized pension expense of \$52,563 for the PORS plan.

At June 30, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to the PORS pension plan from the following sources:

PORS	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,033	\$ -
Net difference between projected and actual earnings on pension plan investments	-	69,518
Employer contributions subsequent to the measurement date	<u>46,594</u>	<u>-</u>
Total	<u>\$ 62,627</u>	<u>\$ 69,518</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Retirement Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

County contributions subsequent to the measurement date of \$1,280,851 and \$850,224 for the SCRS plan and the PORS plan, respectively, are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	SCRS	PORS
2016	\$ 276,411	\$ 216,045
2017	276,411	216,045
2018	276,411	216,045
2019	427,328	225,830

District contributions subsequent to the measurement date of \$46,594 for the PORS plan are deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	PORS
2016	\$ 13,221
2017	13,221
2018	13,221
2019	13,822

Pension Plan Fiduciary Net Position:

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for SCRS and PORS. The CAFR of the Pension Trust Funds is publicly available on PEBA's Retirement Benefits' website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to PEBA, PO Box 11960, Columbia, SC 29211-1960.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Primary Government

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.

Great-West Retirement Services, PO Box 173764, Denver CO 80217-3764, (under state contract) is the program administrator of the 457 plan as well as the 401(k) plan and 401(k) Roth plan which are also available to County employees at their option.

Other Post-Employment Healthcare Benefits (OPEB)

Plan Description

In addition to providing pension benefits through the South Carolina Retirement System, the County provides certain healthcare benefits for qualified retired employees who elect health care coverage through the County upon retirement. All covered County employees may maintain healthcare benefits if they have 20 years of service with the County and qualify for SCRS or PORS service retirement. An employee retiring with 20 years of service with the County and the SCRS or the PORS shall retain the County insurance benefits at reduced cost to the employee. If disabled, as determined by SCRS or PORS, an employee may qualify with 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. For employees hired on or after July 1, 2010, eligibility under this plan ends upon their entitlement to Medicare, either through the attainment of the age of eligibility or because of disability.

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 2015, there were seventy-eight retirees who were covered under the County's group insurance plans and the total cost of retiree health and dental benefits was \$276,245 for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Primary Government (Continued)

Other Post-Employment Healthcare Benefits (OPEB) (Continued)

Plan Description (Continued)

The County does not issue separate audited financial statements for this plan.

Funding Policy and Annual OPEB Costs

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 30 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:

	2015
Annual Required Contribution	\$ 751,519
Interest on OPEB Obligation	113,510
Adjustment to Annual Required Contribution	(151,473)
Annual OPEB Costs	713,556
Contributions Made	(276,245)
Increase in Net OPEB Obligation	437,311
Net OPEB Obligation - Beginning of Year	2,522,439
Net OPEB Obligation - End of Year	\$ 2,959,750

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

For the Year Ended June 30	Annual OPEB Cost	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 713,556	\$ 276,245	38.7%	\$ 2,959,750
2014	718,130	414,177	57.7%	2,522,439
2013	715,043	456,541	63.8%	2,218,486

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE BENEFITS (CONTINUED)

Primary Government (Continued)

Other Post-Employment Healthcare Benefits (OPEB) (Continued)

Funding Status and Progress

As of June 30, 2013, 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 \$8,485,199. The covered payroll (annual payroll of active employees covered by the plan) was \$12,537,849; the ratio of the UAAL to the covered payroll was 67.7 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 County 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 County 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 of assets, consistent with the long-term perspective of the calculations.

In the June 2013 actuarial valuation, the projected unit credit actuarial cost 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 County's general assets, an annual medical cost trend decrease of 7.5 percent to 4.5 percent per year over twelve years, and an annual dental cost trend of 4.5 percent per year. 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 an open 30-year period.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. 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. Seven individuals were excluded from this stop-loss coverage and had different specific deductibles. The estimated maximum annual cost to the County is \$5,857,166. At June 30, 2015, claims due and payable total approximately \$298,630 and are recorded as a liability in the respective funds with employees receiving this benefit. The following amounts were recorded as liabilities of the respective funds as of June 30, 2015: General Fund – \$285,192; Proprietary Fund – FOCUS \$1,493; and Proprietary Fund – Rock Quarry \$11,945.

Effective January 1, 2013, the County revised the retiree health benefits for individuals who are qualified for Medicare. As a result, retirees eligible for health care began receiving a defined contribution towards the purchase of a Medicare Supplement Plan through Hartford Life. This resulted in 71 retirees no longer participating in the County's Self Insured Health Insurance Plan. As outlined in the plan document, all employees hired before July 1, 2010 are eligible for plan benefits given they meet the 20 years of continuous service requirement and ultimately retire from the County. As of June 30, 2015, approximately 285 employees were hired prior to July 1, 2010 and could ultimately benefit from the health insurance plan.

Active retirees as of December 31, 2013 who had not yet attained the age of 65 or otherwise qualified for Medicare are eligible for plan benefits if they meet the service requirements as outlined in the plan document. Once eligible for Medicare, these individuals will be automatically enrolled into the Medicare Supplement Plan through Hartford Life.

Active employees, who had attained 20 years of service on December 31, 2013, will be eligible for participation in the self-insured health plan until becoming eligible for Medicare. Once eligible for Medicare, these individuals will be removed from the self-insured health plan and automatically enrolled in the Medicare Health Plan through Hartford Life. Employees in the category who become retirees will receive the same stipend as active retirees in each category (pre-Medicare and Medicare eligible). All contributions are accounted for in the County's Retiree Health Reimbursement account. Contributions can only be used in accordance with the plan document.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. SELF-INSURED HEALTH INSURANCE (CONTINUED)

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
2015	\$ 330,851	\$ 3,674,377	\$ 3,706,598	\$ 298,630
2014	478,761	4,198,846	4,346,756	330,851
2013	546,895	5,555,041	5,623,175	478,761

NOTE 10. INTERFUND ASSETS AND LIABILITIES

The balances of the interfund advances to/from at June 30, 2015 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 60,000
General Fund	FOCUS	4,834,174
		<u>\$ 4,894,174</u>

Advances are used for long-term interfund loans. The General Fund had two outstanding advances at June 30, 2015. The advance to the Local Accommodations Tax Fund was used to fund the purchase of Stumphouse Mountain by the Nature Conservancy and the City of Walhalla to be repaid over a 10-year period at \$30,000 annually. The advance to the FOCUS Fund is to finance construction and operations. This does not have a fixed schedule for repayment as it will be repaid from operating income as the project becomes self-sustaining.

Interfund receivable and payable balances at June 30, 2015 were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 2,275
General Fund	FOCUS	576,563
		<u>\$ 578,838</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances normally clear within one to two months.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10. 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, 2015 consisted of the following individual amounts:

Transfer in Fund	Transfer Out Fund	Amount
General Fund	Rock Quarry Fund	\$ 750,000
General Fund	Other Governmental Funds	31,857
Other Governmental Funds	General Fund	40,000
Economic Development Fund	General Fund	72,725
		\$ 894,582

The transfers noted above were used to (1) provide operational funds, (2) provide salary subsidies, and/or (3) provide funds for the construction costs associated with infrastructure for economic development for the Golden Corner Commerce Park. All were made in accordance with budgetary authorizations.

NOTE 11. 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. 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,	<u>Total Minimum Lease Payments</u>
2016	\$ 50,399
2017	41,899
2018	24,644
2019	23,129
	<u>\$ 140,071</u>

Construction commitments at June 30, 2015 totaled approximately \$2,155,971.

NOTE 13. ECONOMIC DEPENDENCY

Duke Energy Corporation provides a major source of property tax revenues. During the year ended June 30, 2015, the company paid property taxes in the amount of \$27.0 million based on assessed property values of \$130.0 million. This represents approximately 23.4 percent of the 2014 levy. Approximately \$17.7 million of the amount collected was appropriated for the School District of Oconee County and Tri-County Technical College.

NOTE 14. 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, 2015, 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 15. LITIGATION

The County is party to a number of lawsuits arising in the course of operations. The nature of the lawsuits varies considerably. Management and the County's legal counsel have determined an aggregate liability, which is probable to arise from the proceedings of up to \$150,000. This amount is recorded as claims and judgments payable on the government-wide statement of net position as well as the Oconee FOCUS fund statement of net position as of June 30, 2015.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16. CHANGES IN ACCOUNTING PRINCIPLES (CONTINUED)

Primary Government

The County has determined that restatements to the July 1, 2014 beginning net position of the County's governmental activities and business-type activities, and restatements to the July 1, 2014 beginning fund balance of the Rock Quarry fund and the FOCUS fund were required to recognize the changes in accounting principles for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, through which accounting for pension plans and the related disclosure requirements were modified.

This adjustment resulted in a change to the beginning net position of the County's governmental activities as follows:

Governmental activities net position, as previously reported	\$ 144,489,278
Change in accounting principle due to the implementation of GASB Statement No. 68	<u>(30,556,116)</u>
Governmental activities net position, as restated	<u>\$ 113,933,162</u>

This adjustment resulted in a change to the beginning net position of the County's business-type activities as follows:

Business-type activities net position, as previously reported	\$ 13,672,394
Change in accounting principle due to the implementation of GASB Statement No. 68	<u>(1,416,108)</u>
Business-type activities net position, as restated	<u>\$ 12,256,286</u>

This adjustment resulted in a change to the beginning fund balance of the Rock Quarry fund as follows:

Rock Quarry fund balance, as previously reported	\$ 4,981,885
Change in accounting principle due to the implementation of GASB Statement No. 68	<u>(1,240,375)</u>
Rock Quarry fund balance, as restated	<u>\$ 3,741,510</u>

This adjustment resulted in a change to the beginning fund balance of the FOCUS fund as follows:

FOCUS fund balance, as previously reported	\$ 8,690,509
Change in accounting principle due to the implementation of GASB Statement No. 68	<u>(175,733)</u>
FOCUS fund balance, as restated	<u>\$ 8,514,776</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16. CHANGES IN ACCOUNTING PRINCIPLES (CONTINUED)

Component Unit

The District has determined that a restatement to the July 1, 2014 beginning net position was required to recognize the changes in accounting principles for implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, through which accounting for pension plans and the related disclosure requirements were modified.

This adjustment resulted in a change to the beginning net position of the District as follows:

Keowee Fire Tax District net position, as previously reported	\$ 1,251,570
Change in accounting principle due to the implementation of GASB Statement No. 68	(601,637)
Governmental activities net position, as restated	<u>\$ 649,933</u>

REQUIRED SUPPLEMENTARY INFORMATION

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OCONEE COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30

South Carolina Retirement System		2015
County's proportion of the net pension liability		0.130397%
County's proportionate share of the net pension liability	\$	22,450,040
County's covered-employee payroll	\$	11,703,378
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll		191.8%
Plan fiduciary net position as a percentage of the total pension liability		59.9%
South Carolina Police Officers Retirement System		2015
County's proportion of the net pension liability		0.51281%
County's proportionate share of the net pension liability	\$	9,817,433
County's covered-employee payroll	\$	6,207,981
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll		158.1%
Plan fiduciary net position as a percentage of the total pension liability		67.5%

The above schedules will present 10 years of information once it is accumulated.

The assumptions used in the preparation of the above schedules are disclosed in Note 8 to the financial statements.

OCONEE COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30

South Carolina Police Officers Retirement System	2015
District's proportion of the net pension liability	0.03138%
District's proportionate share of the net pension liability	\$ 600,805
District's covered-employee payroll	\$ 371,195
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	161.9%
Plan fiduciary net position as a percentage of the total pension liability	67.5%

The above schedule will present 10 years of information once it is accumulated.

The assumptions used in the preparation of the above schedule are disclosed in Note 8 to the financial statements.

OCONEE COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF COUNTY CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30

South Carolina Retirement System	<u>2015</u>
Actuarially determined contribution	\$ 1,254,869
Contributions in relation to the actuarially determined contribution	<u>1,254,869</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	11,703,378
Contributions as a percentage of covered-employee payroll	10.72%
South Carolina Police Officers Retirement System	<u>2015</u>
Actuarially determined contribution	\$ 791,950
Contributions in relation to the actuarially determined contribution	<u>791,950</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	6,207,981
Contributions as a percentage of covered-employee payroll	12.76%

The above schedules will present 10 years of information once it is accumulated.

The assumptions used in the preparation of the above schedules are disclosed in Note 8 to the financial statements.

OCONEE COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF DISTRICT CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30

South Carolina Police Officers Retirement System	<u>2015</u>
Actuarially determined contribution	\$ 46,593
Contributions in relation to the actuarially determined contribution	<u>46,593</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Covered-employee payroll	371,195
Contributions as a percentage of covered-employee payroll	12.55%

The above schedule will present 10 years of information once it is accumulated.

The assumptions used in the preparation of the above schedule are disclosed in Note 8 to the financial statements.

OCONEE COUNTY, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF FUNDING PROGRESS OTHER POST-EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2009	-	14,201,310	14,201,310	-	16,053,849	88.5%
6/30/2011	-	7,584,954	7,584,954	-	15,328,947	49.5%
6/30/2013	-	8,485,199	8,485,199	-	12,537,849	67.7%

The assumptions used in the preparation of the above schedule are disclosed in Note 8 to the financial statements.

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**COMBINING STATEMENTS
AND SCHEDULES**

OCONEE COUNTY, SOUTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

The **Emergency Services Protection District Fund** accounts for tax monies collected for the Oconee County special tax district for emergency services protection. Such monies are restricted for public safety expenditures.

The **Road Maintenance Fund** accounts for the tax levied to provide funding for maintenance of County roads.

The **Miscellaneous Special Revenue Fund** accounts for monies collected from various sources. Such monies are restricted for their specific purpose.

The **911 Communications Fund** accounts for 911 communication fees that are received from the State of South Carolina, various wireless carriers, and AT&T. Such monies are restricted for improvements and expansion of the County's emergency 911 system.

The **State Accommodations Tax Fund** accounts for accommodation tax monies received from the State. The first \$25,000 and 5% is transferred to the General Fund. The remainder is restricted for culture and recreation.

The **Local Accommodations Tax Fund** accounts for the 3% local accommodation tax monies collected on behalf of Oconee County. These monies are restricted for culture and recreation.

The **Sheriffs' Victims' Assistance Fund** accounts for monies collected by the Magistrates' Office through summary assessments and surcharges. Such monies are restricted for public safety expenditures.

The **Solicitors' Victims' Assistance Fund** accounts for monies collected by the Clerk of Court's office through general sessions, assessments and surcharges. Such monies are restricted for public safety expenditures.

The **Duke Energy Fixed Nuclear Facility Fund** accounts for the grant revenues from Duke Energy Corporation. These funds aid in offsetting the cost of the preparation and evaluation of radiological response plans and preparedness in support of the Duke Energy power plant located in Oconee County as required by the Nuclear Regulatory Commission.

The **Clerk of Court Federal Child Support Fund** accounts for federal grant funds received by the Clerk of Court from the State restricted to child support enforcement expenditures.

The **Library State Aid Fund** accounts for State aid monies received that provide additional funding for the County's public libraries allowing them to provide basic levels of service to citizens of South Carolina. These monies are restricted for culture and recreation expenditures.

OCONEE COUNTY, SOUTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

The **Tri-County Tech Fund** accounts for tax revenues collected for support of the Tri-County Technical College. These monies are restricted for education expenditures.

DEBT SERVICE FUND

The **Debt Service Fund** accounts for the resources used for the payment of the County's principal and interest on various debt obligations.

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 for the County's governmental funds.

The **Bridge and Culvert Capital Projects Fund** accounts for the taxes levied specifically to fund repairs and construction of the County's bridge and culvert infrastructure. These monies are restricted for capital projects.

OCONEE COUNTY, SOUTH CAROLINA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds					
	Emergency Services Protection District	Road Maintenance	Miscellaneous Special Revenue	911 Communications Fund	State Accommodations Tax	Local Accommodations Tax
ASSETS						
Cash and cash equivalents	\$ 148,973	\$ 716,978	\$ 392,234	\$ 104,941	\$ 51,746	\$ 193,868
Investments	1,200,000	100,000	-	950,000	-	-
Taxes receivable	42,479	25,786	-	-	-	-
Accounts receivable, net	-	-	17,520	19,843	-	24,152
Due from other governments	-	-	134,503	21,420	71,975	7,772
Due from component unit	-	-	-	-	-	-
Prepaid expenditures	-	-	200	-	-	-
Seized assets	-	-	194,160	-	-	-
Total assets	\$ 1,391,452	\$ 842,764	\$ 738,617	\$ 1,096,204	\$ 123,721	\$ 225,792
LIABILITIES						
Accounts payable	\$ 12,829	\$ 41,725	\$ 143,246	\$ 9,082	\$ 21,592	\$ 10,000
Due to other funds	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	60,000
Unearned revenues	-	-	5,227	-	-	-
Total liabilities	12,829	41,725	148,473	9,082	21,592	70,000
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	36,623	21,701	-	-	-	-
Unavailable revenue - seized property	-	-	194,160	-	-	-
Unavailable revenue - intergovernmental	-	-	20,820	-	-	-
Total deferred inflows of resources	36,623	21,701	214,980	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable:						
Prepaid expenditures	-	-	200	-	-	-
Seized assets	-	-	194,160	-	-	-
Restricted for:						
General government	-	-	15,221	-	-	-
Public safety	1,342,000	-	94,482	1,087,122	-	-
Transportation	-	779,338	336	-	-	-
Debt service	-	-	-	-	-	-
Culture and recreation	-	-	57,778	-	102,129	155,792
Judicial services	-	-	108	-	-	-
Education	-	-	-	-	-	-
Health and welfare	-	-	11,791	-	-	-
Economic development	-	-	1,088	-	-	-
Capital projects	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	1,342,000	779,338	375,164	1,087,122	102,129	155,792
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,391,452	\$ 842,764	\$ 738,617	\$ 1,096,204	\$ 123,721	\$ 225,792

Special Revenue Funds						Debt Service Fund	Capital Projects Fund	
Sheriff's Victims' Assistance	Solicitor's Victims' Assistance	Duke Energy Fixed Nuclear Facility	Clerk of Court Federal Child Support	Library State Aid	Tri-County Tech	Debt Service	Bridge and Culvert Capital Projects	Totals
\$ -	\$ 26,864	\$ 175,977	\$ 127,245	\$ -	\$ 340,192	\$ 989,464	\$ 118,081	\$ 3,386,563
-	-	-	-	-	700,000	-	3,000,000	5,950,000
-	-	-	-	-	38,533	95,726	12,279	214,803
-	-	-	-	-	-	-	-	61,515
-	-	-	11,071	-	-	-	345,202	591,943
-	-	-	-	-	-	680,000	-	680,000
-	-	-	-	-	-	1,333	-	1,533
-	-	-	-	-	-	-	-	194,160
<u>\$ -</u>	<u>\$ 26,864</u>	<u>\$ 175,977</u>	<u>\$ 138,316</u>	<u>\$ -</u>	<u>\$ 1,078,725</u>	<u>\$ 1,766,523</u>	<u>\$ 3,475,562</u>	<u>\$ 11,080,517</u>
\$ -	\$ -	\$ 129	\$ -	\$ 599	\$ -	\$ -	\$ 51,032	\$ 290,234
1,759	-	-	-	516	-	-	-	2,275
2,556	1,169	-	1,966	-	-	-	-	5,691
-	-	-	-	-	-	-	-	60,000
-	-	175,848	-	-	-	-	-	181,075
<u>4,315</u>	<u>1,169</u>	<u>175,977</u>	<u>1,966</u>	<u>1,115</u>	<u>-</u>	<u>-</u>	<u>51,032</u>	<u>539,275</u>
-	-	-	-	-	33,890	82,484	10,334	185,032
-	-	-	-	-	-	-	-	194,160
-	-	-	-	-	-	-	202,598	223,418
-	-	-	-	-	33,890	82,484	212,932	602,610
-	-	-	-	-	-	1,333	-	1,533
-	-	-	-	-	-	-	-	194,160
-	-	-	-	-	-	-	-	15,221
-	25,695	-	-	-	-	-	-	2,549,299
-	-	-	-	-	-	-	-	779,674
-	-	-	-	-	-	1,682,706	-	1,682,706
-	-	-	-	-	-	-	-	315,699
-	-	-	136,350	-	-	-	-	136,458
-	-	-	-	-	1,044,835	-	-	1,044,835
-	-	-	-	-	-	-	-	11,791
-	-	-	-	-	-	-	-	1,088
-	-	-	-	-	-	-	3,211,598	3,211,598
(4,315)	-	-	-	(1,115)	-	-	-	(5,430)
<u>(4,315)</u>	<u>25,695</u>	<u>-</u>	<u>136,350</u>	<u>(1,115)</u>	<u>1,044,835</u>	<u>1,684,039</u>	<u>3,211,598</u>	<u>9,938,632</u>
<u>\$ -</u>	<u>\$ 26,864</u>	<u>\$ 175,977</u>	<u>\$ 138,316</u>	<u>\$ -</u>	<u>\$ 1,078,725</u>	<u>\$ 1,766,523</u>	<u>\$ 3,475,562</u>	<u>\$ 11,080,517</u>

OCONEE COUNTY, SOUTH CAROLINA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds					
	Emergency Services Protection District	Road Maintenance	Miscellaneous Special Revenue	911 Communications Fund	State Accommodations Tax	Local Accommodations Tax
Revenues:						
Property taxes	\$ 1,378,916	\$ 1,104,295	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	283,711	162,142	247,017
Intergovernmental	-	209,239	1,065,871	468,237	-	-
Licenses and permits	-	-	11,210	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Interest revenue	-	-	106	-	44	194
Contributions and donations	-	-	27,909	-	-	-
Other revenues	-	-	45,055	-	-	-
Total revenues	1,378,916	1,313,534	1,150,151	751,948	162,186	247,211
Expenditures:						
Current:						
General government	-	-	2,589	-	-	-
Public safety	1,292,008	-	334,634	618,343	-	-
Transportation	-	845,409	351,925	-	-	-
Public works	-	-	24,532	-	-	-
Culture and recreation	-	-	31,050	-	106,142	208,354
Judicial services	-	-	-	-	-	-
Education	-	-	-	-	-	-
Health and welfare	-	-	154,879	-	-	-
Economic development	-	-	100,000	-	-	-
Capital outlay	-	-	-	135,225	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	1,292,008	845,409	999,609	753,568	106,142	208,354
Excess (deficiency) of revenues over (under) expenditures	86,908	468,125	150,542	(1,620)	56,044	38,857
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(31,857)	-
Insurance recoveries	11,700	-	-	-	-	-
Total other financing sources (uses)	11,700	-	-	-	(31,857)	-
Net change in fund balances	98,608	468,125	150,542	(1,620)	24,187	38,857
Fund balances, beginning of year, as restated	1,243,392	311,213	224,622	1,088,742	77,942	116,935
Fund balances (deficits), end of year	\$ 1,342,000	\$ 779,338	\$ 375,164	\$ 1,087,122	\$ 102,129	\$ 155,792

Special Revenue Funds						Debt Service Fund	Capital Projects Fund	
Sheriff's Victims' Assistance	Solicitor's Victims' Assistance	Duke Energy Fixed Nuclear Facility	Clerk of Court Federal Child Support	Library State Aid	Tri-County Tech	Debt Service	Bridge and Culvert Capital Projects	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,111,997	\$ 3,587,523	\$ 525,259	\$ 7,707,990
-	-	-	-	-	-	-	-	692,870
-	-	46,309	150,747	92,841	-	-	175,639	2,208,883
-	-	-	-	-	-	-	-	11,210
63,334	42,260	-	-	-	-	-	-	105,594
-	-	-	-	-	-	31,580	-	31,924
-	-	-	-	-	-	-	-	27,909
-	-	-	-	-	-	-	-	45,055
<u>63,334</u>	<u>42,260</u>	<u>46,309</u>	<u>150,747</u>	<u>92,841</u>	<u>1,111,997</u>	<u>3,619,103</u>	<u>700,898</u>	<u>10,831,435</u>
-	-	-	-	-	-	-	-	2,589
140,513	-	42,154	-	-	-	-	-	2,427,652
-	-	-	-	-	-	-	678,299	1,875,633
-	-	-	-	-	-	-	-	24,532
-	-	-	-	55,619	-	-	-	401,165
-	62,567	-	118,053	-	-	-	-	180,620
-	-	-	-	-	1,066,000	-	-	1,066,000
-	-	-	-	-	-	-	-	154,879
-	-	-	-	-	-	-	-	100,000
-	-	4,155	-	38,337	-	-	-	177,717
-	-	-	-	-	-	2,335,000	-	2,335,000
-	-	-	-	-	-	695,866	-	695,866
<u>140,513</u>	<u>62,567</u>	<u>46,309</u>	<u>118,053</u>	<u>93,956</u>	<u>1,066,000</u>	<u>3,030,866</u>	<u>678,299</u>	<u>9,441,653</u>
(77,179)	(20,307)	-	32,694	(1,115)	45,997	588,237	22,599	1,389,782
30,000	10,000	-	-	-	-	-	-	40,000
-	-	-	-	-	-	-	-	(31,857)
-	-	-	-	-	-	-	-	11,700
<u>30,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,843</u>
(47,179)	(10,307)	-	32,694	(1,115)	45,997	588,237	22,599	1,409,625
42,864	36,002	-	103,656	-	998,838	1,095,802	3,188,999	8,529,007
<u>\$ (4,315)</u>	<u>\$ 25,695</u>	<u>\$ -</u>	<u>\$ 136,350</u>	<u>\$ (1,115)</u>	<u>\$ 1,044,835</u>	<u>\$ 1,684,039</u>	<u>\$ 3,211,598</u>	<u>\$ 9,938,632</u>

**OCONEE COUNTY, SOUTH CAROLINA
EMERGENCY SERVICES PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 1,350,000	\$ 1,350,000	\$ 1,378,916	\$ 28,916
Total revenues	<u>1,350,000</u>	<u>1,350,000</u>	<u>1,378,916</u>	<u>28,916</u>
EXPENDITURES				
Public safety	1,324,700	2,348,054	1,292,008	1,056,046
Total expenditures	<u>1,324,700</u>	<u>2,348,054</u>	<u>1,292,008</u>	<u>1,056,046</u>
Excess of revenues over expenditures	25,300	(998,054)	86,908	1,084,962
OTHER FINANCING SOURCES				
Insurance recoveries	-	-	11,700	11,700
Total other financing sources	<u>-</u>	<u>-</u>	<u>11,700</u>	<u>11,700</u>
Net change in fund balance	25,300	(998,054)	98,608	1,096,662
FUND BALANCES, beginning of year	<u>1,243,392</u>	<u>1,243,392</u>	<u>1,243,392</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 1,268,692</u>	<u>\$ 245,338</u>	<u>\$ 1,342,000</u>	<u>\$ 1,096,662</u>

**OCONEE COUNTY, SOUTH CAROLINA
ROAD MAINTENANCE**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 1,050,000	\$ 956,195	\$ 1,104,295	\$ 148,100
Intergovernmental	-	-	209,239	209,239
Total revenues	<u>1,050,000</u>	<u>956,195</u>	<u>1,313,534</u>	<u>357,339</u>
EXPENDITURES				
Transportation	1,050,000	1,143,805	845,409	298,396
Total expenditures	<u>1,050,000</u>	<u>1,143,805</u>	<u>845,409</u>	<u>298,396</u>
Net change in fund balance	-	(187,610)	468,125	655,735
FUND BALANCES, beginning of year	<u>311,213</u>	<u>311,213</u>	<u>311,213</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 311,213</u>	<u>\$ 123,603</u>	<u>\$ 779,338</u>	<u>\$ 655,735</u>

**OCONEE COUNTY, SOUTH CAROLINA
MISCELLANEOUS SPECIAL REVENUE**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Intergovernmental	\$ 611,815	\$ 611,815	\$ 1,065,871	\$ 454,056
Licenses and permits	-	-	11,210	11,210
Other revenue	-	-	72,964	72,964
Interest revenue	-	-	106	106
	<u>611,815</u>	<u>611,815</u>	<u>1,150,151</u>	<u>538,336</u>
EXPENDITURES				
General government	10,137	10,137	2,589	7,548
Public safety	122,962	127,100	334,634	(207,534)
Public works	-	-	24,532	(24,532)
Transportation	490,639	490,639	351,925	138,714
Health and welfare	-	-	154,879	(154,879)
Culture and recreation	17,100	20,810	31,050	(10,240)
Economic development	-	-	100,000	(100,000)
Total expenditures	<u>640,838</u>	<u>648,686</u>	<u>999,609</u>	<u>(350,923)</u>
Net change in fund balance	(29,023)	(36,871)	150,542	187,413
FUND BALANCES, beginning of year	<u>224,622</u>	<u>224,622</u>	<u>224,622</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 195,599</u>	<u>\$ 187,751</u>	<u>\$ 375,164</u>	<u>\$ 187,413</u>

**OCONEE COUNTY, SOUTH CAROLINA
911 COMMUNICATIONS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Other taxes	\$ 310,000	\$ 310,000	\$ 283,711	\$ (26,289)
Intergovernmental	105,000	105,000	468,237	363,237
Interest revenue	400	400	-	(400)
Total revenues	<u>415,400</u>	<u>415,400</u>	<u>751,948</u>	<u>336,548</u>
EXPENDITURES				
Public safety	298,000	584,634	618,343	(33,709)
Capital outlay	130,000	130,000	135,225	(5,225)
Total expenditures	<u>428,000</u>	<u>714,634</u>	<u>753,568</u>	<u>(38,934)</u>
Net change in fund balance	(12,600)	(299,234)	(1,620)	297,614
FUND BALANCES, beginning of year	<u>1,088,742</u>	<u>1,088,742</u>	<u>1,088,742</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 1,076,142</u>	<u>\$ 789,508</u>	<u>\$ 1,087,122</u>	<u>\$ 297,614</u>

OCONEE COUNTY, SOUTH CAROLINA
SHERIFF'S VICTIMS' ASSISTANCE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Fines and forfeitures	\$ 76,000	\$ 76,000	\$ 63,334	\$ (12,666)
Total revenues	<u>76,000</u>	<u>76,000</u>	<u>63,334</u>	<u>(12,666)</u>
EXPENDITURES				
Public safety	137,676	137,676	140,513	(2,837)
Total expenditures	<u>137,676</u>	<u>137,676</u>	<u>140,513</u>	<u>(2,837)</u>
Deficiency of revenues under expenditures	(61,676)	(61,676)	(77,179)	(15,503)
Other financing sources				
Transfers in	30,000	30,000	30,000	-
Total other financing sources	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balance	(31,676)	(31,676)	(47,179)	(15,503)
FUND BALANCES, beginning of year	<u>42,864</u>	<u>42,864</u>	<u>42,864</u>	<u>-</u>
FUND BALANCES (DEFICIT), end of year	<u>\$ 11,188</u>	<u>\$ 11,188</u>	<u>\$ (4,315)</u>	<u>\$ (15,503)</u>

**OCONEE COUNTY, SOUTH CAROLINA
SOLICITOR'S VICTIMS' ASSISTANCE**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Fines and forfeitures	\$ 46,000	\$ 46,000	\$ 42,260	\$ (3,740)
Total revenues	<u>46,000</u>	<u>46,000</u>	<u>42,260</u>	<u>(3,740)</u>
EXPENDITURES				
Judicial services	61,519	61,519	62,567	(1,048)
Total expenditures	<u>61,519</u>	<u>61,519</u>	<u>62,567</u>	<u>(1,048)</u>
Deficiency of revenues under expenditures	(15,519)	(15,519)	(20,307)	(4,788)
Other financing sources				
Transfers in	10,000	10,000	10,000	-
Total other financing sources	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net change in fund balance	(5,519)	(5,519)	(10,307)	(4,788)
FUND BALANCES, beginning of year	<u>36,002</u>	<u>36,002</u>	<u>36,002</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 30,483</u>	<u>\$ 30,483</u>	<u>\$ 25,695</u>	<u>\$ (4,788)</u>

**OCONEE COUNTY, SOUTH CAROLINA
LIBRARY STATE AID**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Intergovernmental	\$ 92,841	\$ 92,841	\$ 92,841	\$ -
Interest revenue	-	-	-	-
Total revenues	<u>92,841</u>	<u>92,841</u>	<u>92,841</u>	<u>-</u>
EXPENDITURES				
Culture and recreation	64,388	54,503	55,619	(1,116)
Capital outlay	25,453	38,338	38,337	1
Total expenditures	<u>89,841</u>	<u>92,841</u>	<u>93,956</u>	<u>(1,115)</u>
Net change in fund balance	3,000	-	(1,115)	(1,115)
FUND BALANCES, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ (1,115)</u>	<u>\$ (1,115)</u>

**OCONEE COUNTY, SOUTH CAROLINA
TRI-COUNTY TECH**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 1,060,500	\$ 1,060,500	\$ 1,111,997	\$ 51,497
Total revenues	<u>1,060,500</u>	<u>1,060,500</u>	<u>1,111,997</u>	<u>51,497</u>
EXPENDITURES				
Education	<u>1,066,000</u>	<u>1,066,000</u>	<u>1,066,000</u>	<u>-</u>
Total expenditures	<u>1,066,000</u>	<u>1,066,000</u>	<u>1,066,000</u>	<u>-</u>
Net change in fund balance	(5,500)	(5,500)	45,997	51,497
FUND BALANCES, beginning of year	<u>998,838</u>	<u>998,838</u>	<u>998,838</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 993,338</u>	<u>\$ 993,338</u>	<u>\$ 1,044,835</u>	<u>\$ 51,497</u>

**OCONEE COUNTY, SOUTH CAROLINA
DEBT SERVICE**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance
REVENUES				
Taxes	\$ -	\$ -	\$ 3,587,523	\$ 3,587,523
Interest revenue	-	-	31,580	31,580
Total revenues	<u>-</u>	<u>-</u>	<u>3,619,103</u>	<u>3,619,103</u>
EXPENDITURES				
Debt service				
Principal	2,335,000	2,335,000	2,335,000	-
Interest	694,073	694,073	695,866	(1,793)
Total expenditures	<u>3,029,073</u>	<u>3,029,073</u>	<u>3,030,866</u>	<u>(1,793)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,029,073)</u>	<u>(3,029,073)</u>	<u>588,237</u>	<u>3,617,310</u>
Other financing sources (uses)				
Proceeds from the issuance of debt	3,698,000	3,698,000	-	(3,698,000)
Total other financing sources (uses)	<u>3,698,000</u>	<u>3,698,000</u>	<u>-</u>	<u>(3,698,000)</u>
Net change in fund balance	668,927	668,927	588,237	(80,690)
FUND BALANCES, beginning of year	<u>1,095,802</u>	<u>1,095,802</u>	<u>1,095,802</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 1,764,729</u>	<u>\$ 1,764,729</u>	<u>\$ 1,684,039</u>	<u>\$ (80,690)</u>

**OCONEE COUNTY, SOUTH CAROLINA
BRIDGES AND CULVERTS CAPITAL PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Taxes	\$ 498,000	\$ 498,000	\$ 525,259	\$ 27,259
Intergovernmental	-	-	175,639	175,639
Total revenues	<u>498,000</u>	<u>498,000</u>	<u>700,898</u>	<u>202,898</u>
EXPENDITURES				
Transportation	<u>1,720,000</u>	<u>1,791,850</u>	<u>678,299</u>	<u>1,113,551</u>
Total expenditures	<u>1,720,000</u>	<u>1,791,850</u>	<u>678,299</u>	<u>1,113,551</u>
Net change in fund balance	(1,222,000)	(1,293,850)	22,599	1,316,449
FUND BALANCES, beginning of year	<u>3,188,999</u>	<u>3,188,999</u>	<u>3,188,999</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 1,966,999</u>	<u>\$ 1,895,149</u>	<u>\$ 3,211,598</u>	<u>\$ 1,316,449</u>

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	June 30, 2014	Increases	Decreases	June 30, 2015
SDOC General Fund				
ASSETS				
Cash and cash equivalents	\$ 399,747	\$ 44,966,888	\$ (44,940,744)	\$ 425,891
Taxes receivable	2,189,927	1,888,799	(2,189,927)	1,888,799
Total assets	\$ 2,589,674	\$ 46,855,687	\$ (47,130,671)	\$ 2,314,690
LIABILITIES				
Due to other taxing districts and agencies	\$ 2,589,674	\$ 46,855,687	(47,130,671)	\$ 2,314,690
Total liabilities	\$ 2,589,674	\$ 46,855,687	\$ (47,130,671)	\$ 2,314,690
 SDOC Debt Retirement				
ASSETS				
Cash and cash equivalents	\$ 5,693,290	\$ 34,737,252	\$ (33,900,955)	\$ 6,529,587
Taxes receivable	656,642	564,475	(656,642)	564,475
Total assets	\$ 6,349,932	\$ 35,301,727	\$ (34,557,597)	\$ 7,094,062
LIABILITIES				
Due to other taxing districts and agencies	\$ 6,349,932	\$ 35,301,727	(34,557,597)	\$ 7,094,062
Total liabilities	\$ 6,349,932	\$ 35,301,727	\$ (34,557,597)	\$ 7,094,062
 Family Court				
ASSETS				
Cash and cash equivalents	\$ 21,273	\$ 4,810,784	\$ (4,811,985)	\$ 20,072
Total assets	\$ 21,273	\$ 4,810,784	\$ (4,811,985)	\$ 20,072
LIABILITIES				
Due to other taxing districts and agencies	\$ 21,273	\$ 4,810,784	\$ (4,811,985)	\$ 20,072
Total liabilities	\$ 21,273	\$ 4,810,784	\$ (4,811,985)	\$ 20,072
 Clerk of Court				
ASSETS				
Cash and cash equivalents	\$ 283,627	\$ 1,324,056	\$ (1,298,028)	\$ 309,655
Total assets	\$ 283,627	\$ 1,324,056	\$ (1,298,028)	\$ 309,655
LIABILITIES				
Due to other taxing districts and agencies	\$ 283,627	\$ 1,324,056	\$ (1,298,028)	\$ 309,655
Total liabilities	\$ 283,627	\$ 1,324,056	\$ (1,298,028)	\$ 309,655

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	June 30, 2014	Increases	Decreases	June 30, 2015
Municipal Tax Fund				
ASSETS				
Cash and cash equivalents	\$ 56,907	\$ 5,348,025	\$ (5,325,975)	\$ 78,957
Taxes receivable	200,996	182,679	(200,996)	182,679
Total assets	<u>\$ 257,903</u>	<u>\$ 5,530,704</u>	<u>\$ (5,526,971)</u>	<u>\$ 261,636</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 257,903	\$ 5,530,704	\$ (5,526,971)	\$ 261,636
Total liabilities	<u>\$ 257,903</u>	<u>\$ 5,530,704</u>	<u>\$ (5,526,971)</u>	<u>\$ 261,636</u>
Keowee Fire District				
ASSETS				
Cash and cash equivalents	\$ 13,033	\$ 692,594	\$ (696,925)	\$ 8,702
Taxes receivable	7,659	8,189	(7,659)	8,189
Total assets	<u>\$ 20,692</u>	<u>\$ 700,783</u>	<u>\$ (704,584)</u>	<u>\$ 16,891</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 20,692	\$ 700,783	\$ (704,584)	\$ 16,891
Total liabilities	<u>\$ 20,692</u>	<u>\$ 700,783</u>	<u>\$ (704,584)</u>	<u>\$ 16,891</u>
Magistrate Cash Bond/Juror Fund				
ASSETS				
Cash and cash equivalents	\$ 13,918	\$ 1,012,521	\$ (997,051)	\$ 29,388
Total assets	<u>\$ 13,918</u>	<u>\$ 1,012,521</u>	<u>\$ (997,051)</u>	<u>\$ 29,388</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 13,918	\$ 1,012,521	\$ (997,051)	\$ 29,388
Total liabilities	<u>\$ 13,918</u>	<u>\$ 1,012,521</u>	<u>\$ (997,051)</u>	<u>\$ 29,388</u>
Delinquent Tax Fund				
ASSETS				
Cash and cash equivalents	\$ 978,928	\$ 1,866,148	\$ (2,200,300)	\$ 644,776
Total assets	<u>\$ 978,928</u>	<u>\$ 1,866,148</u>	<u>\$ (2,200,300)</u>	<u>\$ 644,776</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 978,928	\$ 1,866,148	\$ (2,200,300)	\$ 644,776
Total liabilities	<u>\$ 978,928</u>	<u>\$ 1,866,148</u>	<u>\$ (2,200,300)</u>	<u>\$ 644,776</u>

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	June 30, 2014	Increases	Decreases	June 30, 2015
Sheriff's Office				
ASSETS				
Cash and cash equivalents	\$ 128,497	\$ 266,096	\$ (262,807)	\$ 131,786
Total assets	<u>\$ 128,497</u>	<u>\$ 266,096</u>	<u>\$ (262,807)</u>	<u>\$ 131,786</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 128,497	\$ 266,096	\$ (262,807)	\$ 131,786
Total liabilities	<u>\$ 128,497</u>	<u>\$ 266,096</u>	<u>\$ (262,807)</u>	<u>\$ 131,786</u>
Fireman's Insurance and Inspection Fund				
ASSETS				
Cash and cash equivalents	\$ 101	\$ 181,780	\$ (181,758)	\$ 123
Total assets	<u>\$ 101</u>	<u>\$ 181,780</u>	<u>\$ (181,758)</u>	<u>\$ 123</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 101	\$ 181,780	\$ (181,758)	\$ 123
Total liabilities	<u>\$ 101</u>	<u>\$ 181,780</u>	<u>\$ (181,758)</u>	<u>\$ 123</u>
Probate Judge				
ASSETS				
Cash and cash equivalents	\$ 13,870	\$ 14	\$ -	\$ 13,884
Total assets	<u>\$ 13,870</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 13,884</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 13,870	\$ 14	\$ -	\$ 13,884
Total liabilities	<u>\$ 13,870</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 13,884</u>
Register of Deeds				
ASSETS				
Cash and cash equivalents	\$ 15,515	\$ 1	\$ (15,516)	\$ -
Total assets	<u>\$ 15,515</u>	<u>\$ 1</u>	<u>\$ (15,516)</u>	<u>\$ -</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 15,515	\$ 1	\$ (15,516)	\$ -
Total liabilities	<u>\$ 15,515</u>	<u>\$ 1</u>	<u>\$ (15,516)</u>	<u>\$ -</u>

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	June 30, 2014	Increases	Decreases	June 30, 2015
Solicitor's Worthless Check Program				
ASSETS				
Cash and cash equivalents	\$ 18,328	\$ 55,759	\$ (74,017)	\$ 70
Total assets	<u>\$ 18,328</u>	<u>\$ 55,759</u>	<u>\$ (74,017)</u>	<u>\$ 70</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 18,328	\$ 55,759	\$ (74,017)	\$ 70
Total liabilities	<u>\$ 18,328</u>	<u>\$ 55,759</u>	<u>\$ (74,017)</u>	<u>\$ 70</u>
	June 30, 2014	Increases	Decreases	June 30, 2015
Retiree Health Reimbursement				
ASSETS				
Cash and cash equivalents	\$ 794	\$ 296,227	\$ (297,021)	\$ -
Total assets	<u>\$ 794</u>	<u>\$ 296,227</u>	<u>\$ (297,021)</u>	<u>\$ -</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 794	\$ 296,227	\$ (297,021)	\$ -
Total liabilities	<u>\$ 794</u>	<u>\$ 296,227</u>	<u>\$ (297,021)</u>	<u>\$ -</u>
	June 30, 2014	Increases	Decreases	June 30, 2015
Employee Health Flex Spending				
ASSETS				
Cash and cash equivalents	\$ 26,008	\$ 101,191	\$ (127,199)	\$ -
Total assets	<u>\$ 26,008</u>	<u>\$ 101,191</u>	<u>\$ (127,199)</u>	<u>\$ -</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 26,008	\$ 101,191	\$ (127,199)	\$ -
Total liabilities	<u>\$ 26,008</u>	<u>\$ 101,191</u>	<u>\$ (127,199)</u>	<u>\$ -</u>
	June 30, 2014	Increases	Decreases	June 30, 2015
Pickens County				
ASSETS				
Cash and cash equivalents	\$ 24,339	\$ 40,055	\$ (33,422)	\$ 30,972
Total assets	<u>\$ 24,339</u>	<u>\$ 40,055</u>	<u>\$ (33,422)</u>	<u>\$ 30,972</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 24,339	\$ 40,055	\$ (33,422)	\$ 30,972
Total liabilities	<u>\$ 24,339</u>	<u>\$ 40,055</u>	<u>\$ (33,422)</u>	<u>\$ 30,972</u>

OCONEE COUNTY, SOUTH CAROLINA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	June 30, 2014	Increases	Decreases	June 30, 2015
Williamsburg County				
ASSETS				
Cash and cash equivalents	\$ 25,164	\$ 22,308	\$ (25,164)	\$ 22,308
Total assets	<u>\$ 25,164</u>	<u>\$ 22,308</u>	<u>\$ (25,164)</u>	<u>\$ 22,308</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 25,164	\$ 22,308	\$ (25,164)	\$ 22,308
Total liabilities	<u>\$ 25,164</u>	<u>\$ 22,308</u>	<u>\$ (25,164)</u>	<u>\$ 22,308</u>
	June 30, 2014	Increases	Decreases	June 30, 2015
Community Development				
ASSETS				
Cash and cash equivalents	\$ -	\$ 44,348	\$ -	\$ 44,348
Total assets	<u>\$ -</u>	<u>\$ 44,348</u>	<u>\$ -</u>	<u>\$ 44,348</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ -	\$ 44,348	\$ -	\$ 44,348
Total liabilities	<u>\$ -</u>	<u>\$ 44,348</u>	<u>\$ -</u>	<u>\$ 44,348</u>
Totals				
ASSETS				
Cash and cash equivalents	\$ 7,713,339	\$ 95,766,047	\$ (95,188,867)	\$ 8,290,519
Taxes receivable	3,055,224	2,644,142	(3,055,224)	2,644,142
Total assets	<u>\$ 10,768,563</u>	<u>\$ 98,410,189</u>	<u>\$ (98,244,091)</u>	<u>\$ 10,934,661</u>
LIABILITIES				
Due to other taxing districts and agencies	\$ 10,768,563	\$ 98,410,189	\$ (98,244,091)	\$ 10,934,661
Total liabilities	<u>\$ 10,768,563</u>	<u>\$ 98,410,189</u>	<u>\$ (98,244,091)</u>	<u>\$ 10,934,661</u>

OCONEE COUNTY, SOUTH CAROLINA
SUMMARY SCHEDULE OF COURT FINES, ASSESSMENTS AND SURCHARGES
CLERK OF COURT AND MAGISTRATE COURT
JUNE 30, 2015

	<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	\$ 12,975	\$ -	\$ 12,975	\$ -
Assessments	10,222	-	6,909	3,313
Surcharges	63,167	-	24,220	38,947
Totals	<u>\$ 86,364</u>	<u>\$ -</u>	<u>\$ 44,104</u>	<u>\$ 42,260</u>
Magistrate Court				
Fines and Fees	\$ 290,937	\$ 290,937	\$ -	\$ -
Assessments	327,336	-	292,332	35,004
Surcharges	159,659	-	131,329	28,330
Totals	<u>\$ 777,932</u>	<u>\$ 290,937</u>	<u>\$ 423,661</u>	<u>\$ 63,334</u>
Victims' Assistance				
Balance for victims' assistance - beginning of year				\$ 78,866
Amounts allocated for victims' assistance - 7/1/14 - 6/30/15				
Assessments and surcharges				105,594
Amounts spent for victims' assistance in fiscal year 2015				
from assessments and surcharges				
Salaries and benefits				(203,080)
General fund subsidy				<u>40,000</u>
Balance for victims' assistance - end of year				<u>\$ 21,380</u>

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STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	102 - 108
<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
Revenue Capacity	109 - 112
<i>These schedules contain information to help the reader assess the County's most significant local revenue sources.</i>	
Debt Capacity	113 - 117
<i>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.</i>	
Demographic and Economic Information	118 and 121
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.</i>	
Operating Information	122 - 127
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the County's financial reports for the relevant year. The County implemented GASB 34 in 2003; schedules presenting government-wide information (unless otherwise indicated) include information beginning in that year.

OCONEE COUNTY, SOUTH CAROLINA

**NET POSITION BY ACTIVITY
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 43,464,806	\$ 95,790,297	\$ 106,195,121	\$ 107,401,916	\$ 104,968,618	\$ 109,846,322	\$ 110,258,142	\$ 95,788,551	\$ 98,724,529	\$ 115,776,114
Restricted	1,382,218	10,196,048	11,265,793	13,906,528	19,344,365	6,607,598	4,805,047	4,427,846	3,974,459	4,547,704
Unrestricted	19,461,663	13,833,247	20,014,132	21,310,360	17,060,527	28,662,046	28,540,516	43,370,642	41,790,290	(2,830,210)
Total governmental activities net position	<u>\$ 64,308,687</u>	<u>\$ 119,819,592</u>	<u>\$ 137,475,046</u>	<u>\$ 142,618,804</u>	<u>\$ 141,373,510</u>	<u>\$ 145,115,966</u>	<u>\$ 143,603,705</u>	<u>\$ 143,587,039</u>	<u>\$ 144,489,278</u>	<u>\$ 117,493,608</u>
Business-type activities										
Net investment in capital assets	\$ 8,043,088	\$ 7,503,708	\$ 2,908,740	\$ 2,715,788	\$ 2,292,824	\$ 2,195,987	\$ 11,367,562	\$ 16,167,255	\$ 15,418,889	\$ 15,676,314
Unrestricted	5,420,623	5,987,762	3,008,070	3,201,022	3,608,176	3,844,173	1,107,930	(16,066)	(1,746,495)	(4,596,442)
Total business-type activities net position	<u>\$ 13,463,711</u>	<u>\$ 13,491,470</u>	<u>\$ 5,916,810</u>	<u>\$ 5,916,810</u>	<u>\$ 5,899,000</u>	<u>\$ 6,040,160</u>	<u>\$ 12,475,492</u>	<u>\$ 16,151,189</u>	<u>\$ 13,672,394</u>	<u>\$ 11,079,872</u>
Primary government										
Net investment in capital assets	\$ 51,507,894	\$ 103,294,005	\$ 109,103,861	\$ 110,117,704	\$ 107,261,442	\$ 112,042,309	\$ 121,625,704	\$ 111,955,806	\$ 114,143,418	\$ 131,452,428
Restricted	1,382,218	10,196,048	11,265,793	13,906,528	19,344,365	6,607,598	4,805,047	4,427,846	3,974,459	4,547,704
Unrestricted	24,882,286	19,821,009	23,022,202	24,511,382	20,666,703	32,506,219	29,648,446	43,354,576	40,043,795	(7,426,652)
Total primary government net position	<u>\$ 77,772,398</u>	<u>\$ 133,311,062</u>	<u>\$ 143,391,856</u>	<u>\$ 148,535,614</u>	<u>\$ 147,272,510</u>	<u>\$ 151,156,126</u>	<u>\$ 156,079,197</u>	<u>\$ 159,738,228</u>	<u>\$ 158,161,672</u>	<u>\$ 128,573,480</u>

OCONEE COUNTY, SOUTH CAROLINA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Primary government:										
Governmental activities:										
General government	\$ 9,703,484	\$ 13,295,214	\$ 16,628,618	\$ 18,548,180	\$ 12,779,958	\$ 11,515,584	\$ 11,697,494	\$ 11,261,859	\$ 10,047,351	\$ 10,126,223
Public safety	11,385,230	12,018,828	10,671,085	15,313,777	15,735,352	17,597,428	18,483,001	19,204,344	20,131,431	20,502,284
Transportation	3,073,462	693,254	5,327,716	5,036,913	6,618,188	7,945,478	7,495,563	7,372,983	8,008,004	6,916,146
Public works	-	-	-	-	3,728,944	3,892,013	4,901,973	1,930,852	3,897,503	3,887,619
Culture and recreation	3,102,417	2,859,466	3,069,785	2,037,675	2,857,679	2,917,401	3,019,172	2,986,367	3,213,785	3,343,201
Judicial	2,144,967	2,188,858	2,179,220	2,197,316	2,521,566	2,769,534	2,970,949	3,019,193	3,046,553	3,233,141
Education	-	-	-	-	972,117	1,112,556	1,048,376	1,036,754	1,041,785	1,066,000
Health and welfare	717,572	6,009,235	790,730	785,094	764,810	1,293,650	1,262,341	494,226	1,057,650	400,441
Economic development	-	-	-	-	553,264	756,688	617,995	1,517,386	2,454,331	1,291,090
Miscellaneous	899,571	-	-	-	-	-	-	-	-	-
Interest and fiscal changes	722,418	560,882	445,295	447,120	384,690	313,024	590,972	854,537	852,127	642,981
Total governmental activities expenses	<u>31,749,121</u>	<u>37,625,737</u>	<u>39,112,449</u>	<u>44,366,075</u>	<u>46,916,568</u>	<u>50,113,356</u>	<u>52,087,836</u>	<u>49,678,501</u>	<u>53,750,520</u>	<u>51,409,126</u>
Business-type activities:										
Rock quarry	2,480,151	2,260,482	2,352,819	2,246,791	2,724,555	2,310,280	2,228,448	2,702,814	2,725,580	2,760,715
FOCUS	-	-	-	-	-	-	18,604	228,910	1,606,703	2,324,110
Solid waste	4,429,812	4,700,221	-	-	-	21,245	-	-	-	-
Total business-type activities expenses	<u>6,909,963</u>	<u>6,960,703</u>	<u>2,352,819</u>	<u>2,246,791</u>	<u>2,724,555</u>	<u>2,331,525</u>	<u>2,247,052</u>	<u>2,931,724</u>	<u>4,332,283</u>	<u>5,084,825</u>
Total primary government expenses	38,659,084	44,586,440	41,465,268	46,612,866	49,641,123	52,444,881	54,334,888	52,610,225	58,082,803	56,493,951
Program revenues										
Primary government:										
Governmental activities:										
Charges for services										
General government	4,272,850	4,473,204	5,138,752	4,657,574	635,354	682,115	699,104	721,041	743,811	957,289
Public safety	137,139	125,180	153,435	133,514	712,860	581,997	545,666	954,080	1,050,750	1,121,939
Transportation	-	-	-	-	549,140	689,700	911,261	954,518	842,073	840,747
Public works	-	-	-	-	861,453	1,186,979	1,221,323	1,145,528	1,202,131	1,143,107
Culture and recreation	-	-	-	-	348,402	376,308	377,337	358,074	377,862	378,066
Judicial	1,860	2,889	2,460	1,730	1,281,388	1,106,359	1,109,336	1,005,102	907,605	779,808
Health and welfare	-	-	-	-	33,670	-	87,487	-	-	-
Economic development	-	-	-	-	-	-	-	9,500	-	-
Operating grants and contributions	1,366,838	1,424,205	1,292,982	1,994,989	2,097,997	2,658,014	1,391,801	1,646,556	1,925,061	1,888,624
Capital grants and contributions	2,149,799	898,741	2,498,147	2,394,832	4,251,132	3,943,974	1,899,031	677,399	2,022,895	2,531,412
Total governmental activities program revenues	<u>7,928,486</u>	<u>6,924,219</u>	<u>9,085,776</u>	<u>9,182,639</u>	<u>10,771,396</u>	<u>11,225,446</u>	<u>8,242,346</u>	<u>7,471,798</u>	<u>9,072,188</u>	<u>9,640,992</u>

(Continued)

OCONEE COUNTY, SOUTH CAROLINA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services										
Rock quarry	2,993,067	2,771,383	3,082,349	3,037,173	3,404,756	3,242,740	2,854,380	2,779,245	3,393,169	478,009
FOCUS						-	1,110	913,801	44,879	4,166,519
Solid waste	1,014,610	1,125,509	-	-	-	-	-	-	-	-
Operating grants and contributions	25,062	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	20,115	-	-	-	210,434	6,455,725	3,141,110	-	-
Total business-type activities										
program revenues	4,032,739	3,917,007	3,082,349	3,037,173	3,404,756	3,453,174	9,311,215	6,834,156	3,438,048	4,644,528
Total primary government										
program revenues	11,961,225	10,841,226	12,168,125	12,219,812	14,176,152	14,678,620	17,553,561	14,305,954	12,510,236	14,285,520
Net (expense) revenue										
Governmental activities	\$ (23,820,635)	\$ (30,701,518)	\$ (30,026,673)	\$ (35,183,436)	\$ (36,145,172)	\$ (38,887,910)	\$ (43,845,490)	\$ (42,206,703)	\$ (44,678,332)	\$ (41,768,134)
Business-type activities	(2,877,224)	(3,043,696)	729,530	790,382	680,201	1,121,649	7,064,163	3,902,432	(894,235)	(440,297)
Total primary government	(26,697,859)	(33,745,214)	(29,297,143)	(34,393,054)	(35,464,971)	(37,766,261)	(36,781,327)	(38,304,271)	(45,572,567)	(42,208,431)
General revenues and other changes in net position										
Primary government:										
Governmental activities:										
Property taxes	29,468,762	30,079,163	32,121,201	33,947,622	35,671,288	36,735,928	38,093,094	37,638,742	39,926,946	40,208,079
Other taxes	1,241,952	1,203,630	1,221,173	1,231,011	848,922	874,795	755,113	772,729	843,741	883,996
Unrestricted grants and contributions	3,119,522	3,431,519	3,816,253	3,639,338	3,038,376	2,577,854	2,286,169	2,732,272	2,743,615	2,760,812
Unrestricted investment earnings	1,117,714	1,523,229	1,485,206	1,061,380	498,702	370,259	427,725	350,417	483,260	521,943
Sale of capital assets	(1,112)	(253,191)	(18,678)	(740,289)	-	-	-	-	-	-
Capital contributions	7,567,013	-	-	-	-	-	-	-	-	-
Miscellaneous	4,286,662	762,775	641,535	287,463	161,281	137,299	137,819	-	-	-
Special items	-	-	-	-	825,000	944,370	-	-	-	-
Insurance recoveries	-	-	-	-	-	-	-	232,576	-	203,750
Proceeds from legal settlement	-	-	-	-	-	-	-	375,000	-	-
Transfers	(3,021,235)	(2,846,497)	800,878	900,669	687,650	989,861	633,309	116,991	1,583,009	750,000
Total governmental activities general										
revenues and other changes in										
net position	43,779,278	33,900,628	40,067,568	40,327,194	41,731,219	42,630,366	42,333,229	42,218,727	45,580,571	45,328,580
Business-type activities:										
Unrestricted investment earnings	208,908	224,958	111,247	110,287	7,449	9,372	4,478	3,714	(1,552)	13,883
Miscellaneous	-	-	-	-	-	-	-	37,056	-	-
Transfers	3,021,235	2,846,497	(800,878)	(900,669)	(687,650)	(989,861)	(633,309)	(116,991)	(1,583,009)	(750,000)
Total business type activities										
general revenues and other										
changes in net position	3,230,143	3,071,455	(689,631)	(790,382)	(680,201)	(980,489)	(628,831)	(76,221)	(1,584,561)	(736,117)
Total primary government general										
revenues and other changes										
in net position	\$ 47,009,421	\$ 36,972,083	\$ 39,377,937	\$ 39,536,812	\$ 41,051,018	\$ 41,649,877	\$ 41,704,398	\$ 42,142,506	\$ 43,996,010	\$ 44,592,463

OCONEE COUNTY, SOUTH CAROLINA

**CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Change in net position										
Governmental activities	19,958,643	3,199,110	10,040,895	5,143,758	5,586,047	3,742,456	(1,512,261)	12,024	902,239	3,560,446
Business-type activities	352,919	27,759	39,899	-	-	141,160	6,435,332	3,826,211	(2,478,796)	(1,176,414)
Total primary government change in net position	\$ 20,311,562	\$ 3,226,869	\$ 10,080,794	\$ 5,143,758	\$ 5,586,047	\$ 3,883,616	\$ 4,923,071	\$ 3,838,235	\$ (1,576,557)	\$ 2,384,032

OCONEE COUNTY, SOUTH CAROLINA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 679,695	\$ 599,901	\$ 179,781	\$ 590,626	\$ 4,734,890					
Unreserved	13,918,914	12,868,375	18,107,692	22,832,404	19,663,178					
Total General fund	<u>\$ 14,598,609</u>	<u>\$ 13,468,276</u>	<u>\$ 18,287,473</u>	<u>\$ 23,423,030</u>	<u>\$ 24,398,068</u>					
All Other Governmental Funds										
Reserved	\$ 1,885,917	\$ 10,196,048	\$ 11,265,793	\$ 11,422,123	\$ 18,103,322					
Unreserved, reported in:										
Special revenue funds	3,847,185	-	-	-	2,471,822					
Debt service funds	-	-	-	-	-					
Capital projects funds	1,026,126	965,737	4,459,452	2,962,854	-					
Total all other governmental funds	<u>\$ 6,759,228</u>	<u>\$ 11,161,785</u>	<u>\$ 15,725,245</u>	<u>\$ 14,384,977</u>	<u>\$ 20,575,144</u>					
Total all governmental funds	<u>\$ 21,357,837</u>	<u>\$ 24,630,061</u>	<u>\$ 34,012,718</u>	<u>\$ 37,808,007</u>	<u>\$ 44,973,212</u>					
General Fund										
Nonspendable						\$ 4,824,890	\$ 7,473,784	\$ 7,575,436	\$ 7,974,903	\$ 7,893,345
Restricted							1,401,505	-	-	-
Assigned						7,338,896	8,236,071	6,319,226	6,201,707	5,859,340
Unassigned						13,008,265	7,521,789	7,912,690	7,956,354	7,680,785
Total General fund						<u>\$ 25,172,051</u>	<u>\$ 24,633,149</u>	<u>\$ 21,807,352</u>	<u>\$ 22,132,964</u>	<u>\$ 21,433,470</u>
All Other Governmental Funds										
Nonspendable						\$ 4,782,659	\$ 5,150,854	\$ 5,120,760	\$ 5,715,670	\$ 6,007,910
Restricted						23,000,044	21,761,098	31,810,874	23,056,108	12,010,393
Committed						-	-	-	-	1,830,000
Assigned						4,720,626	6,514,510	-	1,418,771	-
Unassigned						(219,951)	(21,702)	-	-	(5,430)
Total all other governmental funds						<u>\$ 32,283,378</u>	<u>\$ 33,404,760</u>	<u>\$ 36,931,634</u>	<u>\$ 30,190,549</u>	<u>\$ 19,842,873</u>
Total all governmental funds						<u>\$ 57,455,429</u>	<u>\$ 58,037,909</u>	<u>\$ 58,738,986</u>	<u>\$ 52,323,513</u>	<u>\$ 41,276,343</u>

Note: GASB 54 was implemented during fiscal year 2011.

OCONEE COUNTY, SOUTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Property taxes	\$ 20,054,578	\$ 20,174,182	\$ 21,054,420	\$ 20,465,553	\$ 20,045,328	\$ 20,058,258	\$ 20,020,252	\$ 20,554,858	\$ 20,752,588	\$ 20,022,708
Other taxes	-	-	-	-	538,921	834,857	502,258	858,268	598,158	802,870
Intergovernmental	6,920,124	5,840,275	7,953,754	7,783,703	8,058,218	8,245,010	7,050,891	4,805,851	6,386,262	7,145,213
Licenses, permits and fees	2,942,202	3,183,288	3,849,173	3,041,597	3,052,181	2,840,168	2,658,936	2,848,054	2,542,232	3,138,656
Fines and forfeitures	584,120	480,574	704,937	850,885	582,737	622,071	488,898	442,030	462,506	397,380
Charges for services	-	-	-	-	855,538	1,448,800	1,881,048	1,714,530	1,708,416	1,511,531
County report	570,288	389,237	640,305	475,413	-	-	-	-	-	-
PRT commission	285,049	271,183	201,252	300,160	-	-	-	-	-	-
Fee in lieu of taxes and franchise fees	867,047	897,148	771,530	971,447	-	-	-	-	-	-
Interest and investment income	1,117,714	1,529,220	1,468,802	1,051,350	498,734	370,250	428,175	300,414	483,200	621,843
Miscellaneous and other	4,599,713	942,750	344,500	1,129,037	458,342	1,681,827	612,032	620,735	503,502	492,341
Total revenues	45,871,125	43,928,746	48,225,662	43,887,384	50,064,847	50,118,280	51,454,272	48,882,888	52,802,395	53,830,448
Expenditures:										
General government	11,049,484	12,809,727	17,607,878	17,363,847	12,380,553	12,885,930	13,188,544	11,112,957	9,885,045	9,340,206
Public safety	10,299,824	10,681,330	12,105,482	13,782,430	15,442,807	15,700,587	15,885,007	17,885,052	18,289,708	19,528,080
Transportation	4,377,000	4,398,582	3,730,728	2,524,583	4,532,498	4,758,840	5,008,718	4,570,950	5,542,518	6,372,448
Public works	-	-	-	-	3,492,000	3,811,897	3,936,370	3,674,945	3,538,179	3,712,050
Culture and recreation	2,788,405	2,505,308	2,265,468	3,120,010	2,648,087	2,922,885	2,878,904	2,925,734	3,051,888	3,171,835
Judicial services	1,013,542	1,952,088	2,175,507	2,104,657	2,305,784	2,511,770	2,655,317	2,664,057	2,713,121	2,961,635
Education	-	-	-	-	672,117	1,048,556	1,013,278	1,038,754	1,041,783	1,068,000
Health and welfare	675,870	640,405	600,787	539,131	613,048	718,938	682,022	340,202	639,131	305,218
Economic development	-	-	-	-	353,204	745,204	688,282	1,407,352	8,208,901	1,885,090
Nondepartmental	898,571	-	-	-	-	-	-	-	-	-
Capital outlay	3,035,188	2,688,752	5,309,551	4,389,503	8,275,289	9,271,923	2,780,372	2,440,772	4,580,169	14,342,937
Debt service										
Principal retirement	5,725,001	2,891,548	1,536,768	1,902,090	1,979,887	2,255,278	2,880,220	3,407,298	6,298,106	3,478,698
Interest and fiscal charges	828,867	585,532	480,519	447,120	378,340	288,538	516,851	505,084	306,521	743,870
Bond issue costs	-	-	-	-	-	195,907	-	79,154	102,766	-
Total expenditures	42,393,832	38,885,342	45,446,404	45,134,958	51,182,122	57,409,385	63,177,181	62,630,391	65,879,028	65,938,477
Excess (deficiency) of revenues over (under) expenditures	4,477,293	5,043,404	2,779,258	2,782,428	(1,107,175)	(7,291,105)	(1,722,909)	(3,748,322)	(12,996,633)	(12,108,029)
Other financing sources (uses):										
Sale of capital assets	13,472	1,085,204	15,210	182,105	18,307	67,868	42,325	21,171	-	107,108
Contributions - capital assets	-	-	-	-	-	-	-	-	-	-
Insurance recoveries	-	-	-	-	74,504	-	14,582	282,576	-	209,730
Grants and capital leases proceeds	-	-	1,477,683	-	3,500,000	22,300,000	1,614,812	2,638,864	4,588,160	-
Bond premium	-	-	-	-	-	581,268	-	-	-	-
Payments to refunding bonds escrow	-	-	-	-	-	(5,411,084)	-	-	-	-
Treasury in	2,880,534	6,918,044	9,082,204	3,595,588	6,772,402	7,282,318	802,482	5,188,897	3,100,358	894,882
Treasury out	(5,920,758)	(11,764,641)	(8,281,325)	(2,684,803)	(6,084,762)	(5,202,489)	(217,143)	(5,071,500)	(1,517,358)	(144,882)
Total other financing sources (uses)	(3,039,752)	(1,761,175)	2,201,771	1,082,885	4,283,451	(5,917,972)	2,305,495	3,019,582	6,581,950	1,050,858

OCONEE COUNTY, SOUTH CAROLINA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Special items:										
Gain on sale of land	-	-	-	-	-	944,370	-	-	-	-
Courthouse settlement	-	-	-	-	825,000	-	-	-	-	-
Total Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>825,000</u>	<u>944,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 1,469,670</u>	<u>\$ 3,272,224</u>	<u>\$ 4,071,029</u>	<u>\$ 3,795,293</u>	<u>\$ 3,998,286</u>	<u>\$ 12,482,217</u>	<u>\$ 582,480</u>	<u>\$ (728,630)</u>	<u>\$ (6,415,473)</u>	<u>\$ (11,047,170)</u>
Debt Service as a Percentage of										
Noncapital Expenditures	<u>11.28%</u>	<u>12.86%</u>	<u>1.73%</u>	<u>1.95%</u>	<u>0.95%</u>	<u>0.75%</u>	<u>1.65%</u>	<u>9.28%</u>	<u>22.36%</u>	<u>8.71%</u>

⁽¹⁾ 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.

OCONEE COUNTY, SOUTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Year	Real Property	Personal Property	Other	Total Taxable Assessed Value	Total Direct Tax Rate Applied	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2006	\$ 183,221,480	\$ 40,272,285	\$ 183,827,876	\$ 407,321,641	75.6	\$ 6,925,984,344	5.88 %
2007	255,586,460	39,243,746	141,572,055	436,402,261	73.0	7,787,962,417	5.60
2008	274,733,180	39,153,407	143,279,238	457,165,825	72.3	8,240,526,066	5.55
2009	295,542,685	37,818,501	139,742,088	473,103,274	72.3	8,465,109,305	5.59
2010	309,318,820	34,204,632	141,652,366	485,175,818	70.0	8,780,990,487	5.53
2011	308,416,974	32,632,445	173,553,229	514,602,648	67.1	8,896,160,854	5.78
2012	313,231,359	41,706,217	163,031,512	517,969,088	69.0	9,021,922,673	5.74
2013	318,171,344	35,811,449	161,574,917	515,557,710	69.0	9,047,217,892	5.70
2014	322,552,303	41,212,757	157,529,631	521,294,691	71.0	9,142,100,263	5.70
2015	320,742,833	40,299,075	164,301,126	525,343,034	71.0	9,169,352,176	5.73

Source: Oconee County Auditor

Note: Property in the County was reassessed at December 31, 2005 and 2010, which is reflected in the taxable assessed values stated above for fiscal years ended June 30, 2007 and 2012.

OCONEE COUNTY, SOUTH CAROLINA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Oconee County:										
Operating	68.0	64.3	64.1	64.1	63.9	61.1	58.9	58.9	57.6	57.6
Debt service	4.5	4.1	4.1	4.1	1.4	1.9	6.0	6.0	6.0	6.0
Economic development	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.2	2.2
Bridges and culverts	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Road Maintenance	-	-	-	-	-	-	-	-	2.1	2.1
Tri-County Tech Operations	2.1	2.6	2.1	2.1	2.7	2.1	2.1	2.1	2.1	2.1
Total Oconee County	<u>75.6</u>	<u>73.0</u>	<u>72.3</u>	<u>72.3</u>	<u>70.0</u>	<u>67.1</u>	<u>69.0</u>	<u>69.0</u>	<u>71.0</u>	<u>71.0</u>
School District										
Operating	123.0	113.0	109.8	110.5	111.4	107.1	101.4	110.1	110.1	110.1
Debt Service	18.0	18.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0	31.0
Total School District	<u>141.0</u>	<u>131.0</u>	<u>140.8</u>	<u>141.5</u>	<u>142.4</u>	<u>138.1</u>	<u>132.4</u>	<u>141.1</u>	<u>141.1</u>	<u>141.1</u>
Special Districts										
City of Seneca	50.0	50.0	50.0	52.3	52.3	52.3	52.3	52.3	34.9	36.4
City of Salem	30.0	30.0	30.0	31.0	32.4	32.4	32.4	32.4	55.3	55.3
City of Walhalla	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0	84.0
City of West Union	39.0	39.0	39.0	40.3	41.3	41.3	42.0	45.0	46.0	46.0
City of Westminster	88.0	88.0	88.0	90.7	90.7	90.7	90.7	90.7	90.7	97.3
Emergency Services Protection District	-	-	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Keowee fire special district	14.5	13.7	14.0	13.5	14.5	14.4	14.5	14.5	14.5	14.5
Total Special Districts	<u>305.5</u>	<u>304.7</u>	<u>307.9</u>	<u>314.7</u>	<u>318.1</u>	<u>318.0</u>	<u>318.8</u>	<u>321.8</u>	<u>328.3</u>	<u>336.4</u>
Total direct and overlapping rates	<u>522.1</u>	<u>508.7</u>	<u>521.0</u>	<u>528.5</u>	<u>530.5</u>	<u>523.2</u>	<u>520.2</u>	<u>531.9</u>	<u>540.4</u>	<u>548.5</u>

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 of 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).

OCONEE COUNTY, SOUTH CAROLINA

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

2015				2006			
Rank	Taxpayer	Taxable Assessed Value*	Percentage of Total Taxable Assessed Value	Rank	Taxpayer	Taxable Assessed Value*	Percentage of Total Taxable Assessed Value
1	Duke Energy Corporation	\$ 143,912,170	27.39%	1	Duke Energy Corporation	\$ 133,213,200	32.70%
2	Blue Ridge Electric Coop Inc	6,960,720	1.32%	2	Blue Ridge Electric Coop Inc	5,398,540	1.33%
3	BASF Catalyst LLC	5,908,480	1.12%	3	Engelhard Corporation	3,943,390	0.97%
4	Sandvik, Inc	3,004,922	0.57%	4	Bellsouth Telecommunications Inc	3,490,480	0.86%
5	Cyrovac Inc	2,965,630	0.56%	5	Cyrovac Inc	3,249,830	0.80%
6	Borg Warner Torq Systems Inc	2,687,914	0.51%	6	Itron Electricity Metering Inc.	1,769,990	0.43%
7	Itron Electricity Metering Inc.	1,876,649	0.36%	7	US Engine Valve Company	1,636,800	0.40%
8	Bellsouth Telecommunications Inc	1,872,160	0.36%	8	Square D Company	1,609,050	0.40%
9	Johnson Controls Battery Group	1,750,098	0.33%	9	Westpoint Stevens Inc.	1,528,620	0.38%
10	Sandra H Ingram	1,601,670	0.30%	10	Valenite LLC	1,521,420	0.37%
		<u>\$ 172,540,413</u>	<u>32.84%</u>			<u>\$ 157,361,320</u>	<u>38.63%</u>
	Total Gross Digest Assessment	<u>\$ 525,343,034</u>			Total Gross Digest Assessment	<u>\$ 407,321,641</u>	

Source: Oconee County Auditor

* Actual

OCONEE COUNTY, SOUTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2011	35,142,660	33,749,807	96.04%	720,960	34,470,767	98.09%
2012	37,241,977	35,899,993	96.40%	1,341,984	37,241,977	100.00%
2013	35,707,481	34,513,231	96.66%	901,118	35,414,349	99.18%
2014	36,786,238	35,519,419	96.56%	735,590	36,255,009	98.56%
2015	37,438,922	36,298,823	96.95%	703,580	37,002,403	98.83%

Sources: Oconee County Treasurer

OCONEE COUNTY, SOUTH CAROLINA

**RATIOS 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	Special Source Refunding Revenue Bonds	Capital Leases	Revenue Bond	Capital Leases			
2006	\$ 11,415,000	\$ 640,977	\$ -	\$ 1,947,815	\$ -	\$ -	14,003,792	0.7%	196
2007	10,275,000	-	-	1,047,143	-	-	11,322,143	0.5%	156
2008	9,075,000	-	-	2,185,058	-	-	11,260,058	0.5%	154
2009	7,800,000	-	-	1,557,968	-	-	9,357,968	0.4%	127
2010	6,465,000	3,500,000	-	912,932	-	-	10,877,932	0.5%	146
2011	22,365,381	3,500,000	-	617,659	-	-	26,483,040	1.1%	357
2012	19,927,443	3,315,000	-	1,928,251	-	-	25,170,694	1.1%	337
2013	20,806,549	3,125,000	-	1,300,953	-	-	25,232,502	1.0%	337
2014	17,839,292	-	2,993,000	2,987,997	-	-	23,820,289	0.9%	317
2015	15,645,178	-	2,758,000	1,844,489	-	-	20,247,667	n/a	265

Source: Oconee Finance Department

¹ See the table for Demographic and Economic Statistics for personal income and population data used for these calculations.

Notes:

Prior to fiscal year ended June 30, 2013, the County had used the straight-line method to amortize bond issue premiums/discounts. Generally accepted accounting principles require the use of the effective interest method of amortization. Beginning fiscal year ended June 30, 2013, the County started using the effective interest method for amortization of all bond issue premiums/discounts so as to comply with accounting principles generally accepted in the United States of America.

The Oconee County General Obligation Bond, Series 2007 for the Keowee Key Fire Special Tax District was not included above until the fiscal year 2013. Since this bond was issued for a special tax district, it does not impact the debt limit of the County.

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

OCONEE COUNTY, SOUTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Year	Population	Property Assessed Value	General Bonded Debt Outstanding			Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
			Gross Bonded Debt	Restricted Debt Service Funds	Net Bonded Debt		
2006	71,490	\$ 407,321,641	\$ 11,415,000	\$ 1,382,218	\$ 10,032,782	2.46%	\$ 140
2007	72,407	436,402,261	10,275,000	1,613,985	8,661,015	1.98%	120
2008	73,089	457,165,825	9,075,000	1,880,690	7,194,310	1.57%	98
2009	73,829	473,103,274	7,800,000	2,210,845	5,589,155	1.18%	76
2010	74,364	485,175,818	6,465,000	1,607,112	4,857,888	1.00%	65
2011	74,226	514,602,648	22,365,381	1,218,659	21,146,722	4.11%	285
2012	74,583	517,969,088	19,927,443	1,235,487	18,691,956	3.61%	251
2013	74,913	515,557,710	20,806,549	1,440,108	19,366,441	3.76%	259
2014	75,192	521,294,691	17,839,292	1,095,802	16,743,490	3.21%	223
2015	76,280	525,343,034	15,645,178	1,682,706	13,962,472	2.66%	183

Source: Oconee County Finance Department

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

OCONEE COUNTY, SOUTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Direct debt:			
Oconee County direct debt	\$ 15,645,178	100%	\$ 15,645,178
Overlapping debt:			
School District of Oconee County	48,190,075	100%	48,190,075
Incorporated Municipalities:			
Town of Westminster	162,610	1.19%	1,935
Town of West Union	-	0.29%	-
Town of Salem	-	0.14%	-
City of Walhalla	-	1.54%	-
City of Seneca	195,468	6.54%	12,784
Special Purpose District:			
Emergency Services Protection District	-	90.30%	-
Keowee Fire District	680,000	8.84%	60,112
Total overlapping debt			<u>48,264,906</u>
Total direct and overlapping debt			<u>\$ 63,910,084</u>

SOURCES:

Oconee County Auditor and Oconee County Finance Department

NOTE:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Oconee County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

¹ The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the District's/Municipality's boundaries and dividing it by the County's total taxable assessed value.

OCONEE COUNTY, SOUTH CAROLINA

**LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed valuation	\$ 525,343,034
Debt limit - 8 percent of total assessed value	42,027,443
Debt applicable to limit:	
General obligation bonds	14,965,178
Less: amount set aside for repayment of general obligation bonds	<u>(1,682,706)</u>
Debt qualifying for margin	<u>13,282,472</u>
Legal debt margin	<u>\$ 28,744,971</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed Value of Taxable Property	\$ 407,321,641	\$ 436,402,261	\$ 457,165,825	\$ 473,103,274	\$ 485,175,818	\$ 514,602,648	\$ 517,969,088	\$ 515,557,710	\$ 521,294,691	\$ 525,343,034
Legal Debt Limit*	\$ 32,585,731	\$ 34,912,181	\$ 36,573,266	\$ 37,848,262	\$ 38,814,065	\$ 41,168,212	\$ 41,437,527	\$ 41,244,617	\$ 41,703,575	\$ 42,027,443
Net Debt Applicable to Limit	10,032,782	8,661,015	7,194,310	5,589,155	4,857,888	20,261,341	17,844,513	18,531,441	16,054,198	13,282,472
Legal debt margin	<u>\$ 22,552,949</u>	<u>\$ 26,251,166</u>	<u>\$ 29,378,956</u>	<u>\$ 32,259,107</u>	<u>\$ 33,956,177</u>	<u>\$ 20,906,871</u>	<u>\$ 23,593,014</u>	<u>\$ 22,713,176</u>	<u>\$ 25,649,377</u>	<u>\$ 28,744,971</u>
Total net debt applicable to the limit as a percentage of debt limit	30.79%	24.81%	19.67%	14.77%	12.52%	49.22%	43.06%	44.93%	38.50%	31.60%

Source:
Oconee County Auditor and Oconee County Treasurer

* Calculated at eight percent of the total taxable assessed value.

Note: Under South Carolina Constitution Article X, Section 14, 7(a), Oconee County's outstanding general obligation debt should not exceed 8 percent of the total assessed property value.

OCONEE COUNTY, SOUTH CAROLINA

**PLEGDED REVENUE COVERAGE
LAST THREE FISCAL YEARS**

2010 Special Source Revenue Bonds - Pointe West Project					
Year	Fee in Lieu of Taxes	Debt Service Requirements			Coverage
		Principal ¹	Interest	Total	
2012	\$ 346,000	\$ 185,000	\$ 161,000	\$ 346,000	1.00
2013	342,490	190,000	152,490	342,490	1.00
2014	343,750	200,000	143,750	343,750	1.00

2014 Special Source Refunding Revenue Bonds - Pointe West Project					
Year	Fee in Lieu of Taxes	Debt Service Requirements			Coverage
		Principal ¹	Interest	Total	
2015	\$ 320,301	\$ 235,000	\$ 85,301	\$ 320,301	1.00

Source: Oconee County Finance Department

¹ Principal payments were not scheduled in the period in which the debt was issued.

Note:

Additional details regarding the County's outstanding debt can be found on the notes to the financial statements.

OCONEE COUNTY, SOUTH CAROLINA

**DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population ^a</u>	<u>Personal Income (in thousands) ^b</u>	<u>Per Capita Personal Income ^b</u>	<u>School Enrollment ^c</u>	<u>County Median Age ^a</u>	<u>County Unemployment Rate ^d</u>
2006	71,490	\$ 2,101,697	\$ 29,378	10,474	40.9	8.9%
2007	72,407	2,218,736	30,601	10,411	41.3	6.9%
2008	73,089	2,342,766	32,970	10,377	41.6	7.3%
2009	73,829	2,324,139	31,599	10,402	42.4	13.3%
2010	74,364	2,304,809	31,655	10,629	43.4	11.4%
2011	74,226	2,378,718	33,988	10,570	42.8	10.0%
2012	74,583	2,345,709	34,387	10,546	43.2	8.8%
2013	74,913	2,595,710	34,650	10,567	43.4	7.7%
2014	75,192	2,691,445	35,794	10,548	n/a	6.3%
2015	76,280	n/a	n/a	10,441	n/a	n/a

^{a)} US Census Bureau, Population Division

^{b)} US Department of Commerce, Bureau of Economic Analysis

^{c)} School District of Oconee County, SC

^{d)} US Department of Labor, Bureau of Labor Statistics

n/a - Not available

OCONEE COUNTY, SOUTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

2015				2006 ¹			
Rank	Employer	Number of Employees	% of Employed	Rank	Employer	Number of Employees	% of Employed
1	Duke Energy Corporation	3,038	9.63%	1	n/a	n/a	n/a
2	School District of Oconee County	1,605	5.09%	2	n/a	n/a	n/a
3	Oconee Medical Center	1,300	4.12%	3	n/a	n/a	n/a
4	Borg Warner Torq Systems Inc	750	2.38%	4	n/a	n/a	n/a
5	Itron Inc	720	2.28%	5	n/a	n/a	n/a
6	Koyo Bearings USA Inc	620	1.97%	6	n/a	n/a	n/a
7	Schneider Electric - Square D	550	1.74%	7	n/a	n/a	n/a
8	Oconee County Government	450	1.43%	8	n/a	n/a	n/a
9	U.S. Engine Valve Corp.	410	1.30%	9	n/a	n/a	n/a
10	Greenfield Industries	360	1.14%	10	n/a	n/a	n/a

Source: SC Appalachian Council of Governments

¹ Data for 2006 was not available.

OCONEE COUNTY, SOUTH CAROLINA

COUNTY EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
General Government										
Administrative Services	-	-	-	-	-	-	-	-	11	11
Administrator	3	2	2	2	2	2	3	3	2	2
County Council	1	1	1	1	1	1	1	1	1	1
Facilities Maintenance	10	11	11	10	10	11	11	11	11	12
Finance	7	7	8	8	9	8	7	6	-	-
Human Resources	5	5	4	4	4	4	4	5	-	-
Information Technology	11	13	8	8	10	9	12	10	7	5
Planning	2	3	4	3	3	3	2	1	-	-
Procurement	4	4	3	3	3	3	3	2	2	2
Register of Deeds	5	5	5	5	4	4	4	4	4	4
Registration and Elections	2	2	2	2	2	2	2	2	2	2
Vehicle Maintenance	15	15	15	14	14	14	14	14	14	13
Assessor	14	14	18	21	17	18	18	18	18	19
Auditor	7	7	7	7	7	7	7	7	7	7
Delinquent Tax Collector	4	4	3	3	3	3	3	3	3	3
Treasurer	6	6	6	7	7	7	7	7	7	6
Total General Administration	96	99	97	98	96	96	98	94	89	87
Public Safety										
Animal Control	6	6	6	6	6	6	6	6	6	6
Community Development	10	10	11	11	9	9	7	9	9	11
Communications	17	19	18	18	18	18	22	22	22	22
Coroner	1	1	1	1	1	1	1	1	1	1
Detention Center	25	27	28	36	36	36	31	35	36	50
Emergency Services	3	3	3	16	12	13	20	3	3	3
Rural Fire	4	4	4	-	-	-	-	17	17	17
Sheriff's Office	84	88	87	89	90	87	88	91	91	94
Total Public Safety	150	158	158	177	172	170	175	184	185	204
Transportation										
Airport	5	5	5	5	5	5	4	4	4	5
Roads and Bridges	37	37	38	38	38	38	36	37	37	38
Total Transportation	42	42	43	43	43	43	40	41	41	43

(Continued)

OCONEE COUNTY, SOUTH CAROLINA
COUNTY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities (Continued)										
Judicial Services										
Clerk of Court	10	10	11	10	10	10	10	10	11	12
Magistrate	9	9	9	9	9	9	9	9	9	9
Probate Court	5	5	5	6	6	7	6	6	6	6
Solicitor	6	7	7	8	10	10	10	10	10	9
Total Judicial Services	30	31	32	33	35	36	35	35	36	36
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	3	3	3
Total Health and Welfare	4	4	4	4	4	4	4	4	4	4
Public Works										
Soil and Water	1	1	1	1	1	1	1	1	1	1
Solid Waste	43	43	42	39	36	36	36	36	38	38
Total Public Works	44	44	43	40	37	37	37	37	39	39
Culture and Recreation										
Library	18	18	18	18	18	18	18	18	18	24
Parks, Recreation, and Tourism	10	13	13	13	14	13	13	13	14	10
Total Culture and Recreation	28	31	31	31	32	31	31	31	32	34
Economic Development	2	2	2	2	2	3	4	2	4	3
Total Governmental Activities	396	411	410	428	421	420	424	428	430	450
Business-Type Activities										
Rock Quarry	17	17	16	16	16	16	15	15	17	16
Oconee FOCUS	-	-	-	-	-	-	-	-	3	3
Total Business-Type Activities	17	17	16	16	16	16	15	15	20	19
Total Primary Government	413	428	426	444	437	436	439	443	450	469

Note:
The above counts are based on the actual number of full-time employees at June 30 for each fiscal year.

Source: Oconee County Payroll Data

OCONEE COUNTY, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
County council										
Regular meetings	24	24	22	24	22	24	21	22	19	22
Special meetings	6	8	15	14	15	10	9	7	7	7
Administrative Services										
Accounts payable disbursements	-	-	-	-	-	-	-	-	14,770	16,500
Payroll disbursements	-	-	-	-	-	-	-	-	12,542	12,500
Employment applications processed	-	-	-	-	-	-	-	-	1,483	1,345
Employment terminations processed	-	-	-	-	-	-	-	-	94	99
Finance										
Accounts payable disbursements	9,541	10,516	10,767	10,939	10,869	10,338	10,775	10,012	-	-
Payroll disbursements	11,530	12,532	12,753	12,298	12,427	13,103	12,700	13,235	-	-
Human resources										
Applications processed	1,656	2,568	2,621	2,832	3,148	3,300	2,321	1,510	-	-
Terminations	72	72	62	90	108	115	97	93	-	-
Procurement										
Number of requests for proposals (RFP)	8	2	7	8	8	11	13	15	3	7
Number of purchase orders	698	875	1,020	1,002	1,002	872	846	820	923	750
Register of Deeds										
Recorded documents	23,884	23,458	20,226	15,832	15,832	15,502	16,746	16,262	16,695	16,342
Registration and elections										
Current registered voters	38,391	39,244	44,233	50,000	46,785	44,844	47,000	46,000	49,000	52,000
Vehicle maintenance										
Repair orders processed	2,421	2,640	2,600	1,272	1,272	2,420	2,311	2,225	2,460	2,550
Assessor										
Assessment appeals processed	6,500	6,500	800	500	1,205	6,200	1,274	730	650	650
Auditor										
Real estate, vehicle, and business property notices	n/a	141,037	145,712	148,031	156,190	149,521	150,169	149,251	79,063	151,500
Temporary tags	n/a	1,272	1,223	1,167	1,144	1,170	1,045	1,033	984	1,000
Board of assessment and appeals										
Appeals filed	8	131	180	100	25	61	n/a	15	-	-
Hearings held	3	25	-	29	6	30	38	4	-	-
Delinquent tax collector										
Records processed	5,955	9,085	6,892	7,551	8,080	6,719	6,216	6,680	6,156	5,995
Treasurer										
Tax notices mailed	141,805	129,137	n/a	n/a	n/a	152,011	175,572	193,569	203,247	213,409

OCONEE COUNTY, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Animal control										
Animals received	5,234	5,198	5,433	5,434	5,241	5,300	4,000	4,000	3,808	3,600
Animals adopted	n/a	721	767	965	1,029	1,200	1,000	1,000	1,143	1,200
Community Development										
Land use/Subdivision reviews	n/a	154	156	209	150	278	400	420	450	481
Permits issued	2,100	1,667	2,207	1,338	1,000	1,076	1,185	1,200	1,483	1,703
Coroner										
Deaths	362	366	496	547	559	619	677	641	675	n/a
Detention Center										
Average daily population	130	139	154	159	159	149	129	135	157	165
Emergency services										
Medical rescue call responses	4,538	4,457	4,379	4,509	4,521	4,764	5,129	5,022	4,807	5,000
Special rescue call responses	36	29	31	62	53	10	27	31	43	50
Fire call responses	2,254	1,812	1,306	2,133	3,330	5,522	5,800	5,670	5,670	5,670
Hazardous material call responses	n/a	n/a	n/a	n/a	32	20	n/a	n/a	-	-
Sheriff's office										
Service calls	n/a	n/a	48,000	37,666	6,023	35,519	41,257	48,570	48,742	49,500
Arrest warrants served	3,840	3,548	3,382	3,700	3,700	3,407	3,056	3,217	3,291	3,400
Transportation										
Roads and bridges										
Work orders	2,514	4,849	2,775	6,938	6,938	7,262	6,847	8,709	8,700	8,900
Tons of gravel hauled	42,007	42,007	42,400	32,763	32,263	44,198	41,399	29,873	28,469	29,000
Judicial services										
Clerk of court										
Foreclosure auctions	138	138	118	63	393	420	300	237	140	150
Cases processed	6,769	6,769	6,810	3,966	6,147	6,810	5,450	5,603	5,493	5,640
Magistrate										
Municipal arrest warrants	4,753	5,526	6,670	1,162	2,236	2,034	1,730	7,796	10,700	11,500
Municipal traffic ticket cases	10,297	9,794	11,752	7,250	14,903	13,461	10,305	1,632	n/a	n/a
Health and welfare										
Department of social services										
Food stamps cases	2,787	2,975	3,100	3,800	4,390	4,450	5,223	5,223	5,102	5,200
Child protective services investigations	331	368	310	213	259	270	175	175	334	350
Public works										
Solid waste										
Municipal solid waste (MSW) tons	36,880	35,816	37,773	36,779	36,779	34,101	36,794	36,632	37,520	36,900
Construction and demolition (C&D) tons	19,594	23,440	25,014	21,308	21,308	17,905	19,299	14,870	18,165	18,500

OCONEE COUNTY, SOUTH CAROLINA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Culture and recreation										
Library										
Computer users	25,344	27,880	39,838	44,556	54,441	53,169	57,095	54,459	47,665	42,803
Registered patrons	41,665	33,131	33,428	32,941	37,370	41,229	49,125	44,640	47,417	39,887
Enterprise fund										
Rock quarry										
Tons shot	481,097	489,316	552,517	499,084	392,630	450,000	480,000	477,732	497,295	485,000
Tons sold/used	488,917	435,554	493,165	452,608	497,819	458,000	460,000	421,886	381,182	452,616

Source: Oconee County Administrative Services Department

Note: Not all departments have maintained workload indicator data for each year above.

Due to unavailability of actual numbers, projected numbers may have been used for 2015.

n/a - Data not readily available

OCONEE COUNTY, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Nondepartmental										
Buildings	4	4	4	4	4	4	4	4	4	8
Heavy equipment	5	5	5	5	3	3	3	2	4	4
Land (acres)	17.912	17.912	17.912	17.912	17.912	17.912	17.912	17.912	18.846	20.581
Vehicles	41	47	45	58	48	46	48	39	37	38
Culture and Recreation										
Nondepartmental										
Buildings	1	1	1	1	-	-	-	-	-	-
Land (acres)	0.75	0.75	0.75	0.75	-	-	-	-	-	-
Library										
Buildings - branches	3	3	3	3	3	3	3	3	3	3
Land (acres)	2.59	2.59	2.59	2.59	2.59	2.705	2.705	2.705	4.298	4.298
Vehicles	1	1	2	2	2	2	2	3	3	3
Parks, Recreation, and Tourism										
Buildings	18	18	18	18	18	17	18	18	18	17
Heavy equipment	3	3	4	4	4	5	5	5	4	4
Land (acres)	119.171	119.171	119.171	119.171	119.171	119.171	119.171	119.171	119.171	119.171
Vehicles	10	10	12	10	12	12	10	12	14	15
Economic Development										
Economic Development										
Buildings	1	1	1	1	1	2	2	2	1	-
Land (acres)	0.5	0.5	0.5	0.5	0.5	3.33	3.33	3.33	2.831	2.831
Vehicles	1	1	1	1	1	1	1	1	1	1
Industrial Development Land										
for Resale (acres)										
Land - Echo Hills Commerce Park	-	-	-	-	-	406.71	406.71	398.107	397.16	397.16
Land - Golden Corner Commerce Center Park	397.226	397.226	397.226	397.226	397.226	397.226	397.226	366.800	360.87	360.87
Land - Oconee County Commerce Center	33.17	33.17	33.17	33.17	33.17	33.17	33.17	13.38	13.38	13.381
Land - Propex	-	-	-	-	-	-	111.082	111.082	111.082	111.082
Health and Welfare										
Nondepartmental										
Buildings										
Health clinic	1	1	1	1	1	1	1	1	1	1
Nursing home	1	1	1	1	1	1	1	1	1	1
Other	1	1	1	1	1	1	1	1	1	1
Land (acres)										
Health clinic	0.521	0.521	0.521	0.521	0.521	0.521	0.521	0.521	0.521	0.521
Nursing home	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Other	1.665	1.665	1.665	1.665	1.665	1.665	1.665	1.665	1.665	1.665

OCONEE COUNTY, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Department of Social Services										
Buildings	-	1	1	1	1	1	1	1	1	1
Land (acres)	-	9.472	9.472	9.472	9.472	9.472	9.472	9.472	9.472	9.472
Health Department										
Buildings	2	2	2	2	2	2	2	2	2	1
Land (acres)	1.198	1.198	1.198	1.198	1.198	1.198	1.198	1.198	1.198	1.198
Judicial Services										
Nondepartmental										
Buildings	3	3	3	3	3	3	3	2	2	2
Land (acres)	2.785	2.785	2.785	2.785	2.785	2.785	2.785	2.785	2.785	2.785
Magistrate										
Buildings	1	1	1	1	1	1	1	1	1	1
Land (acres)	0.81	0.81	0.81	0.81	0.81	0.81	0.81	0.81	0.8	0.8
Vehicles	2	2	2	2	1	1	2	2	3	3
Solicitor										
Vehicles	1	1	2	1	2	2	1	1	1	1
Public Safety										
Nondepartmental										
Buildings	3	4	4	4	4	4	3	7	7	7
Land (acres)	11.486	11.486	11.486	11.486	11.486	11.71	11.71	39.115	39.675	39.675
Vehicles	2	3	3	1	9	11	9	9	9	9
Animal Control										
Buildings	1	1	1	2	2	2	2	2	2	2
Land (acres)	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35	1.35
Vehicles	6	6	8	8	8	8	9	5	6	8
Coroner										
Buildings	1	1	1	1	1	1	1	1	1	1
Land (acres)	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.07	-
Vehicles	1	2	2	1	1	1	1	1	1	1
Emergency/Fire Services ¹										
Buildings	2	2	2	2	2	2	2	2	6	6
Patrol boats	1	3	3	3	3	3	3	8	3	3
Vehicles	85	82	87	91	96	103	110	114	121	125
Sheriff's Department										
Aircraft	-	-	-	1	1	1	1	1	1	1
Buildings	1	1	1	1	1	1	1	2	2	2
Patrol boats	1	1	1	2	2	2	2	5	3	3
Vehicles	94	106	118	120	122	119	118	123	136	137

OCONEE COUNTY, SOUTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Works										
Solid Waste ^{2,3}										
Buildings - manned convenience centers	11	11	11	11	11	11	11	11	11	11
Construction and demolition (C&D) landfill (acres)	2	2	2	2	2	2	2	2	2	2
Closed municipal solid waste (MSW) landfill (acres)	1	1	1	1	1	1	1	1	1	1
Heavy equipment	10	12	15	16	16	16	17	56	64	66
Vehicles	15	15	16	16	17	16	18	15	15	15
Transportation										
Airport										
Buildings	5	5	5	5	4	4	4	4	5	3
Heavy equipment	-	-	1	1	1	1	1	1	2	3
Land (acres)	300.7216	300.7216	300.7216	300.7216	300.7216	300.7216	300.7216	300.7216	300.722	304.536
Vehicles	5	6	7	7	6	6	6	6	6	7
Roads and Bridges										
Buildings	2	4	4	4	4	4	4	4	4	4
Heavy equipment	37	38	45	49	54	55	62	60	64	63
Land (acres)	314.836	314.836	314.836	314.836	314.836	314.836	314.836	314.836	312.864	312.864
Vehicles	45	47	53	53	49	51	46	45	47	46
Enterprise Funds										
FOCUS										
Vehicles	-	-	-	-	-	-	1	1	1	1
Rock Quarry										
Buildings	4	4	4	4	4	4	3	3	3	3
Heavy equipment	21	21	24	25	18	19	18	17	17	20
Land (acres)	26.429	26.429	26.429	26.429	26.429	26.429	26.429	28.118	29.098	29.098
Vehicles	11	12	13	15	10	12	12	11	10	10

Source: Oconee County Administrative Services

¹ In fiscal year 2008-2009, Rural Fire was merged into Emergency Services.

² During fiscal year 2007-2008, Solid Waste was reclassified from an enterprise fund to the General Fund under the General Government function.

³ During fiscal year 2009-2010, Solid Waste was reclassified from the General Government function to the Public Works function.



COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S 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
of Oconee County
Walhalla, South Carolina**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Oconee County, South Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Oconee County, South Carolina's basic financial statements and have issued our report thereon dated December 8, 2015. Our report includes a reference to the changes in accounting principles resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, as of July 1, 2014. Our report also includes a reference to other auditors who audited the financial statements of the Keowee Fire Tax District, as described in our report on 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 on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oconee County, South Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oconee County, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Oconee County, South Carolina's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

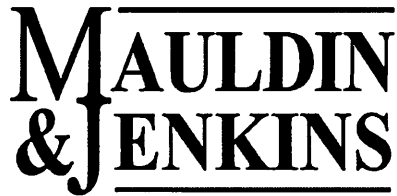
As part of obtaining reasonable assurance about whether Oconee County, South Carolina's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
December 8, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

**Oconee County Council
of Oconee County
Walhalla, South Carolina**

Report on Compliance for Each Major Federal Program

We have audited Oconee County, South Carolina's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2015. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. 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 the 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
December 8, 2015

OCONEE COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Identification Number	Expenditures
<u>Appalachian Regional Commission</u>			
(Passed through the SC Department of Commerce)			
Appalachian Area Development			
Passed through to the Oconee County, SC School District	23.002	4-G-12-001	\$ 500,000
Total Appalachian Regional Commission			500,000
<u>U.S. Department of Agriculture</u>			
(Passed through the SC Department of Social Services)			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5SC400407	27,732
(Passed through the SC State Treasurer's Office)			
Forest Service Schools and Roads Cluster:			
Secure Payments for States and Counties Containing Federal Land	10.665	N/A	624,401
Total U.S. Department of Agriculture			652,133
<u>U.S. Department of Interior</u>			
(Passed through the SC National Heritage Corridor - Heritage Tourism Grant Program)			
Historic Preservation Fund Grants-In-Aid	15.904	P280523002114	1,750
Total U.S. Department of Interior			1,750
<u>U.S. Department of Justice</u>			
Bulletproof Vest Partnership Program	16.607	N/A	3,412
JAG Program Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0726	22,515
Total U.S. Department of Justice			25,927
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106	3-45-0016-020-2014	179,736
Airport Improvement Program	20.106	3-45-0016-021-2015	26,595
Airport Improvement Program	20.106	3-45-0016-022-2015	5,400
(Passed through SC Office of Adjutant General)			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0334-14-01	4,266
(Passed through the SC Department of Public Safety)			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	2JC14010	10,762
State and Community Highway Safety	20.600	2JC15010	15,226
Total U.S. Department of Transportation			241,985
<u>Institute of Museum and Library Services</u>			
(Passed through the SC State Library)			
Grants to States	45.310	IID-10-25	1,530
Grants to States	45.310	IIA-11-23	1,000
Grants to States	45.310	IID-10-47	3,517
Total Institute of Museum and Library Services			6,047
<u>U.S. Department of Homeland Security</u>			
(Passed through the SC Emergency Management Division)			
Emergency Management Performance Grants	97.042	13EMPG01	43,304
Emergency Management Performance Grants	97.042	14EMPG01	47,347
Total U.S. Department of Homeland Security			90,651

(continued)

OCONEE COUNTY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identification Number</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
(Passed through the SC Department of Alcohol and Other Drug Abuse Services)			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3B08TI010048-14S1	\$ 1,042
(Passed through the SC Department of Social Services)			
Child Support Enforcement - Transaction Reimbursement	93.563	G1501SC1401	113,258
Child Support Enforcement - Incentive Payments	93.563	G1501SC1401	37,489
Child Support Enforcement - Service of Process Payments	93.563	G1501SC1401	10,940
Child Support Enforcement - Filing Fees	93.563	G1501SC1401	20,100
Administration for Children and Families Program	93.563	G1501SC1401	40
(Passed through the SC Department of Social Services)			
Promoting Safe and Stable Families Program	93.556	G1510SCFPSS	220
Foster Care - Title IV E (Recovery)	93.658	G1501SC1401	13,431
Social Services Block Grant	93.667	G1502SCSOSR	8,918
CCDF Cluster:			
Child Care and Development Block Grant	93.575	G1501SCCCDF	230
TANF Cluster:			
Administration for Children and Families Program	93.558	G1502SCTANF	24,945
Medicaid Cluster:			
Medical Assistance Program	93.778	N/A	19,293
Total U.S. Department of Health and Human Services			<u>249,906</u>
Total Expenditures of Federal Awards			<u>\$ 1,768,399</u>

OCONEE COUNTY, SOUTH CAROLINA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE I. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Oconee County, South Carolina (the "County"), and is presented on the modified accrual basis of accounting for governmental fund types and the accrual basis of accounting for the proprietary fund types. The County reporting entity is defined in Note 1 to the County's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE II. SUBRECIPIENTS

Oconee County provided \$500,000 in funding to subrecipients as part of the Appalachian Regional Commission, Appalachian Area Development grant program during the year ended June 30, 2015.

NOTE III. NONCASH ASSISTANCE AND LOANS

There were no federal awards expended in the form of noncash assistance during the fiscal year. There were also no loans or loan guarantees outstanding at year-end.

OCONEE COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
 Material weaknesses identified? ___ yes X no

Significant deficiencies identified not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal Control over major programs:
 Material weaknesses identified? ___ yes X no

Significant deficiencies identified not considered to be material weaknesses? ___ yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? ___ yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
23.002	Appalachian Regional Commission – Appalachian Area Development Program
10.665	U.S. Department of Agriculture – Schools and Roads Grants to States Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? ___ yes X no

OCONEE COUNTY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
SCHEDULE OF PRIOR YEAR FINDINGS

None reported.

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**PUBLIC HEARING
SIGN IN SHEET
OCONEE COUNTY COUNCIL MEETING
DATE: February 2, 2016 6:00 p.m.**

Ordinance 2015-36 "AN ORDINANCE CONSENTING TO THE CONVERSION BY THE COUNTY OF CERTAIN RIGHTS OF **BORGWARNER TORQTRANSFER SYSTEMS, INC.** (THE "COMPANY") UNDER AN EXISTING LEASE PURCHASE AGREEMENT WITH THE COUNTY TO A FEE AGREEMENT PURSUANT TO TITLE 12, CHAPTER 44, SOUTH CAROLINA CODE, 1976, AS AMENDED (THE "ACT"), AS PROVIDED IN THE ACT, AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH FEE AGREEMENT BETWEEN THE COUNTY AND THE COMPANY IN PLACE OF SAID LEASE PURCHASE AGREEMENT, AND AUTHORIZING THE RECONVEYANCE BY THE COUNTY TO THE COMPANY OF THE PROPERTY SUBJECT TO SUCH LEASE PURCHASE AGREEMENT; AND OTHER MATTERS RELATING THERETO

Written comments may be submitted at any time prior to the hearing for inclusion in the official record of the meeting:

Everyone speaking before Council will be required to do so in a civil manner.

Council will not tolerate personal attacks on individual council members, county staff or any person or group. Racial slurs will not be permitted. Council's number one priority is to conduct business for the citizens of this county. All citizens who wish to address Council and all Boards and Commission appointed by Council should do so in an appropriate manner.

Public comment during a public hearing is not limited to four minutes per person.

Sign up sheets will be available thirty minutes prior to the hearing for those interested in addressing Council.

Written comments may be submitted at any time prior to the hearing for inclusion in the official record of the meeting.

Please submit written comments to the Clerk to Council, 415 South Pine Street, Wallhalla, South Carolina, 29691.

Please PRINT your name

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None

STATE OF SOUTH CAROLINA
OCONEE COUNTY
ORDINANCE 2015-36

AN ORDINANCE CONSENTING TO THE CONVERSION BY THE COUNTY OF CERTAIN RIGHTS OF BORGWARNER TORQTRANSFER SYSTEMS, INC. (THE "COMPANY") UNDER AN EXISTING LEASE PURCHASE AGREEMENT WITH THE COUNTY TO A FEE AGREEMENT PURSUANT TO TITLE 12, CHAPTER 44, SOUTH CAROLINA CODE, 1976, AS AMENDED (THE "ACT"), AS PROVIDED IN THE ACT, AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH FEE AGREEMENT BETWEEN THE COUNTY AND THE COMPANY IN PLACE OF SAID LEASE PURCHASE AGREEMENT, AND AUTHORIZING THE RECONVEYANCE BY THE COUNTY TO THE COMPANY OF THE PROPERTY SUBJECT TO SUCH LEASE PURCHASE AGREEMENT; AND OTHER MATTERS RELATING THERETO.

WHEREAS, pursuant to Section 4-12-30 of the Code of Laws of South Carolina, 1976, as amended (the "Lease Act"), Oconee County, South Carolina (the "County"), acting by and through the Oconee County Council (the "County Council") previously entered into a Fee-in-Lieu-of-Tax ("FILOT") Lease Purchase Agreement dated as of October, 1, 1996 (the "Lease Agreement") with Borg-Warner Automotive Powertrain Systems Corporation, the predecessor to BorgWarner Torqtransfer Systems, Inc. (the "Company"), for the purpose of inducing investment by the Company in its manufacturing facilities in the County (the "Facilities") (overall, the "Original Project") through the provision of certain fee in lieu of tax benefits thereunder; and

WHEREAS, Section 12-44-170 of the Code of Laws of South Carolina, 1976, as amended (the "Simplified FILOT Act") allows the Company to convert property constituting the Original Project to a fee in lieu of tax arrangement under the Simplified FILOT Act and, in so converting, to cause such property to be automatically considered economic development property as defined in Section 12-44-30(7) of the Simplified FILOT Act; and

WHEREAS, the qualifying investment period with respect to the Original Project has terminated pursuant to the terms of the Lease Agreement; and

WHEREAS, pursuant to the authority of Section 4-1-170 of the Code of Laws of South Carolina 1976, as amended and Article VIII, Section 13 of the South Carolina Constitution, the County has caused the Facilities to be located within a multi-county industrial and business park established by the County pursuant to qualifying agreement with Williamsburg County, South Carolina; and

WHEREAS, the County Council has caused to be prepared and presented to this meeting the form of a Fee in Lieu of Tax Agreement (Conversion) between the County and the Company (the "Conversion Fee Agreement") with respect to the Original Project which includes (i) the conversion of the Lease Agreement for the Original Project to a fee-in-lieu-of-tax agreement under the Simplified FILOT Act, (ii) the continuation, under the new fee-in-lieu-of-tax agreement, of the same fee payments required of the Company under the Lease Agreement, (iii) the reconveyance to the Company of the property of the Original Project currently under the Lease Agreement, to be treated as Economic Development Property (as defined in the Simplified FILOT Act) under the fee-in-lieu of-tax agreement, and (iv) the appropriate provisions and terms to continue the benefits and provisions of the Lease Agreement for the Original Project under the new fee-in-lieu-of-tax agreement; and

WHEREAS, it appears that the Conversion Fee Agreement above referred to is in appropriate form and is an appropriate instrument to be executed and delivered by the County for the purposes intended;

NOW, THEREFORE, BE IT ORDAINED by the County Council of Oconee County, South Carolina, in meeting duly assembled, as follows:

Section 1. It is hereby found, determined and declared by the County Council, based on information provided by the Company, as follows:

(a) The Original Project continues to constitute a "project" and "economic development property" as said terms are referred to and defined in the Simplified FILOT Act, and the County's actions herein will subserve the purposes and in all respects conform to the provisions and requirements of the Simplified FILOT Act;

(b) The Original Project is anticipated to continue to benefit the general public welfare of the County by providing services, employment, recreation or other public benefits not otherwise provided locally;

(c) The Original Project and the Conversion Fee Agreement will give rise to no pecuniary liability of the County or any incorporated municipality or a charge against the general credit or taxing power of either;

(d) The purposes to be accomplished by the Original Project, i.e., economic development, retention of jobs and addition to the tax base of the County, are and were proper governmental and public purposes; and

(e) The benefits of the Original Project have been and are anticipated to be greater than the costs.

Section 2. The terms of the Conversion Fee Agreement presented to this meeting and filed with the Clerk to the County Council are hereby approved and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if the Conversion Fee Agreement were set out in this Ordinance in its entirety. The Chairman of the County Council and the Clerk to County Council are hereby authorized, empowered and directed to execute, acknowledge and deliver the Conversion Fee Agreement in the name and on behalf of the County, and thereupon to cause the Conversion Fee Agreement to be delivered to the Company. The Conversion Fee Agreement shall be in substantially the form now before this meeting and hereby approved, or with such minor changes therein as shall not be materially adverse to the County and as shall be approved by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of Conversion Fee Agreement now before this meeting.

Section 3. It is the intention of the County Council and the Company that the replacement of the Lease Agreement with the Conversion Fee Agreement shall not diminish or enhance the value of the existing fee in lieu of tax arrangement between the County and the Company with regard to the Original Project. In these regards, if the Simplified FILOT Act is ever declared unconstitutional or otherwise found invalid by a court of competent jurisdiction, it is the intention of the County Council that pursuant to the terms of the Simplified FILOT Act as well as the terms of the Lease Act, the Company shall be afforded, at its expense, the maximum opportunity to convert the Simplified Fee Agreement back to a lease agreement pursuant to the Lease Act, pursuant to terms mutually agreeable to the parties, in order to preserve the benefits of the Company's fee in lieu of tax arrangements with the County.

Section 4. Pursuant to Section 12-44-170 of the Simplified FILOT Act, the County consents to the conversion of property from the Lease Agreement to the Conversion Fee Agreement. In this regard, the Chairman of the County Council and the Clerk to County Council, in compliance with the terms of the Lease Agreement and the Conversion Fee Agreement, are hereby authorized, empowered and directed to execute, acknowledge and deliver such documents, including all releases of leasehold interests and all deeds and bills of sale, as are necessary to reconvey the property comprising the Original Project to the Company in order that it might become Economic Development Property (as defined in the FILOT Act) under the Conversion Fee Agreement.

Section 5. The Chairman of County Council and the Clerk to County Council, for and on behalf of the County, are hereby each authorized and directed to do any and all things necessary to effect the execution and delivery of the Conversion Fee Agreement and the performance of all obligations of the County thereunder.

Section 6. The provisions of this Ordinance are hereby declared to be separable and if any section, phrase or provisions shall for any reason be declared by a court of competent jurisdiction to be invalid or unenforceable, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereunder.

Section 7. All orders, resolutions, ordinances and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed and this Ordinance shall take effect and be in full force from and after its passage and approval.

ORDAINED in meeting, duly assembled, this 2nd day of February, 2016.

ATTEST:

Elizabeth Hulse,
Clerk to Oconee County Council

Paul Cain,
Chairman, Oconee County Council

First Reading: December 15, 2015
Second Reading: January 19, 2016
Third Reading: February 2, 2016
Public Hearing: February 2, 2016

FEE-IN-LIEU OF TAX AGREEMENT (CONVERSION)

between

OCONEE COUNTY, SOUTH CAROLINA

and

BORGWARNER TORQTRANSFER SYSTEMS, INC.

Dated as of January 1, 2016,

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FEE-IN-LIEU-OF-TAX AGREEMENT (CONVERSION)

THIS FEE IN LIEU OF TAX AGREEMENT (CONVERSION) (this "Agreement") made and entered into as of January ___, 2016 by and between **OCONEE COUNTY, SOUTH CAROLINA** (the "County"), a body politic and corporate and a political subdivision of the State of South Carolina, and **BORGWARNER TORQTRANSFER SYSTEMS, INC.**, a corporation duly organized and existing under the laws of the State of Delaware, (the "Company"), is entered into by the parties pursuant to Section 12-44-170, Code of Laws of South Carolina 1976, as amended, as a conversion of a Lease Agreement dated as of October 1, 1996 between the parties.

WITNESSETH:

WHEREAS, pursuant to the provisions of Section 4-12-30, Code of Laws of South Carolina 1976, as amended, (the "Lease Act") the County and the Company (through its predecessor, Borg-Warner Automotive Powertrain Systems Corporation, also a Delaware corporation) previously entered into a Lease Agreement dated as of October 1, 1996 (the "Lease Agreement") for purposes of providing a fee in lieu of tax incentive to the Company with respect to the Company's investment in certain land, improvements, fixtures, machinery, equipment and other tangible personal property (collectively, the "Original Project") at the Company's manufacturing facilities (the "Facilities") in the County, which investment was completed during the Investment Period provided in the Lease Agreement (the "Investment Period"): and

WHEREAS, pursuant to Section 12-44-170, Code of Laws of South Carolina 1976, as amended, (the "Simplified FILOT Act" or, simply, the "Act"), the Company, which has made the legally required minimum investment in the Project during the Investment Period to qualify for negotiated fee in lieu of tax treatment under Section 4-12-30(b)(3) and the Act, has notified the County of its desire to convert the Lease Agreement to a fee in lieu of tax agreement to be governed by the provisions of the Act, containing the same material provisions as the Lease Agreement in respect of fee in lieu of tax payments, term of the arrangement and other payment obligations of the Company; and

WHEREAS, the County, pursuant to ordinance of Oconee County Council enacted February 2, 2016, has consented to the conversion of the Lease Agreement to this fee in lieu of tax agreement pursuant to the Act; and

WHEREAS, the parties desire to (i) enter into this Agreement in order to provide for said conversion of the Lease Agreement to a fee in lieu of tax arrangement under the Act, and (ii) have this Agreement fully replace all provisions of the Lease Agreement and take effect upon the conveyance by the County to the Company of all portions of the Original Project currently titled in the name of the County under the Lease Agreement, upon payment by the Company of the purchase price therefor as prescribed in Section 10.03 of the Lease Agreement and the satisfaction of certain other conditions set forth herein; and

WHEREAS, upon the payment of the purchase price and consummation of the conveyance referred to in the preceding paragraph, this Agreement shall supercede the provisions of the Lease Agreement and, at such time, the Lease Agreement shall be deemed terminated (except for those provisions expressly stated to survive termination, including, without limitation, all indemnification and hold harmless provisions thereof) and the fee in lieu of tax arrangement of the Lease Agreement shall be continued under the terms and provisions hereof; and

WHEREAS, in connection with the above, the County and the Company agree that the requirements of Section 12-44-55(A) of the Act are hereby waived to the extent that, and so long as, the Company provides the County Auditor, Treasurer and Assessor and the Oconee County Clerk to Council with copies of all filings and reports required to be made by the Company under the Act, within thirty (30) days of making and filing such filings and reports;

NOW, THEREFORE, in consideration of the respective representations and agreements hereinafter contained, the County and the Company agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions In addition to the words and terms elsewhere defined in this Agreement, the following words and terms as used herein and in the preambles hereto shall have the following meanings unless the context or use indicates another or different meaning or intent.

“Act” or “Simplified FILOT Act” shall mean Chapter 44 of Title 12 of the Code and all future acts amendatory thereof.

“Administration Expenses” shall mean the reasonable and necessary expenses including ordinary and reasonable attorneys’ fees, incurred by the County with respect to the Project and this Agreement; provided, however, that no such expense shall be considered an Administration Expense unless the County furnishes to the Company a statement in writing indicating the reason such expense has been or will be incurred and either estimating the amount of such expense or stating the basis on which the expense has been or will be computed.

“Affiliate” shall mean any corporation, limited liability company, partnership or other Person which owns all or part of the Company or which is owned in whole or in part by the Company or by any partner, shareholder or owner of the Company.

“Agreement” shall mean this Agreement as originally executed and from time to time supplemented or amended as permitted herein.

“Authorized Company Representative” shall mean any person or persons at the time designated to act on behalf of the Company by written certificate furnished to the County containing the specimen signature of each such person and signed on behalf of the Company by an officer or employee of the Company to whom the Company has delegated authority to administer this Agreement.

“Code” shall mean the Code of Laws of South Carolina, 1976, as amended through the date hereof unless the context clearly requires otherwise.

“Commencement Date” shall mean December 31, 1996, the last day of the initial property tax year during which Economic Development Property comprising part of the Project was first placed in service.

“Company” shall mean BorgWarner Torqtransfer Systems, Inc., a Delaware corporation; and its predecessor, Borg-Warner Automotive Powertrain Systems Corporation, also a Delaware Corporation; any surviving, resulting or transferee entity in any merger, consolidation or transfer of assets permitted under Section 9.01 hereof; or any other person or entity which may succeed to the rights and duties of the Company hereunder in accordance with all applicable provisions hereof.

“Cost” shall mean the cost of acquiring by construction and purchase, the Project, including any infrastructure improvements, and shall be deemed to include, to the extent permitted by the Act or the Lease Act, whether incurred prior to or after the date of this Agreement: (a) obligations incurred for labor, materials, and other expenses to contractors, builders, and materialmen in connection with the acquisition, construction, and installation of the Project; (b) the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of construction of the Project which are not paid by the contractor or contractors or otherwise provided for; (c) the expenses for test borings, surveys, test and pilot operations, estimates, plans and specifications and preliminary investigations therefor, and for supervising construction as well as for the performance of all other duties required by or reasonably necessary in connection with the acquisition, construction, and installation of the Project; (d) compensation of legal, accounting, financial, and printing expenses, fees, and all other expenses incurred in connection with the Project; (e) all other costs which the Company shall be required to pay under the terms of any contract or contracts for the acquisition, construction, and installation of the Project; and (f) any sums required to reimburse the Company for advances made for any of the above items, or for any other work done and costs incurred by the Company which are for the acquisition of land or property of a character subject to the allowance for depreciation provided for under Section 167 of the Internal Revenue Code of 1986, as amended, and included in the Project; provided, however, such term shall include expenditures by the Company with respect to the Project only to the extent made during the Investment Period.

“County” shall mean Oconee County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, and its successors and assigns.

“County Council” shall mean the governing body of the County and its successors.

“County Official” shall include the Administrator, Auditor, Assessor, or Treasurer of the County.

“Department of Revenue” shall mean the South Carolina Department of Revenue and Taxation.

“Economic Development Property” shall mean each item of real and tangible personal property comprising a project within the meaning of Sections 12-44-30(6) or 12-44-40(C) of the Code. Economic Development Property shall include all items of property purchased or acquired during the Investment Period of the Original Project and for which the Company has made a return to the Department of Revenue as reflected in an applicable Form PT-300 Schedule S.

“Equipment” shall mean all machinery, equipment, furnishings, and other personal property acquired by the Company and placed in service as part of the Original Project during the Investment Period in accordance with the Lease Agreement and this Agreement.

“Event of Default” shall mean an Event of Default as defined in Section 11.01 hereof.

“Existing Property” shall mean property that does not qualify to become Economic Development Property pursuant to Section 12-44-110 of the Code.

“FILOT” shall mean the fee-in-lieu of taxes which the Company is obligated to pay to the County pursuant to Section 5.01 hereof.

“FILOT Payments” shall mean the payments to be made by the Company pursuant to Section 5.01 hereof.

“FILOT Revenues” shall mean the revenues received by the County from the Company’s payment of the FILOT.

“Infrastructure Costs” shall mean the costs of designing, acquiring, constructing, improving, or expanding the infrastructure serving the Project, and the improved and unimproved real property, buildings, and structural components of buildings and personal property, including machinery and equipment (all as described in Section 4-29-68(A)(2)(i)(a) and (b) of the Code), used in the operation of the Project.

“Investment Period” shall mean the period beginning with the first day that Economic Development Property comprising part of the Project was purchased or acquired and ending December 31, 2001, the date that was five (5) years after the Commencement Date.

“Joint-County Industrial and Business Park Act” shall mean Title 4, Chapter 1 of the Code, as amended through the date hereof.

“Land” shall mean the real estate upon which the Original Project is located, as described in EXHIBIT “A” attached hereto, as EXHIBIT “A” may be supplemented from time to time in accordance with the provisions hereof.

“Lease Act” shall mean Chapter 12 of Title 4 of the Code and all acts amendatory thereof.

“Lease Agreement” shall mean that certain fee-in-lieu-of-tax lease agreement under the Lease Act, between the County and the Company, dated as of October 1, 1996.

“Minimum Investment” shall have the meaning given to such term under Section 12-44-30(14) of the FILOT Simplification Act.

“Negotiated FILOT Payment” shall mean the FILOT due pursuant to Section 5.01(b)(ii) hereof with respect to that portion of the Project comprised of Economic Development Property and qualifying for the 6% assessment ratio and the millage rate described in subsection 5.01(c) of the Agreement.

“Non-Economic Development Property” shall mean that portion of the Project consisting of: (i) property as to which the Company incurred expenditures prior to the Investment Period or, except as to Replacement Property, after the end of the Investment Period; (ii) property not placed in service during the Investment Period; (iii) Existing Property; and (iv) any other property which fails or ceases to qualify for Negotiated FILOT Payments.

“Original Project” shall mean (i) the Land, (ii) the Improvements, (iii) the Equipment, (iv) the Replacement Property and (v) to the extent not covered by the foregoing, anything qualifying as a Project under Section 4-12-30(b)(3) of the Lease Act, to the extent it was addressed and covered by the Lease Agreement.

“Park” shall mean a joint county industrial and business park established pursuant to Article VIII, Section 13 of the Constitution of the State and Section 4-1-170 of the Code.

“Park Agreement” shall mean an agreement for the development of a joint-county industrial and business park by and between the County and one or more other counties to create or expand a Park, pursuant to Section 13 of Article VIII of the South Carolina Constitution and Section 4-1-170 of the Code.

“Person” shall mean and include any individual, association, unincorporated organization, corporation, partnership, limited liability company, joint venture, or government or agency or political subdivision thereof.

“Project” shall mean, all property from the Original Project to the extent it is converted from the Original Project by this Agreement, and qualifies to be part of the Project under Section 12-44-30(16) of the Act.

“Released Property” shall mean any Economic Development Property comprising any part of the Project removed, scrapped, traded in, sold, or otherwise disposed of pursuant to Section 4.03 hereof, any Economic Development Property comprising any part of the Project stolen, damaged, destroyed, or taken by condemnation, or eminent domain proceedings as described in Article VII hereof.

“Replaced Property” shall mean any Released Property for which the Company has substituted Replacement Property during the term hereof pursuant to Section 5.01(e) hereof.

“Replacement Property” shall mean, to the extent permitted by Section 12-44-60 of the Code, any portion of the Project substituted for Released Property pursuant to Section 5.01(e) hereof.

“Simplified FILOT Act or, simply “Act” shall mean, Title 12, Chapter 44 of the Code, as amended through the date hereof.

“State” shall mean the State of South Carolina.

“Term” shall mean the term of this Agreement, as set forth in Section 5.01 hereof.

“Threshold Date” shall mean December 31, 2001.

“Transfer Provisions” shall mean the provisions of Section 12-44-120 of the Code, as amended.

SECTION 1.02. References to Agreement The words “hereof”, “herein”, “hereunder”, and other words of similar import refer to this Agreement as a whole, unless the context clearly requires otherwise.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

SECTION 2.01. Representations and Warranties by County. The County makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) The County is a body politic and corporate and a political subdivision of the State and is authorized and empowered by the provisions of the Act to enter into the transactions contemplated by this Agreement and to carry out its obligations hereunder.

(b) The County, based on representations of the Company, has determined that the Project will subserve the purposes of the Act, and has made all other findings of fact required by the Act in connection with the undertaking of the Project.

(c) By proper action by the County Council, the County has duly authorized the execution and delivery of this Agreement and any and all actions necessary and appropriate to consummate the transactions contemplated hereby.

(d) This Agreement has been duly executed and delivered on behalf of the County.

(e) No actions, suits, proceedings, inquiries, or investigations known to the undersigned representatives of the County are pending or threatened against or affecting the County in any court or before any governmental authority which would materially adversely affect the validity or enforceability of this Agreement; provided, however, that no representation is made by or on behalf of the County as to the validity or enforceability of this Agreement.

(f) Notwithstanding any other provisions herein, the County is executing this Agreement as statutory accommodation to assist the Company in achieving the intended benefits and purposes of the Act. The County has made no independent legal or factual investigation regarding the particulars of this transaction and it executes this Agreement in reliance upon representations by the Company that the documents comply with all laws and regulations, particularly those pertinent to industrial development projects in South Carolina. No representation of the County is hereby made with regard to compliance by the Project or any Person with laws regulating: (i) the construction or acquisition of the Project, (ii) environmental matters pertaining to the Project, (iii) the offer or sale of any securities, or (iv) the marketability of title to any property, including the Land.

SECTION 2.02. Representations and Warranties by Company. The Company makes the following representations and warranties as the basis for the undertakings on its part herein contained:

(a) The Company is a Delaware corporation in good standing in the State of South Carolina; has all requisite power to enter into this Agreement; and by proper action has been duly authorized to execute and deliver this Agreement.

(b) The Company intends to operate the Project primarily for the purposes of manufacturing, and for other lawful purposes.

(c) The agreements of the County with respect to the FILOT were and have been instrumental in inducing the Company to locate and maintain the Project within the County and the State.

(d) No actions, suits, proceedings, inquiries, or investigations known to the undersigned representatives of the Company are pending or threatened against or affecting the Company in any court or before any governmental authority or arbitration board or tribunal, which could materially adversely affect the transactions contemplated by this Agreement or which could, in any way, adversely affect the validity or enforceability of this Agreement.

(e) The Company placed in service the first phase of the Economic Development Property portion of the Project during its fiscal year ending December 31, 1996.

ARTICLE III

UNDERTAKINGS OF COUNTY

SECTION 3.01. Agreement to Accept FILOT Payments. The County hereby agrees to accept FILOT Payments made by the Company in accordance with Section 5.01 hereof in lieu of *ad valorem* taxes with respect to the Project until this Agreement expires or is sooner terminated.

SECTION 3.02. No Warranties by County. The Company acknowledges that it has examined the Land and so much of the other property constituting the Project as is in existence on the date of execution and delivery hereof, as well as title thereto, prior to the making of this Agreement, and knows the condition and state thereof as of the day of the execution hereof, and accepts the same in said condition and state and subject to any existing encumbrances; that no warranties or representations as to the condition or state thereof have been made by representatives of the County; and that the Company in entering into this Agreement is relying solely upon its own examination thereof and of any portion of the Project acquired subsequent to the date hereof. The County makes no warranty, either express or implied, as to title to any part of the Project or any encumbrances (or lack thereof) or the design, capabilities, or condition of the Project or that it will be suitable for the Company's purposes or needs or as to the state of title to the Project.

SECTION 3.03. Execution of Lease. If necessary, the parties acknowledge that the intent of this Agreement is to afford the Company the benefits of the Negotiated FILOT Payments in consideration of the Company's decision to locate and maintain the Project within the County and that this Agreement has been entered into in reliance upon the Act. Notwithstanding any other provision of this Agreement, in the event that a court of competent jurisdiction holds that the Act is unconstitutional or that this Agreement or agreements similar in nature to this Agreement are invalid or unenforceable in any material respect or should the parties mutually determine that there is a reasonable doubt as to the validity or enforceability of this Agreement in any material respect, then the County, in accordance with Section 12-44-160 of the Act, upon the conveyance of title to the Project to the County at the expense of the Company, and to the extent permitted by law, agrees to lease, at the expense of the Company, the Project to the Company pursuant to the Lease Act. Any such lease shall contain such terms and conditions as are mutually-agreeable to the parties which shall include, but not be limited to: (1) full, complete, environmental indemnity by the Company in favor of the County; (2) suitable provisions for acquisition of the entire Project or part thereof for the consideration of \$1.00 at the completion or earlier termination of the lease if all terms and provisions of the lease have been met; and (3) to the extent applicable to a lease agreement permitted under the Lease Act, the same or substantially same provisions set forth in this Agreement. Any such conveyance and lease shall additionally be subject to receipt by the County of evidence reasonably satisfactory to the County that no environmental contamination exists with respect to the property being

conveyed and leased. The Company acknowledges that any such sale/leaseback arrangement may not preserve the benefits of the Lease Act with respect to any portion of the Project placed in service prior to the effective date of any such sale/leaseback arrangement with the County, to the extent that the effective date of such sale/leaseback arrangement is later than December 31 of the Company's tax year in which such portion of the Project is placed in service. However, the County agrees that it will, at the expense of the Company, and to the extent permitted by the Lease Act, assist in efforts by the Company to have any such Economic Development Property included within the sale/leaseback arrangement under the Lease Act due to the fact that such Economic Development Property will never have been subject to normal *ad valorem* taxation, but instead, will always have been subject to a fee-in-lieu of tax pursuant to a Park Agreement between the County and a partner county, established pursuant to Section 4-1-170 of the Code.

SECTION 3.04. Joint-County Industrial and Business Park. The Project is located on property which is currently designated as part of a Park existing pursuant to a Park Agreement executed and entered into by and between the County and Williamsburg County, South Carolina.

ARTICLE IV

INVESTMENT BY COMPANY IN PROJECT; JOBS CREATION; MAINTENANCE AND MODIFICATION OF PROJECT

SECTION 4.01. Acquisition by Construction and Purchase of Project; Jobs Creation.

(a) The Company initially agreed to expend upon the Cost of the Project an expected Thirty Million Dollars (\$30,000,000), during the Investment Period.

(b) The Company shall retain title to the Project throughout the Term of this Agreement.

SECTION 4.02. Maintenance of Project. The Company at its own expense during the Term of this Agreement will keep and maintain the Project in good operating condition. The Company will promptly make, or cause to be made, all repairs, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, that are necessary to keep the Project in good and lawful order and in good operating condition (wear and tear from reasonable use excepted) whether or not such repairs are due to any laws, rules, regulations, or ordinances hereafter enacted which involve a change of policy on the part of the government body enacting the same.

SECTION 4.03. Modification of Project.

(a) As long as no Event of Default exists hereunder, the Company shall have the right at any time and from time to time during the Term hereof to undertake any of the following:

(i) The Company may, at its own expense, add to the Project all such real and personal property as the Company in its discretion deems useful or desirable.

(ii) In any instance where the Company in its discretion determines that any items included in the Project have become inadequate, obsolete, worn-out, unsuitable, undesirable, or unnecessary for operations at the Project, the Company may remove such items or portions from the Project and sell, trade in, exchange, or otherwise dispose of them (as a whole or in part) without the consent of the County. The Company may sell, lease, or otherwise dispose of any portion of the Land, in which event the Company shall deliver to the County, within 30 days thereafter, a new EXHIBIT "A" to this Agreement.

(b) No release of Project property effected under the provisions of Section 7.01 or 7.02 hereof or of this Section 4.03 shall entitle the Company to any abatement or diminution of the amounts payable by the Company hereunder except the FILOT payments as specified in Section 5.01(d) hereof.

SECTION 4.04. Records and Reports.

(a) The Company agrees to maintain such books and records with respect to the Project as will permit the identification of those portions of the Project placed in service in each property tax year during the Investment Period, the amount of investment with respect thereto and its computations of all Payments made hereunder and as will comply with all reporting requirements of the State and the County applicable to property subject to FILOT Payments under the FILOT Act, including without limitation the reports, and copies thereof to be filed with the specified County Officials, required by Section 12-44-90 of the Code (collectively, the "Filings").

Upon direction of the governing body of the County, a County Official may request and obtain such financial books and records from the Company that support the FILOT returns of the Company as may be reasonably necessary to verify the calculations of the FILOT Payments by the Company.

(b) Notwithstanding any other provision of this Section 4.04, the Company may designate with respect to any Filings delivered to the County segments thereof that the Company believes contain proprietary, confidential, or trade secret matters. The County shall make its best, commercially reasonable efforts to conform with all reasonable, written requests made by the Company with respect to maintaining the confidentiality of such designated segments, to the extent allowed by law, including, but not limited to, the South Carolina Freedom of Information Act.

(c) Whenever the County shall be required by any governmental or financial entity to file or produce any reports, notices, returns or other documents with regard to the Project, while this

Agreement is in effect, the Company or owner of the Project at the time shall promptly furnish to the County through the County Attorney the completed form of such required documents together with a certification by the Company or owner that such documents are accurate and not in violation of any provisions of law or of the other documents of this transaction, and that the documents meet the legal requirements of such filing or delivery. In the event of the failure or refusal of the Company or owner to comply with this provision, the Company or owner agrees to pay the statement for attorneys fees and administrative time presented by the County for producing and filing such documents, such statement to be paid within thirty (30) days after presentation by the County, and to promptly pay any fees, penalties, assessments or damages imposed upon the County by reason of its failure to duly file or produce such documents.

(d) Any actions to be undertaken or instruments to be executed by the Company under this Agreement may be undertaken or executed by an Authorized Company Representative.

ARTICLE V

PAYMENTS IN LIEU OF TAXES

SECTION 5.01. Payments in Lieu of Taxes.

(a) In accordance with the Act, the parties hereby agree that, during the Term of the Agreement, the Company shall continue to pay, as it did under the Lease Agreement, with respect to the Project annually a FILOT in the amount calculated as set forth in paragraph (b) below, on or before January 15 of the year following the first calendar year after the close of the accounting period regularly employed by the Company for income tax purposes and in which accounting period a portion of the Project was first placed in service, and at the places, in the manner, and subject to the penalty assessments as prescribed by the County or the Department of Revenue for *ad valorem* taxes.

(b) The FILOT Payment due with respect to each property tax year shall equal, to the extent permitted by law, the sum of: (i) with respect to any portion of the Project consisting of undeveloped land or Non-Economic Development Property, a payment equal to the taxes that would otherwise be due on such undeveloped land or Non-Economic Development Property were it taxable; (ii) with respect to those portions of the Project (other than undeveloped land and Non-Economic Development Property) placed in service during the Investment Period, for each of the twenty (20) consecutive years following the year in which such portion of the Project was placed in service, a payment calculated each year as set forth in paragraphs (c) through (e) below (a "Negotiated FILOT"); and (iii) with respect to increments of the Project constituting Economic Development Property after such 20-year period, a payment equal to the *ad valorem* taxes then due on such property taking into account any exemption allowed by the law. With respect to clause (ii) above: there shall be excluded any Released Property and any other portion of the Project which ceases to qualify for a FILOT hereunder or under the Act, subject to the continuing requirement to maintain a minimum of \$2.5 Million (without regard to depreciation) in the Project once the Investment Period has ended.

(c) (i) The Negotiated FILOT Payment with respect to any property tax year shall be calculated in accordance with subparagraph (c)(ii) or (c)(iii) below.

(ii) The Negotiated FILOT Payments shall be calculated with respect to each property tax year based on: (1) the fair market value of real property (using the original income tax basis for South Carolina income tax purposes without regard to depreciation) and Equipment included within the Project theretofore placed in service (less, for Equipment, depreciation allowable for property tax purposes); (2) a millage rate, for all taxing entities within whose taxing jurisdiction the Project falls, of the original millage rate for the Project site continued in the Lease Agreement, which the Parties hereto believe to be 180 mills, and (3) an assessment ratio of six percent (6%). The millage rate and the assessment ratio shall remain fixed for the duration of this Agreement, except as otherwise provided herein. All such calculations shall take into account all deductions for depreciation or diminution in value allowed by the Code or by the tax laws generally, as well as tax exemptions which would have been applicable if such property were subject to *ad valorem* taxes, except the exemption allowed pursuant to Section 3(g) of Article X of the Constitution of the State and the exemption allowed pursuant to Sections 12-37-220(B)(32) and (34) of the Code.

(iii) If taxes on real and personal property shall be abolished in the County or in the State, the Company may terminate this Agreement immediately without further obligation other than to make any payments due hereunder at the time of termination, if any.

(d) Subject, always to the statutory requirement to maintain the statutory minimum investment in the Project in order to maintain the FILOT approved hereby, the FILOT Payments are to be recalculated: (i) to reduce such payments in the event the Company disposes of any part of the Project within the meaning of Section 12-44-50(B) of the Code, as provided in Section 4.03, by the amount thereof applicable to the Released Property; provided, however, that any disposal of Released Property need not result in a recalculation of the FILOT Payments unless the Company so elects; or (ii) to increase such payments in the event the Company adds property (other than Replacement Property) to the Project.

(e) Upon the Company's installation of any Replacement Property for any portion of the Project removed under Section 4.03 hereof and sold, scrapped, or disposed of by the Company, such Replacement Property shall become subject to FILOT Payments to the extent permitted by the Act.

SECTION 5.02. Reserved.

ARTICLE VI

PAYMENT OF EXPENSES BY COMPANY

SECTION 6.01. Payment of Administration and Legal Expenses. The Company will pay to the County from time to time amounts equal to the Administration Expenses of the County promptly upon written request therefor, but in no event later than forty-five (45) days after receiving written notice from the County specifying the nature of such expenses and requesting payment of the same. The Company shall also pay all reasonable attorneys fees incurred by the County in connection with this Agreement, the Inducement Agreement and all other related documents necessary to provide the Company with the incentives provided herein and therein.

SECTION 6.02. Defaulted Payments. In the event the Company should fail to make any of the payments required under this Agreement, the item or installment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid. If any such default relates to its obligations to make FILOT Payments or payments of Administration Expenses hereunder, the Company agrees to pay the same with interest thereon at the rate per annum provided by the Code for late payment of *ad valorem* taxes together with any penalties provided by the Code for late payment of *ad valorem* taxes or for non-payment of FILOT Payments.

ARTICLE VII

CASUALTY AND CONDEMNATION

SECTION 7.01. Damage and Destruction. If all or any part of the Project shall be lost, stolen, destroyed, or damaged, the Company in its discretion may repair or replace the same. If the Company shall determine to repair or replace the Project, the Company shall forthwith proceed with such rebuilding, repairing, or restoring and shall notify the County upon the completion thereof. The County shall not have any responsibility to complete the work thereof or pay any portion of the costs thereof. The Company shall not by reason of any such damages or destruction or the payment of any costs be entitled to any reimbursement from the County or any abatement or diminution of the amounts payable hereunder.

SECTION 7.02. Condemnation. In the event that title to or the temporary use of the Project, or any part thereof, shall be taken in condemnation or by the exercise of the power of eminent domain, there shall be no abatement or reduction in the payments required by be made by the Company hereunder except as set forth in Section 7.03 hereof. The Company shall promptly notify the County, as to the nature and extent of such taking and, as soon as practicable thereafter, notify the County whether it has elected to restore the Project. If it shall be

determined to restore the Project, the Company shall forthwith proceed with such restoration, and shall notify the County, upon the completion thereof.

SECTION 7.03. Adjustments in the Event of Damage and Destruction or Condemnation. In the event that the Project or any portion thereof is damaged or destroyed, lost or stolen, or the subject of condemnation proceedings, which damage, destruction, loss, theft and/or condemnation would substantially impair the operating ability of the Project or such portion thereof, the parties hereto agree that the FILOT Payments required pursuant to Section 5.01 hereof shall be abated in the same manner and in the same proportion as if *ad valorem* taxes were payable with respect to the Project, subject, always, to the requirements of Section 5.01 hereof.

ARTICLE VIII

PARTICULAR COVENANTS AND AGREEMENTS

SECTION 8.01. Use of Project for Lawful Activities. The Company is hereby granted and shall have the right during the Term of this Agreement to occupy and use the Project for any lawful purpose authorized pursuant to the FILOT Act. Insofar as it is practicable under existing conditions from time to time during the Term of this Agreement, the Project shall be used primarily as a manufacturing facility.

SECTION 8.02. Right to Inspect. The Company agrees that the County and its authorized agents shall have the right at all reasonable times and upon prior reasonable notice to enter upon and examine and inspect the Project and to have access to and examine and inspect all the Company's books and records pertaining to the Project. The County and its authorized agents shall also be permitted, at all reasonable times and upon prior reasonable notice, to examine the plans and specifications of the Company with respect to the Project. The aforesaid rights of examination and inspection shall be exercised only upon such reasonable and necessary terms and conditions as the Company shall prescribe, which conditions shall be deemed to include, but not be limited to, those necessary to protect the Company's trade secrets and proprietary rights. In no way shall this requirement of confidentiality be deemed to apply to or restrict the rights of the United States Government and the State of South Carolina or its political subdivisions in the exercise of their respective sovereign duties and powers.

SECTION 8.03. Limitation of Pecuniary Liability for County. Anything herein to the contrary notwithstanding: (a) the Project gives rise to no pecuniary liability of the County or charge against its general credit or taxing powers; (b) any obligation of the County created by or arising under the Agreement shall be a limited obligation of the County, payable by the County solely from the proceeds derived hereunder and shall not under any circumstances be deemed to constitute a general obligation of the County under the meaning of any constitutional or statutory limitation; and (c) the County may require as a condition to the participation by it with the Company in any contests or in obtaining any license or permits or other legal approvals a deposit by the Company of such amount as reasonably determined by the County to be appropriate to assure the reimbursement to the County of the costs incurred by it in such participation, with any

amount of such deposit in excess of such costs to be returned to the Company; provided, however, that nothing herein shall prevent the Company from enforcing its rights hereunder by suit for *mandamus* or specific performance or any other remedy available at law or in equity.

SECTION 8.04. Maintenance of Existence. The Company covenants that any alteration of its separate existence, dissolution, consolidation, merger, transfer, or disposition of substantially all of its assets to any other entity shall be done in accordance and compliance with the Transfer Provisions. The Company may permit one or more other Affiliates to consolidate or merge into it without the consent of the County, provided no default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

SECTION 8.05. Indemnification Covenants.

(a) The Company shall and agrees to indemnify and save the County, including the members of the governing body of the County, and the employees, officers and agents of the County (herein collectively referred to as the "Indemnified Parties") harmless against and from all claims by or on behalf of any person, firm, company or legal entity arising from the conduct or management of, or from any work or thing done on the Project during the Term, and, Company further, shall indemnify and save the Indemnified Parties harmless against and from all claims arising from any act, error or omission occurring during the Term from: (i) any condition of the Project, (ii) any breach or default on the part of Company in the performance of any of its obligations under this Agreement, (iii) any act of the Company or any of its agents, contractors, servants, employees or licensees, related to the Project, (iv) any act of any assignee or sublessee of the Company, or of any agents, contractors, servants, employees or licensees of any assignee or sublessee of the Company, related to the Project, or (v) any environmental violation, condition, or effect of, upon or caused by the Project. Company shall indemnify, defend and save the Indemnified Parties harmless from and against all costs and expenses incurred in or in connection with any such claim arising as aforesaid or in connection with any action or proceeding brought thereon, and upon notice from an Indemnified Party, Company shall defend it in any such action, prosecution or proceeding, with counsel reasonably acceptable to the County.

(b) Notwithstanding the fact that it is the intention of the parties that the Indemnified Parties not incur pecuniary liability by reason of the terms of this Agreement, or the undertakings required of the County hereunder, by reason of the execution of this Agreement, by reason of the performance of any act requested of it by the Company, or by reason of the operation of the Project by the Company, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing, nevertheless, if the Indemnified Parties should incur any such pecuniary liability, then in such event the Company shall indemnify and hold them harmless against all claims by or on behalf of any person, firm, corporation or other legal entity, arising out of the same, and all costs and expenses, including, but not limited to, attorneys fees, incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice, the Company shall have the sole right and duty to assume, and shall assume, the defense thereof, at its expense, with full power to litigate, compromise, or settle the same in its sole discretion; provided the Company shall obtain

the prior written consent of the County to settle any such claim unless such claim is for monetary damages for which the Company has the ability to, and does, pay. Notwithstanding the foregoing, if the Indemnified Party is the County, in the event the County reasonably believes there are defenses available to it that are not being pursued or that the counsel engaged by the Company reasonably determines that a conflict of interest exists between the County and the Company, the County may, in its sole discretion, hire independent counsel to pursue its own defense, and the Company shall be liable for the reasonable cost of such counsel.

These indemnification covenants shall be considered included in and incorporated by reference in subsequent documents after the closing which the County is requested to sign, and any other indemnification covenants in any subsequent documents shall not be construed to reduce or limit the above indemnification covenants.

ARTICLE IX

TRANSFERS; FINANCING ARRANGEMENTS

SECTION 9.01. Transfers of Interest in Agreement and Economic Development Property; Transfers of Equity Interests; Financing Arrangements. The Transfer Provisions shall apply to this Agreement and the Economic Development Property, except as otherwise provided in this Agreement. Pursuant to the Transfer Provisions, the County's prior approval or subsequent ratification of the transfer of this Agreement or any Economic Development Property to which this Agreement relates may be evidenced by a letter or other writing of the County Administrator. To the extent permitted by the Act, the County approves that equity interests in the Company may be transferred (directly or through merger, consolidation or other reorganization) to another Person at any time, with or without notice to the County; provided, however, that in the event of such a transfer, the Company shall maintain its legal existence and duly perform and comply with the terms of this Agreement. Pursuant to the Transfer Provisions, the Company may enter into lending, financing, security, leasing, or similar arrangements, or succession of such arrangements, with a financing entity concerning all or part of the Project at any time. Any release of liability of the Company in connection with any transfer shall be subject to the County's consent, not to be unreasonably withheld, and the County's consent to such release may be evidenced by a resolution adopted by the County Council of the County to that effect.

SECTION 9.02. Relative Rights of County and Financing Entities as Secured Parties. The parties acknowledge that the County's right to receive FILOT Revenues hereunder shall have a first priority lien status pursuant to Section 12-44-90 of the Code, and Chapters 4 and 54 of Title 12 of the Code. The County consents and agrees that its rights under this Agreement, except for its rights to receive FILOT Payments or any other amounts payable to the County hereunder, Administration Expenses and indemnification pursuant to Section 8.05, shall be subordinate to the rights of the secured party or parties under any financing arrangements undertaken by the Company with respect to the Project pursuant to Section 9.01 hereof, such subordination to be effective without any additional consent or action on the part of the County; provided, however, that the County hereby agrees to, at the Company's expense, execute such

agreements, documents, and instruments as may be helpful or reasonably required by such secured party or parties to effectuate or document such subordination. The County hereby authorizes the then-current County Administrator to execute such agreements, documents, and instruments as necessary or useful therefor.

ARTICLE X

TERM; TERMINATION

SECTION 10.01. Term. Unless sooner terminated pursuant to the terms and provisions herein contained, this Agreement shall be and remain in full force and effect for a term commencing on the date on which the Company executes the Lease Agreement, and ending at midnight on the last day of the property tax year in which the last Negotiated FILOT Payment is due hereunder. The County's rights to receive indemnification and payment of Administration Expenses pursuant hereto shall survive the expiration or termination of this Agreement.

SECTION 10.02. Termination. The Company may terminate this Agreement at any time, in which event the Project shall be subject to *ad valorem* taxes from the date of termination. This Agreement shall automatically terminate (subject to the provisions of Section 5.01(f) hereof) if the Act and/or the FILOT are declared invalid or unenforceable.

ARTICLE XI

EVENTS OF DEFAULT AND REMEDIES

SECTION 11.01. Events of Default by Company. Any one or more of the following events (herein called an "Event of Default", or collectively "Events of Default") shall constitute an Event of Default by the Company:

(a) if default shall be made in the due and punctual payment of any FILOT Payments, indemnification payments under Section 8.05, Administration Expenses or any other amount payable hereunder, which default shall not have been cured within thirty (30) days following receipt of written notice thereof from the County; or

(b) if default shall be made by the Company in the due performance of or compliance with any of the terms hereof, including payment, other than those referred to in the foregoing paragraph (a), and such default shall continue for ninety (90) days after the County shall have given the Company written notice of such default, the Company shall fail to proceed promptly to cure the same.

SECTION 11.02. Remedies on Event of Default by Company. Upon the occurrence of any Event of Default, the County may exercise any one or more of the following remedies, any of which may be exercised at any time during the periods permitted under the following clauses:

(i) declare immediately due and payable FILOT Payments, Administration Expenses, or any other amounts due hereunder;

(ii) terminate this Agreement by delivery of written notice to the Company not less than thirty (30) days prior to the termination date specified therein;

(iii) have access to and inspect, examine, and make copies of the books, records, and accounts of the Company pertaining to the construction, acquisition, or maintenance of the Project; or

(iv) take whatever action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due or to enforce observance or performance of any covenant, condition, or agreement of the Company under this Agreement.

SECTION 11.03. Application of Moneys Upon Enforcement of Remedies. Any moneys received by the County upon enforcement of its rights hereunder shall be applied as follows: first, to the reasonable costs associated with such enforcement proceedings including reasonable attorneys fees; second, to pay Administration Expenses; and third, to pay the FILOT.

SECTION 11.04. Default by County. Upon the default of the County in the performance of any of its obligations hereunder, the Company may take whatever action at law or in equity as may appear necessary or desirable to enforce its rights under this Agreement, including without limitation a suit for *mandamus* or specific performance.

ARTICLE XII

MISCELLANEOUS

SECTION 12.01. Rights and Remedies Cumulative. Each right, power, and remedy of the County or of the Company provided for in this Agreement shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Agreement or now or hereafter existing at law or in equity, in any jurisdiction where such rights, powers, and remedies are sought to be enforced, and the exercise or the failure to exercise by the County or by the Company of any one or more of the rights, powers, or remedies provided for in this Agreement or now or hereafter existing by law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the County or by the Company of any or all such other rights, powers, or remedies.

SECTION 12.02. Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns as permitted hereunder.

SECTION 12.03. Notices; Demands; Requests. All notices, demands, and requests to be given or made hereunder to or by the County or the Company shall be in writing and shall be deemed to be properly given or made if sent by United States first class mail, postage prepaid, or via facsimile transmission or reputable courier service, addressed as follows or to such other persons and places as may be designated in writing by such party.

(a) As to County:

Oconee County, South Carolina
Oconee County Administrator
415 S. Pine Street
Walhalla, SC 29691

(b) As to Company:

Borgwarner Torqtransfer Systems, Inc.
Attn: _____

SECTION 12.04. Applicable Law. This Agreement shall be governed by and construed in accordance with the law of the State.

SECTION 12.05. Entire Understanding. This Agreement expresses the entire understanding and all agreements of the parties hereto with each other as to its subject matter, and neither party hereto has made or shall be bound by any agreement or any representation to the other party which is not expressly set forth in this Agreement or in certificates delivered in connection with the execution and delivery hereof.

SECTION 12.06. Severability. In the event that any clause or provision of this Agreement shall be held to be invalid by any court of competent jurisdiction, the invalidity of such clause or provision shall not affect any of the remaining provisions hereof.

SECTION 12.07. Headings and Table of Contents: References. The headings of the Agreement are for convenience of reference only and shall not define or limit the provisions hereof or affect the meaning or interpretation hereof. All references in this Agreement to particular Articles or Sections or subdivisions of this Agreement are references to the designated Articles or Sections or subdivisions of this Agreement.

SECTION 12.08. Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original but all of which shall constitute but one and the same instrument. Facsimile signatures may be relied upon as if originals.

SECTION 12.09. Amendments. Subject to the limitations set forth in Section 12-44-40(J)(2) of the FILOT Simplification Act, this Agreement may be amended, or the rights and interests of the parties hereunder surrendered, only by a writing signed by both parties.

SECTION 12.10. Waiver. Either party may waive compliance by the other party with any term or condition of this Agreement only in writing signed by the waiving party.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

[Execution Pages Follow]

OCONEE COUNTY, SOUTH CAROLINA

By: _____
Chairman of County Council

(SEAL)

ATTEST:

Clerk to County Council
Oconee County, South Carolina

**BORGWARNER TORQTRANSFER
SYSTEMS, INC.**

BY: _____

ITS: _____

EXHIBIT "A"

LAND DESCRIPTION

[To be provided by Borgwarner Torqtransfer Systems, Inc.]

February 2, 2016

Litigation Concerns

1. Lease Agreement (Exhibit A)
2. Release Agreement (Exhibit B)

I want to state first that I do not accept nor will I vote for these settlement agreements. They are unethical and most likely a violation of the State's Constitution and state laws. Voting in favor of these agreements is in violation of my oath of office.

The reason for the original litigation was for the purpose of collecting past taxes on an airplane owned by the defendants. In the investigation of the taxes the issue arose of the fact that the original lease agreement did not meet state statutory requirements. There was never an ordinance; also, a first, second, public hearing, and third reading was never held. The defendants have now made the main issue the Lease Agreement and not the payment of back taxes.

My major reason for opposing this settlement agreement is the tax on the plane. I pay my taxes and I hope you do, too. After all, these taxes provide the much needed services to our citizens.

As to what I object to:

1. Exhibit B- Section 6a- Plaintiffs Release of Defendants- Plaintiffs Release "do hereby forever release past due taxes on personal property or aircraft..." This amounts to \$315,000 of past taxes due to Oconee County. Forgiveness of this tax is illegal.
2. Exhibit B-Section 3- by this agreement defendants receive \$35,000 to pay legal fees. Why is the county paying for this?
3. Exhibit A- Section 2.1- instead of the hangar being turned over to the county in 2021, the date has now been changed to 2031. Why?

So what does this agreement actually state?

For the defendants:

1. A tax forgiveness of \$315,000 dollars, the taxpayers' gift to the defendants.
2. A 10 year lease extension on the hangar.
3. Taxpayer money to pay the defendants attorneys, another \$35,000 dollar present from the taxpayers.

For the citizens of Oconee County:

1. Nothing.
2. Zero.

**STATE OF SOUTH CAROLINA
COUNTY OF OCONEE
ORDINANCE 2015-35**

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A REFORMED AND RESTATED GROUND LEASE AGREEMENT BETWEEN OCONEE COUNTY, AS LESSOR, AND HANGAR III, LLC, AS LESSEE, AND AUTHORIZING THE CONTEMPORANEOUS EXECUTION AND DELIVERY OF A RELEASE AND STIPULATION OR ORDER OF DISMISSAL WITH PREJUDICE, ENDING THE LITIGATION CAPTIONED *OCONEE COUNTY, KEVIN ROBINSON, OCONEE COUNTY DELINQUENT TAX COLLECTOR V. HANGAR III, LLC, 25 EP CORP., BDS, JERRY EDWARDS, AND STEVE EDWARDS*, C.A. NO. 2014-CP-37-539; AND OTHER MATTERS RELATING THERETO.

WHEREAS, Oconee County, South Carolina (the “County”) is a body politic and corporate and a political subdivision of the State of South Carolina and is authorized by the provisions of Title 4, Chapter 9 of the Code of Laws of South Carolina 1976, as amended, to lease real property and to make and execute contracts; and,

WHEREAS, the County is authorized by the provisions of Title 4, Chapter 1 of the Code of Laws of South Carolina 1976, as amended, to sue and be sued, and consequently resolve such litigation; and,

WHEREAS, the County currently desires to execute and enter into a Reformed and Restated Ground Lease (the “Lease”) with Hangar III, LLC by which the County will reform and restate that certain lease agreement of May of 2001, the County thereby leasing certain land situated at the Oconee County Airport to Hangar III, LLC; and

WHEREAS, the County desires that contemporaneous to the execution and delivery of the Lease, that a Settlement Agreement and Release (the “Release”) be executed and delivered, thereby effecting the resolution of that certain litigation captioned Oconee County, Kevin Robinson, Oconee County Delinquent Tax Collector v. Hangar III, LLC, 25 EP Corp., BDS, Jerry Edwards, and Steve Edwards, C.A. No. 2014-CP-37-539, the parties thereto having mutually agreed to resolve all claims which they asserted or could have asserted against each other, and in order to avoid the uncertainty, time, cost, and expense associated with further litigation; and

WHEREAS, the Lease and the Release are congruous to one another, and there exists a significant nexus between the subject matter thereof; and

WHEREAS, the Oconee County Council (the “Council”) has reviewed the form of the Lease, attached hereto as Exhibit A, and the Release, attached hereto as Exhibit B, and determined that it is in the best interest of the County and its residents and citizens for the County to execute and enter into both the Lease and the Release, and the Council wishes to approve the same and to authorize the County Administrator to execute and deliver the Lease and the Release and all related agreements and documents necessary or incidental thereto, including a stipulation or order of dismissal with prejudice.

NOW THEREFORE, be it ordained by Council in meeting duly assembled that:

Section 1. Lease Approved. The Lease is hereby approved, and the County Administrator is hereby authorized to execute and deliver the Lease in substantially the same form as Exhibit A, attached hereto, with only such changes as may be approved by the County Administrator and deemed in his sole discretion to be necessary and which are not materially adverse to the County.

Section 2. Release Approved. The Release is hereby approved, and the County Administrator is hereby authorized to execute and deliver the Release in substantially the same form as Exhibit B, attached hereto, with only such changes as may be approved by the County Administrator and deemed in his sole discretion to be necessary and which are not materially adverse to the County.

Section 3. Related Documents and Instruments; Future Acts. The County Administrator is hereby authorized to negotiate any all documents and instruments which may be necessary or incidental to the Lease and/or the Release and to execute and deliver any such documents and instruments on behalf of the County, including a stipulation or order of dismissal with prejudice.

Section 4. Severability. Should any term, provision, or content of this Ordinance be deemed unconstitutional or otherwise unenforceable by any court of competent jurisdiction, such determination shall have no effect on the remainder of this Ordinance. Notwithstanding the foregoing, however, as there exists a significant nexus between the subject matter of the Lease and the Release, if the approval of one or the other is deemed unconstitutional or otherwise unenforceable, then this Ordinance shall be void in its entirety.

Section 5. General Repeal. All ordinances, orders, resolutions, and actions of the Oconee County Council inconsistent herewith are, to the extent of such inconsistency only, hereby repealed, revoked, and superseded.

Section 6. Effective Date. This Ordinance shall become effective and be in full force and effect from and after public hearing and third reading in accordance with the Code of Ordinances of Oconee County, South Carolina.

ORDAINED in meeting, duly assembled, this ____ of _____, 2016.

OCONEE COUNTY, SOUTH CAROLINA

Paul A. Cain, Chairman, County Council
Oconee County, South Carolina

ATTEST:

Elizabeth G. Hulse, Clerk to County Council
Oconee County, South Carolina

Exhibit A

REFORMED AND RESTATED GROUND LEASE

THIS GROUND LEASE ("Lease") is made and entered into by **Oconee County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina**, as lessor ("Lessor") and Hangar III, LLC, a South Carolina Limited Liability Company, as lessee ("Lessee"), dated as of ____ day of _____, 2016 (the "Effective Date").

RECITALS

A. Lessor is the fee owner of that certain real property, a portion of which consists of approximately _____ acres, (_____ sq. feet), (the "Ground Lease Premises") located in Oconee County, South Carolina and as more fully described on **Exhibit A** attached hereto and incorporated herein by this reference, being those same premises as were subject to the May 30, 2001 Lease, referenced below, and subject to all easements, restrictions, rights of way and encroachments of record.

B. On or about May 30, 2001, Lessor entered into a lease agreement ("2001 Lease") whereby Lessor leased the Ground Lease Premises to one or more of Lessee's members. By assignment dated July 19, 2001, the 2001 Lease was assigned to Lessee.

C. Pursuant to the 2001 Lease, Lessee constructed and/or is the sole owner of certain improvements, including building(s), fixtures, attached structures or things, and infrastructure on the Ground Lease Premises, consisting primarily of a hangar for the storage of aircraft (collectively the "Hangar").

D. Lessor and Lessee desire to reform and restate the 2001 Lease in order to extend the lease term and clarify certain provisions of the 2001 Lease, and to ensure that proper legislative authorization exists for the lease arrangement.

E. The parties desire to establish the following terms and conditions of this Lease to fulfill the foregoing objectives.

NOW, THEREFORE, in consideration of the mutual covenants and promises of the parties, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the foregoing recitals are true and correct and incorporated herein by this reference, and further agree as follows:

ARTICLE 1 - DEMISE OF GROUND LEASE PREMISES

Section 1.1. Ground Lease Premises. Lessor, for and in consideration of the rents, covenants, and conditions herein set forth, and upon appropriate authorization by Oconee County Council, the governing body of Lessor, by ordinance, does hereby lease to Lessee, and Lessee does hereby lease from Lessor, the Ground Lease Premises, subject to the terms, conditions and provisions hereof.

Section 1.2. Quiet Enjoyment. Lessor covenants and agrees that Lessee, upon paying the rent and other charges herein provided and observing and keeping the covenants, conditions, and

terms of this Lease on Lessee's part to be kept or performed, shall lawfully and quietly hold, occupy and enjoy the Ground Lease Premises during the "Term" (as hereinafter defined) of this Lease without hindrance of Lessor or any person claiming under Lessor, subject to all easements, restrictions, rights of way and encroachments of record. Lessor hereby retains the right to enter upon and inspect the Ground Lease Premises and the Hangar at reasonable times and upon reasonable notice; and Lessor further reserves the right to enter upon the Ground Lease Premises and the Hangar, without prior notice, in the event of an emergency condition or situation, as reasonably determined by Lessor.

ARTICLE 2 - LEASE TERM

Section 2.1. **Lease Term.** The term of this Lease (the "Term") shall commence on the Effective Date. The last day of the Term shall be April 30, 2031 (the "Expiration Date").

Section 2.2. **Reversion.** At the Expiration Date or the sooner termination of this Lease, whether by default, eviction, or otherwise, the Hangar, Ground Lease Premises and all other improvements/infrastructure upon the Ground Lease Premises shall, without compensation to Lessee or any other party, then become the sole property of Lessor or Lessor's designee, free and clear of all claims to or against them by Lessee or any third person attributable to Lessor or Lessee, and all claims, liens, security interests, and encumbrances. Lessee shall defend and indemnify Lessor against all liability and loss, including but not limited to reasonable attorneys' fees and costs through litigation and all appeals, arising from the act or omission of Lessee or Lessee's agent during the Term of this Lease ("Lessee/Third Party Claim(s)") against the Ground Lease Premises. All alterations, improvements, additions and utility installations which may be made on the Ground Lease Premises shall be the property of Lessor and shall remain upon and be surrendered with the Ground Lease Premises at the Expiration Date or sooner termination of this Lease. Notwithstanding the foregoing, any machinery or equipment owned by Lessee or any lessee or sublessee of the Hangar, other than that which is permanently affixed to the Ground Lease Premises so that it cannot be removed without material damage to the Ground Lease Premises, shall remain the property of Lessee, such lessee or sublessee, as may be applicable, and may be removed; provided, however, that Lessee removes or causes its removal within thirty (30) days after the date of expiration or termination of this Lease.

ARTICLE 3 - RENT, TAXES AND UTILITIES

Section 3.1. **Rent.** Lessee agrees to pay Lessor, for the use and occupancy of the Ground Lease Premises, an annual rent of \$0.17 per square foot, on or before or as of, and for, June 1, 2015 and, thereafter, on or before each 1st day of June during the Term of this Ground Lease.

Section 3.2. **Taxes.** Lessee shall be responsible for any and all taxes, fees, assessments, and charges attributable to the Ground Lease Premises and the improvements and activities located thereon, in accordance with the normal *ad valorem* property tax law of the state of South Carolina. Lessor and Lessee acknowledge and understand that separate and apart from the *ad valorem* taxes assessed on the Ground Lease Premises, personal property taxes shall be paid on any aircraft located or housed in Oconee County by the person or entity responsible for paying said taxes to the extent owed in accordance with South Carolina law.

Section 3.3. **Proof of Compliance.** Lessee shall furnish to Lessor, within ten (10) days before the date when any tax, fee, assessment, or charge (for which Lessee is responsible

hereunder) would become delinquent, receipts or other appropriate evidence establishing payment thereof.

Section 3.4. Utilities. Lessee shall pay or cause to be paid any and all charges for water, heat, gas, electricity, cable, trash disposal, sewers and any and all other utilities used upon the Ground Lease Premises throughout the Term, including without limitation any connection and servicing fees, permit fees, and inspection fees.

Section 3.5. No Security Deposit. No security deposit is required hereunder.

Section 3.6. Costs. It is the intent of the parties, except as is otherwise provided in this Lease, that Lessee shall pay all costs, charges, insurance premiums, taxes, utilities, expenses and assessments arising during the Term of every kind and nature incurred for, against, or in connection with the Hangar and the Ground Lease Premises.

ARTICLE 4 - USE OF PREMISES

Section 4.1. Permitted Uses. Lessee shall use or allow the use of the Ground Lease Premises solely for the management and operation of a non-commercial storage facility for aircraft and related non-commercial activities of Lessee's flight department. Lessee shall obey all rules, regulations, laws, ordinances, and directives of Lessor or any governmental entity (i.e.: FAA, EPA, OSHA, etc.) now in force or hereafter promulgated with respect to the use of the Airport or the Hangar. Any other use of the premises by Lessee without the prior written consent of Lessor shall constitute a material breach allowing Lessor to immediately terminate the Lease and resulting in reversion of the Ground Lease Premises and all improvements to the Lessor, or its designee, as described in Section 2.2 above. Notwithstanding any other term or condition of this Agreement, however, Lessee shall be permitted to rent space within the Hangar located on the Ground Lease Premises to third-parties for purposes of parking or storing the aircraft owned by such third-parties.

ARTICLE 5 – HAZARDOUS MATERIALS

Section 5.1. Definitions. "Hazardous Materials" shall mean any material, substance or waste that is or has the characteristic of being hazardous, toxic, ignitable, reactive or corrosive, including, without limitation, petroleum, PCBs, asbestos, materials known to cause cancer or reproductive problems and those materials, substances and/or wastes, including infectious waste, medical waste, and potentially infectious biomedical waste, which are or later become regulated by any local governmental authority, the State of South Carolina or the United States Government, including, but not limited to, substances defined as "hazardous substances," "hazardous materials," "toxic substances" or "hazardous wastes" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, et seq.; all corresponding and related State of South Carolina and local statutes, ordinances and regulations, including without limitation any dealing with underground storage tanks; and in any other environmental law, regulation or ordinance now existing or hereinafter enacted (collectively, "Hazardous Materials Laws").

Section 5.2. Use of Premises by Lessee; Remediation of Contamination Caused by Lessee.

(a) Use. Lessee hereby agrees that Lessee and Lessee's officers, board members, employees, representatives, agents, contractors, subcontractors, successors, assigns, sublessees, concessionaires, invitees and any other occupants of the Ground Lease Premises (for purpose of this Section, referred to collectively herein as "Lessee's Representatives") shall not use, generate, manufacture, refine, produce, process, store or dispose of, on, under or about the Ground Lease Premises or transport to or from the Ground Lease Premises in the future for the purpose of generating, manufacturing, refining, producing, storing, handling, transferring, processing or transporting Hazardous Materials, except in compliance with all applicable Hazardous Materials Laws. Furthermore, Lessee or Lessee's Representatives shall, at their own expense, procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for the storage or use by Lessee or any of Lessee's Representatives of Hazardous Materials on the Ground Lease Premises, including without limitation, discharge of (appropriately treated) materials or wastes into or through any sanitary sewer serving the Ground Lease Premises.

(b) Remediation. If at any time during the Lease Term any contamination of the Ground Lease Premises by Hazardous Materials shall occur where such contamination is caused by the act or omission of Lessee or Lessee's Representatives ("Lessee Contamination"), then Lessee or Lessee's Representatives, at no expense to Lessor, shall promptly and diligently remove such Hazardous Materials from the Ground Lease Premises, or the groundwater underlying the Ground Lease Premises, to the extent reasonably possible in accordance with the requirements of the applicable Hazardous Materials Laws and industry standards then prevailing in the Hazardous Materials management and remediation industry in the State of South Carolina. However, Lessee shall not take any required remedial action in response to any Lessee Contamination in or about the Ground Lease Premises or enter into any settlement agreement, consent, decree or other compromise in respect to any claims relating to any Lessee Contamination without first notifying Lessor of Lessee's intention to do so and affording Lessor the opportunity, at Lessor's expense, to appear, intervene or otherwise appropriately assert and protect Lessor's interest with respect thereto. In addition to all other rights and remedies of the Lessor hereunder, if Lessee does not promptly and diligently take all steps to prepare and obtain all necessary approvals of a remediation plan (the "Plan") for any Lessee Contamination, and thereafter commence the required remediation, in accordance with the Plan, of any Hazardous Materials released or discharged in connection with Lessee Contamination within thirty (30) days after Lessor has reasonably approved the Plan and all necessary approvals and consents have been obtained and thereafter continue to prosecute said remediation to completion in accordance with the approved Plan, then Lessor, in its sole discretion, shall have the right, but not the obligation, to cause said remediation in accordance with the Plan to be accomplished, and Lessee shall reimburse Lessor within fifteen (15) business days of Lessor's demand for reimbursement of all amounts reasonably paid by Lessor (together with interest on said amounts at the judgment rate until paid), when said demand is accompanied by proof of payment by Lessor of the amounts demanded. Lessee shall promptly deliver to Lessor copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Ground Lease Premises as part of Lessee's remediation of any Lessee Contamination.

(c) Disposition of Hazardous Materials. Except as removed from the Ground Lease Premises in strict accordance and conformity with all applicable Hazardous Materials Laws, Lessee shall cause any and all Hazardous Materials removed from the Ground Lease Premises as part of the required remediation of Lessee Contamination to be removed and transported solely by duly licensed haulers to duly licensed facilities for final disposal of such materials and wastes.

Section 5.3. Notice of Hazardous Materials Matters. Each party hereto (for purposes of this Section, "Notifying Party") shall immediately notify the other party (the "Notice Recipient") in writing of: (a) any enforcement, clean-up, removal or other governmental or regulatory action instituted, contemplated or threatened concerning the Ground Lease Premises pursuant to any Hazardous Materials Laws; (b) any claim made or threatened by any person against the Notifying Party or the Ground Lease Premises relating to damage contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Materials on or about the Ground Lease Premises; and (c) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in or removed from the Ground Lease Premises, including any complaints, notices, warnings or asserted violations in connection therewith, all upon receipt by the Notifying Party of actual knowledge of any of the foregoing matters. Notifying Party shall also supply to Notice Recipient as promptly as possible, and in any event within five (5) business days after Notifying Party first receives or sends the same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Ground Lease Premises or Lessee's use thereof.

Section 5.4. Indemnification by Lessee. Lessee shall indemnify, defend (by counsel reasonably acceptable to Lessor), protect, and hold Lessor and each of Lessor's officers, Council members, employees, agents, affiliates, subsidiaries, attorneys, successors and assigns free and harmless from and against any and all claims, actions, causes of action, liabilities, penalties, forfeitures, damages, losses or expenses (including, without limitation, attorneys' fees and costs through litigation and all appeals) resulting from death of or injury to any person or damage to any property whatsoever, arising from or caused in whole or in part, directly or indirectly by (a) any Lessee Contamination, (b) Lessee's failure to comply with any Hazardous Materials Laws with respect to the Ground Lease Premises, or (c) a breach of any covenant, warranty or representation of Lessee under this Article 5. Lessee's obligations hereunder shall include all costs of any required or necessary repair, clean-up or detoxification or decontamination of the Premises, and the preparation and implementation of any closure, remedial action or other required plans in connection therewith. The foregoing indemnification by Lessee shall extend to conditions attributable to Lessee in existence prior to the commencement of the Term.

ARTICLE 6 - IMPROVEMENTS

Section 6.1. Improvements. Lessee may construct additional improvements/infrastructure on the Ground Lease Premises in accordance with plans that are pre-approved prior to the commencement of construction in writing by Lessor and which are in compliance with local building code requirements, zoning requirements, and this Lease. All work shall be performed in a good and workmanlike manner, shall comply with all applicable governmental permits, laws, ordinances, and regulations. All costs in any way associated with construction of the Hangar and additional improvements/infrastructure shall be the sole responsibility of Lessee.

Section 6.2. Title; Subordination. Subject to the terms and conditions of this Lease, Lessee shall own and hold title to all of its improvements/infrastructure on the Ground Lease Premises until termination or expiration of this Lease, at which time title to any and all improvements/infrastructure on the Ground Lease Premises shall be transferred to the Lessor. Lessee's title to said improvements/infrastructure on the Ground Lease Premises shall be subject to and subordinate to this Lease.

ARTICLE 7 – MAINTENANCE

Section 7.1. Maintenance of Ground Lease Premises. Lessee agrees that it will, at its own cost and expense, maintain or cause to be maintained the Ground Lease Premises and any other improvements/infrastructure thereon and appurtenances thereto and every part thereof, in good order, condition and repair and in accordance with all applicable laws, rules, ordinances, orders and regulations of all governmental authorities. In the event any repairs required to be made under the provisions of this Lease are not made or commenced and diligently pursued thereafter, within sixty (60) days after written notice from Lessor to do so, then Lessor may, at its option, enter upon said Ground Lease Premises and repair the same, and the cost and expense of such repairs, with interest at the maximum rate then allowed by law, shall be due and paid by Lessee as additional rent to Lessor upon demand.

Section 7.2. Emergency Repairs. Notwithstanding the provisions of Section 7.1, in the event of an emergency, Lessor, at its option, may without notice enter on the Ground Lease Premises to effect repairs needed as a result of the emergency. The reasonable cost of such repairs shall be due and paid by Lessee to Lessor on demand as additional rent due hereunder. However, if Lessee contests the necessity of "emergency repairs" completed by Lessor without notice, the reasonable cost of such repairs shall not be treated as "additional rent" hereunder for purposes of determining a default of this agreement.

ARTICLE 8 - MECHANICS' LIENS

Section 8.1. Prohibition of Liens on Fee. Unless removed as set forth in Section 8.2, Lessee shall not suffer, create or permit any mechanic's liens or other liens to be filed against the Ground Lease Premises or any buildings or improvements/infrastructure on the Ground Lease Premises, by reason of any work, labor, services or materials supplied or claimed to have been supplied to Lessee or anyone holding the Ground Lease Premises or any part thereof through or under Lessee.

Section 8.2. Removal of Liens by Lessee. If any such mechanic's or laborer's liens or materialman's lien shall be recorded against the Ground Lease Premises, or any improvements/infrastructure thereof, within sixty (60) days after notice of the filing thereof, or fifteen (15) days after Lessee is served with a complaint to foreclose said lien or Lessor advises Lessee in writing that Lessor has been served with such a complaint, whichever is earlier, Lessee shall cause such lien to be removed, or will transfer the lien to bond pursuant to applicable South Carolina law. If Lessee in good faith desires to contest the lien, Lessee may do so, but in such case Lessee hereby agrees to indemnify and save Lessor harmless from all liability for damages, including reasonable attorneys' fees and costs, occasioned thereby and shall, in the event of a judgment of foreclosure upon any mechanic's lien, cause the same to be discharged and removed prior to the execution of such judgment.

ARTICLE 9 - CONDEMNATION

Section 9.1. Interests of Parties on Condemnation. If the Ground Lease Premises or any part thereof shall be taken for public purpose by condemnation as a result of any action or proceeding in eminent domain (as commenced by a governmental entity other than Lessor¹), or shall be transferred in lieu of condemnation to any authority entitled to exercise the power of eminent domain (other than Lessor), the interests of Lessor and Lessee in the award or consideration for such transfer, and the allocation of the award and the other effect of the taking or transfer upon this Lease, shall be as provided by this Article 9.

Section 9.2. Total Taking - Termination. If the entire Ground Lease Premises is taken or so transferred, this Lease and all of the right, title and interest of Lessee hereunder, including Lessee's obligation to pay rent, shall cease on the date title to such land so taken or transferred vests in the condemning authority.

Section 9.3. Partial Taking - Termination. In the event of the taking or transfer of only a part of the Ground Lease Premises, leaving the remainder of the Ground Lease Premises in such location, or in such form, shape or reduced size as to be not effectively and practicably usable in the good faith opinion of Lessee for the operation thereon of Lessee's activities, this Lease and all right, title and interest of Lessee hereunder may be terminated by Lessee giving, within sixty (60) days of the occurrence of such event, thirty (30) days' notice to Lessor of Lessee's intention to terminate. Notwithstanding the foregoing, upon notice from Lessee to Lessor that Lessee desires to continue this Lease, this Lease shall continue in full force and effect.

Section 9.4. Partial Taking - Award. If title and possession of a portion of the Ground Lease Premises is taken under the power of eminent domain, and this Lease continues as to the portion remaining, all compensation and damages ("Compensation") payable to Lessee by reason of any improvements/infrastructure so taken shall be available to be used, to the extent reasonably needed, by Lessee in replacing any improvements/infrastructure so taken with improvements/infrastructure of the same type as the remaining portion of the Ground Lease Premises. All plans and specifications for such replacement and improvements shall be subject to Lessor's reasonable prior approval and all such repairs shall be in compliance with all then existing codes, zoning ordinances, rules and regulations governing the Ground Lease Premises.

Section 9.5. Allocation of Award. Any compensation awarded or payable because of the taking of all or any portion of the Ground Lease Premises by eminent domain shall be awarded in accordance with the values of the respective interests in the Ground Lease Premises and all improvements/infrastructure thereon immediately prior to the taking. The value of Lessor's interest in the Ground Lease Premises and all improvements/infrastructure thereon immediately prior to a taking shall include the then value of its interest as Lessor under this Lease, together with the value of its reversionary interest in the Ground Lease Premises and the Hangar and related improvements/infrastructure. The value of Lessee's interest in the Ground Lease Premises and improvements/infrastructure immediately prior to a taking shall include the then

¹ If Lessor is deemed to "take" any interest in the Ground Lease Premises, including any improvements/infrastructure thereon, or any part thereof, for public purpose as a result of any action or proceeding in eminent domain, or by related power, the rights and remedies of the parties hereto shall be as prescribed by the laws of the State of South Carolina and the United States of America.

value of its interest in the Ground Lease Premises and the Hangar and related improvements/infrastructure for the remainder of the Term of this Lease (without giving effect to any early termination provision). In the event of separate awards, then Lessor and Lessee may retain such separate awards made to each and any of them. Such values shall be those determined in the proceeding relating to such taking or, if no separate determination of the values is made in such proceeding, those determined by agreement between Lessor and Lessee. If such agreement cannot be reached, such values shall be determined by an appraiser or appraisers appointed in the manner provided below. The time of taking shall mean 12:01 a.m. of, whichever shall first occur, the date of title or the date physical possession of the portion of the Ground Lease Premises on which the improvements/infrastructure are located is taken by the taking agency or entity. If the appointment of an appraiser or appraisers is required, Lessor and Lessee will each select an MAI real estate appraiser licensed in the State of South Carolina and having experience in the appraisal of commercial real estate to conduct an appraisal of the Ground Lease Premises or applicable portion thereof, taking into account the then use of the Ground Lease Premises by Lessee, together with the appurtenances to the Ground Lease Premises such as access, parking and landscaping, but including such value only as appurtenances to the Ground Lease Premises. If the two appraisers shall agree, the agreed value shall be the fair market value of the Ground Lease Premises or applicable portion thereof. If the appraisers do not agree and the difference between the two appraisals does not exceed ten percent (10%) of the greater appraisal, then the average of the two (2) fair market values as determined by the two appraisals shall determine the fair market value of the Ground Lease Premises or applicable portion thereof. If the difference between the two appraisals is greater than ten percent (10%) of the greater appraisal, then the two appraisers shall select a third MAI appraiser licensed in the State of South Carolina, and the average of the three appraisals shall be the fair market value of the Ground Lease Premises or applicable portion thereof. Each party shall pay the cost of its chosen appraiser and should a third appraiser be necessary, Lessor and Lessee shall each pay one-half (½) of the costs of the third appraiser.

ARTICLE 10 - ASSIGNMENT AND SUBLETTING

Section 10.1. Limitation on Assignment and Subletting. Lessee may not sell, assign, sublease, convey or transfer Lessee's interest in this Lease and the leasehold estate created hereby, without the prior written consent of Lessor, which consent will not be unreasonably withheld or delayed. In the event Lessee sells, assigns, subleases, conveys or transfers Lessee's interest in this Lease, Lessee shall remain primarily liable for the payment of the rent herein reserved and for the performance of each and all of the covenants and conditions hereof on the Lessee's part to be performed. Any assignment, sublease, conveyance or transfer of Lessee's interest in this Lease shall be subject to compliance with the provisions of this Lease, including without limitation, Articles 4 and 5 above. In the event of a sale or transfer of Lessee's interest in this Lease, any assignee shall be required to assume in writing the "Lessee" obligations under this Lease, notwithstanding the forgoing. Notwithstanding any other term or condition of this Agreement, however, Lessee shall be permitted to rent space within the Hangar located on the Ground Lease Premises to third-parties for purposes of parking or storing the aircraft owned by such third-parties. Such rental of space is not subject to County consent or approval as provided in Article 4 herein.

ARTICLE 11 - INSURANCE AND INDEMNIFICATION

Section 11.1. Comprehensive Liability Insurance. Lessee shall, at its cost and expense, at all

times during the Term, maintain in force, for the joint benefit of Lessor and Lessee, and any holder of a mortgage on the Ground Lease Premises, a broad form commercial general policy of liability insurance issued by a carrier reasonably satisfactory to Lessor and licensed to do business in the State of South Carolina, by the terms of which Lessor and Lessee, and any holder of a mortgage on the Ground Lease Premises or Lessee's leasehold interest, are named as insureds and are indemnified against liability for damage or injury to property or persons (including death) entering upon or using the Ground Lease Premises, or any structure thereon or any part thereof. Such insurance policy or policies shall be maintained on the minimum basis of \$1,000,000 per occurrence with respect to bodily injury, death, property damage and personal injury, or such lesser amount as may be permitted from time to time pursuant to applicable mortgage requirements with respect to the Ground Lease Premises. Such insurance policy or policies shall be stated to be primary and noncontributing with any insurance which may be carried by Lessor. A certificate of said insurance, together with proof of payment of the premium thereof shall be delivered to Lessor, and renewal certificates and proof of payment of premium therefor shall be delivered to Lessor not less than fifteen (15) days prior to the renewal date of any such insurance policies during the Term. Such insurance shall be cancelable only after thirty (30) days' prior written notice to Lessor and Lessee, and any holder of a mortgage on the Ground Lease Premises. In the event Lessee fails to timely pay any premium when due, Lessor shall be authorized to do so, and may charge all costs and expenses thereof, including the premium, to Lessee, to be paid by Lessee as additional rent hereunder.

Section 11.2. Fire and Extended Coverage Property Insurance. Lessee shall, at its cost and expense and at all times during the Term, maintain in force, for the joint benefit of Lessor and Lessee, and any holder of a mortgage on the Ground Lease Premises, or any holder of a mortgage on the leasehold interest in the Ground Lease Premises, a policy of insurance insuring the Ground Lease Premises and the Hangar against loss or damage by fire, lightning and earthquake, and such other perils as are covered under a broad form of "extended coverage" or "all risk" endorsement as available in South Carolina. Lessor shall be named as an additional insured on such policy of insurance, and the leasehold mortgagee shall be named as required by its loan documents, and subject to terms of any mortgage encumbering the Ground Lease Premises or any interest therein, any insurance proceeds shall be applied in the manner as set forth in this Lease. The insurance shall be carried and maintained to the extent of full replacement cost of the improvements/infrastructure, in such amounts as may be reasonably acceptable to Lessor from time to time during the Term of this Lease; provided however, that during the period of construction, Lessee shall provide or cause to be provided in lieu thereof builders' risk or similar type of insurance to the full replacement cost thereof. Such insurance policy or policies shall be stated to be primary and noncontributing with any insurance which may be carried by Lessor. In addition, the deductible for such insurance shall not exceed \$10,000.00. A certificate of said insurance, together with proof of payment of the premium thereof, shall be delivered to Lessor. Any renewal certificates and proof of payment of premium therefor shall be delivered to Lessor not less than five (5) days prior to the renewal date of any such insurance policies during the Term. Such insurance shall be cancelable only after thirty (30) days' prior written notice to Lessor, Lessee, and any holder of a mortgage on the Ground Lease Premises. In the event Lessee fails to timely pay any premium when due, Lessor shall be authorized to do so, and may charge all costs and expenses thereof, including the premium, to Lessee, to be paid by Lessee as additional rent hereunder.

Section 11.3. Waiver of Subrogation. Lessor and Lessee and all parties claiming under them mutually release and discharge each other from all claims and liabilities arising from or caused

by any casualty or hazard covered or required hereunder to be covered in whole or in part by the casualty and liability insurance to be carried on the Hangar and the Ground Lease Premises or in connection with any improvements/infrastructure on or activities conducted on the Ground Lease Premises and the Hangar, and waive any right of subrogation which might otherwise exist in or accrue to any person on account thereof, and shall evidence such waiver by endorsement to the required insurance policies, provided that such release shall not operate in any case where the effect is to invalidate or increase the cost of such insurance coverage (provided that in the case of increased cost, the other party shall have the right, within thirty (30) days following written notice, to pay such increased cost, thereby keeping such release and waiver in full force and effect).

Section 11.4. Indemnification. Lessee hereby agrees to indemnify, protect, defend and save Lessor and its officers, Council members, employees, agents, attorneys, successors and assigns harmless from and against any and all losses, damages, actions, fines, penalties, demands, damages, liability and expense, including attorneys' fees and costs through litigation and all appeals, in connection with the loss of life, personal injury and damage to property, resulting from the negligence or intentional misconduct of Lessee, its employees or agents, and arising from or out of (i) any occurrence in, upon, at or about the Ground Lease Premises; (ii) the occupancy, use, construction upon and maintenance of the Ground Lease Premises; and (iii) the operation of the Hangar. Nothing contained herein shall be construed to make Lessee liable for any injury or loss primarily caused by the gross negligence or willful misconduct of Lessor or any agent or employee of Lessor.

ARTICLE 12 - DAMAGE AND DESTRUCTION

Section 12.1. Lessee's Duty to Restore Premises. At any time during the Term, or any extensions thereof, and so long as no Event of Default has occurred, if any buildings or improvements/infrastructure now or hereafter located on the Ground Lease Premises are damaged and/or destroyed in whole or in part by fire, theft, the elements, or any other cause, this Lease shall continue in full force and effect, and Lessee, at its sole cost and expense, shall repair and restore the damaged or destroyed Hangar and related improvements/infrastructure according to the original plan hereof or according to such modified plans as shall be reasonably approved in writing by Lessor. The work of repair and restoration shall be commenced by Lessee as soon as possible after the damage or destruction occurs, and shall be completed with due diligence.

Section 12.2. Application of Insurance Proceeds. Any and all fire or other insurance proceeds that become payable at any time during the Term, or any extensions thereof, because of damage to or destruction of any buildings or improvements/infrastructure on the Ground Lease Premises shall be paid jointly to Lessee and Lessor, and applied toward the cost of repairing and restoring the damaged or destroyed buildings or improvements/infrastructure.

ARTICLE 13 - DEFAULTS AND REMEDIES

Section 13.1. Defaults. Each of the following events shall be a default by Lessee and a breach of this Lease and constitute an "Event of Default":

(a) Abandonment. Abandonment of the Ground Lease Premises, or the improvements/infrastructure now or hereafter constructed thereon, where such abandonment continues for a period of sixty (60) days after notice thereof by Lessor to Lessee. Such

abandonment shall not include any time that the Ground Lease Premises are vacated due to a casualty.

(b) Attachment or Other Levy. The subjection of any right or interest of Lessee in the Ground Lease Premises to attachment, execution or other levy, or to seizure under legal process, if not released within sixty (60) days, after written notice of same.

(c) Insolvency; Bankruptcy. An assignment by Lessee for the benefit of creditors, or the filing of a voluntary or involuntary petition by or against Lessee under any law for the purpose of adjudicating Lessee a bankrupt; or for extending time for payment, adjustment or satisfaction of Lessee's liabilities; or reorganization, dissolution, or arrangement on account of, or to prevent bankruptcy or insolvency; unless, in case of such that are involuntary on Lessee's part, the assignment, proceedings, and all consequent orders, adjudications, custodies and supervisions are dismissed, vacated or terminated within sixty (60) days after the assignment, filing or other initial event.

(d) Transfer of Lessee's Interest. Any transfer, sale, conveyance, assignment, subletting, hypothecation, encumbrance or pledge of Lessee's interest in the Ground Lease Premises or the Hangar, whether voluntary, involuntary or otherwise by operation of law, in violation of Article 10 of this Lease. This Section 13.1(e) shall not be effective unless and until Lessee has exhausted all rights to contest any involuntary encumbrance.

(e) Default in Payment or Performance Under this Lease. Failure of Lessee to pay any installment of rent or any impositions or other monetary obligations required to be paid by Lessee under this Lease when due and payable; or failure of Lessee to observe or perform any of its other covenants, conditions including, but not limited to use restrictions and time constraints on completion of construction, or agreements under this Lease; or the breach of any warranties or representations of Lessee under this Lease. For purposes of this Article 13, all monetary payments required to be made under this Lease, including, but not limited to, taxes, insurance premiums, utility payments, and assessments, together with all other sums Lessee is obligated to pay under this Lease (other than rent), shall be deemed additional rent hereunder.

Section 13.2. Notice and Right to Cure. If the alleged default is monetary in nature such as (but not limited to) nonpayment of rent, taxes or any other sums required to be paid by Lessee to Lessor, Lessee will have thirty (30) days to cure the default following written notice of the default from Lessor to Lessee and the leasehold mortgagee. As to any non-monetary default, Lessee shall have sixty (60) days to cure the default after written notice is given by Lessor to Lessee and to the leasehold mortgagee, specifying the nature of the default; provided, however, that if after exercise of due diligence and its best efforts to cure such non-monetary default Lessee is unable to do so within the sixty (60) day period, then the cure period shall be extended for such reasonable time as may be required to cure the default. As used herein, non-monetary default shall include, without limitation, a breach of any covenant of Lessee hereunder, Lessee's failure to perform as required hereunder, and a breach of any warranty, representation or other agreement of Lessee under this Lease.

Section 13.3. Remedies. If any default by Lessee shall continue uncured by Lessee and/or the leasehold mortgagee upon expiration of the applicable cure period, Lessor may exercise any one or all of the following remedies in addition to all other rights and remedies provided by law

or equity, from time to time, to which Lessor may resort cumulatively or in the alternative:

- (a) **Termination of Lease in its Entirety.** Lessor may, at Lessor's election, terminate this Lease. All Lessee's rights in the Ground Lease Premises, the Hangar and in all improvements/infrastructure thereon shall terminate upon termination of this Lease. Promptly after any such termination, Lessee shall surrender and vacate the Ground Lease Premises, the Hangar and any other improvements/infrastructure thereon, and Lessor may re-enter and take possession of the Ground Lease Premises, the Hangar and all other improvements/infrastructure thereon, subject to any space leases between Lessee and any valid sublessee of Lessee. Termination under this paragraph shall not relieve Lessee from the payment of any sum then due to Lessor, or from any claim for damages previously accrued, or then accruing, against Lessee.
- (b) **Re-entry Without Termination.** Lessor may, at Lessor's election, re-enter the Ground Lease Premises, the Hangar and improvements/infrastructure thereon, and without terminating this Lease, at any time, relet the Ground Lease Premises and improvements/infrastructure thereon, or any part(s) of them, for the account, and in the name of Lessee or otherwise, all upon commercially reasonable rates and terms determined by Lessor, without hereby obligating Lessor to relet the Ground Lease Premises and the Hangar or make an effort to relet either or both of them in whole or in part, at any time. Any reletting may be for the remainder of the Term or for any longer or shorter period. Lessor may execute any leases made under this provision either in Lessor's name or in Lessee's name. Lessor shall have the further right, at Lessor's option, to make such reasonable and necessary alterations, repairs, replacements and/or restorations which shall not operate or be construed to release Lessee from liability hereunder. Lessee shall nevertheless pay to Lessor on the due dates specified in this Lease the equivalent of all sums required of Lessee under this Lease, plus Lessor's expenses. No act by or on behalf of Lessor under this provision shall constitute a termination of this Ground Lease unless Lessor gives Lessee written notice of termination. Notwithstanding any other term or condition contained in this Agreement, nothing shall be construed to abridge Lessor's duty to mitigate damages as imposed under South Carolina law.
- (c) **Lessee's Personal Property.** Lessor may, at Lessor's election, use Lessee's personal property and trade fixtures or any of such property and fixtures without compensation and without liability for use or damage, or store them for the account and at the cost of Lessee. The election of one remedy for any one item shall not foreclose an election of any other remedy for another item, or for the same item at a later time.
- (d) **Appointment of Receiver.** To the extent provided for and allowed by applicable law, Lessor may, if Lessor elects to file suit to enforce this Lease and/or protect its rights hereunder, in addition to the other remedies provided in this Lease and by law, have the appointment of a receiver of the Ground Lease Premises and the improvements/infrastructure thereon.

Section 13.4. **Remedies Cumulative.** Suit or suits for the recovery of such damages, or any installments thereof, may be brought by either party from time to time at their election, and nothing contained herein shall be deemed to require either party to postpone suit until the date when the term of this Lease would have expired nor limit or preclude recovery by either party

against the other of any sums or damages which, in addition to the damages particularly provided above, either party may lawfully be entitled by reason of any default hereunder on the part of the other. All the remedies hereinbefore given to the parties and all rights and remedies given to them at law and in equity shall be cumulative and concurrent.

Section 13.5. Lessee's Liability After Default. If Lessee shall default in the performance of any of its obligations under this Lease, Lessor, without thereby waiving such default, may (but shall not be obligated to) perform the defaulted obligation for the account and at the expense of Lessee, without notice in a case of emergency, and in any other case only if such default continues after the expiration of the curing period applicable under this Lease. Any reasonable expenses incurred by Lessor in connection with any such performance, and all reasonable attorneys' fees, including appellate, bankruptcy and post-judgment proceedings involved in collecting or endeavoring to collect the rent or any additional rent or any part thereof or enforcing or endeavoring to enforce any rights against Lessee or Lessee's obligations hereunder, shall be due and payable upon Lessor's submission of documentation verifying it incurred such amounts in relation to the enforcement of this Agreement. All sums advanced by Lessor on account of Lessee under this Section, or pursuant to any other provision of this Lease, and all rent, if delinquent or not paid by Lessee and received by Lessor when due hereunder, shall bear interest at the rate of twelve percent (12%) per annum from the due date thereof until paid and the same shall be and constitute additional rent and be due and payable upon Lessor's demand therefor.

Section 13.6. Holdover. If Lessee remains in possession of the Ground Lease Premises or any part thereof after the expiration or sooner termination of the Term or any extension thereof, Lessee shall become a Lessee at sufferance. Notwithstanding that Lessor may allow Lessee to continue in possession after the expiration or sooner termination of this Lease, neither that nor the provisions of this Section shall constitute a waiver of any of Lessor's rights under this Section or this Lease.

ARTICLE 14 - SURRENDER AND REMOVAL

Section 14.1. Surrender of Possession. At the Expiration Date or any earlier termination thereof, Lessee shall surrender to Lessor possession of the Ground Lease Premises and all improvements/infrastructure constructed and installed thereon. If Lessee is not then in default under any of the covenants and conditions hereof, Lessee may remove, or cause to be removed, all personal property and equipment of Lessee, other than permanent fixtures, from the Ground Lease Premises within thirty (30) days after the date of expiration or termination of this Lease; thereafter all such personal property and equipment not removed shall belong to Lessor without the payment of any consideration.

Section 14.2. Lessee's Quitclaim. Upon the expiration of the Term, or any sooner termination of this Lease, Lessee agrees to execute, acknowledge and deliver to Lessor, if requested by Lessor, a proper instrument in writing, releasing and quitclaiming to Lessor all right, title and interest of Lessee in and to the Ground Lease Premises and all improvements/infrastructure thereon.

ARTICLE 15 – GENERAL PROVISIONS

Section 15.1. Conditions and Covenants. All of the provisions of this Lease shall be deemed

as running with the land, and construed to be “conditions” as well as “covenants” as though the words specifically expressing or imparting covenants and conditions were used in each separate provision.

Section 15.2. Survival of Indemnities. All representations, warranties and indemnities of Lessee or Lessor under this Lease shall survive the expiration or sooner termination of this Lease, subject to such limitations as imposed by South Carolina law.

Section 15.3. No Waiver of Breach. No failure by either Lessor or Lessee to insist upon the strict performance by the other of any covenant, agreement, term or condition of this Lease, or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No waiver of any breach shall affect or alter this Lease, but each and every covenant, condition, agreement and term of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach.

Section 15.4. Unavoidable Delay - Force Majeure. If either party shall be delayed or prevented from the performance of any act required by this Lease by reason of acts of God, strikes, lockouts, labor troubles, inability to procure materials, restrictive governmental laws, or regulations or other cause, without fault and beyond the reasonable control of the party obligated (financial inability excepted), performance of such act shall be excused for the period of the delay; and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, however, nothing in this Section shall excuse Lessee from the prompt payment of any rental or other charge required of Lessee except as may be expressly provided elsewhere in this Lease.

Section 15.5. Notices. Unless otherwise specifically provided in this Lease or by law, any and all notices or other communications required or permitted by this Lease or by law to be served on, given to, or delivered to any party to this Lease shall be writing and shall be deemed duly served, given, delivered and received when personally delivered (including confirmed overnight delivery service to the party to whom it is directed), or in lieu of such personal delivery, when three (3) business days have elapsed following deposit thereof in the United States mail, first-class postage prepaid, certified, return receipt requested, addressed to:

LESSOR: Oconee County Administrator
415 South Pine Street
Walhalla, SC 29691

with a copy to:
Oconee Regional Airport Manager
365 Airport Rd
Seneca, SC 29678

LESSEE: Hangar III, LLC
Attn: Steve Edwards
125 Eagle’s Nest Drive
Seneca, SC 29678

Either party may change its address for the purpose of this paragraph by giving written notice of

such change to the other party in the manner provided in this paragraph.

Section 15.6. Captions. Captions in this Lease are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Lease or any of the terms hereof.

Section 15.7. Waiver; Amendment. No modification, waiver, amendment, discharge or change of this Lease shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is or may be sought.

Section 15.8. Attorney's Fees. If either party retains an attorney to enforce this Lease, the prevailing party shall be entitled to recover, in addition to all other items of recovery permitted by law, reasonable attorneys' fees and costs incurred through litigation, bankruptcy proceedings and all appeals.

Section 15.9. Time. Time is of the essence of each obligation of each party hereunder.

Section 15.10. Governing Law. This Lease shall be construed and enforced in accordance with the laws of the State of South Carolina, without regard to conflict of law principles.

Section 15.11. Binding Effect. Subject to any provision of this Lease that may prohibit or curtail assignment of any rights hereunder, this Lease shall bind and inure to the benefit of the respective heirs, assigns, personal representatives, and successors of the parties hereto.

Section 15.12. Execution of Other Instruments. Each party agrees that it shall, upon the other's request, take any and all steps, and execute, acknowledge and deliver to the other party any and all further instruments necessary or expedient to effectuate the purpose of this Lease.

Section 15.13. Severability. If any term, provision, covenant or condition of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable or is otherwise challenged and determined to be invalid, illegal or incapable of being enforced as a result of any rule of law or public policy issued by an administrative or judicial forum that is not subject to further appeal or is not actually appealed, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated. In such event or if an opinion of counsel is provided to the effect that this Lease is not so enforceable, the parties hereto shall negotiate in good faith to modify this Lease so as to effect the original intent of the parties as closely as possible and to comply with applicable law, regulations or published governmental interpretations thereof, in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 15.14. Counterparts. This Lease may be executed in one or more counterparts, each of which shall be deemed an original and when taken together will constitute one instrument.

Section 15.15. Estoppel Certificate. Either party shall execute, acknowledge and deliver to the other party, within twenty (20) days after requested by the other party, a statement in writing certifying, if such is the case, that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified); the date of commencement of this Lease; the dates for which the rent and other charges have been paid; any

alleged defaults and claims against the other party and providing such other information as shall be reasonably requested.

Section 15.16. Dispute Resolution; Waiver of Trial by Jury.

(a) Any conflict, dispute or grievance (collectively, "Conflict") by and between Lessor and Lessee shall be submitted to mediation before initiating court proceedings. The mediator selected to conduct the mediation must be mutually agreed upon by Lessor and Lessee. Unless the parties otherwise agree, the mediator must be certified in South Carolina state and federal courts and have experience in matters forming the basis of the Conflict. The site for the mediation shall be Walhalla, South Carolina, and the mediation hearing shall be held within 30 days of the selection of the mediator, unless otherwise agreed. Each party shall bear its own expenses associated with the mediation and the parties shall split the fees and expenses of the mediator evenly. Failure to agree to the selection of a mediator, refusal to participate in the mediation process, or failure to resolve the Conflict through mediation will entitle the parties to pursue other methods of dispute resolution, including without limitation, litigation. Notwithstanding any other provision contained herein, nothing in this Agreement shall be construed as requiring either party to participate in mediation prior to initiating court proceedings in which a temporary restraining order or preliminary injunction is sought. In such situations, the parties shall conduct mediation within thirty (30) days after the hearing on such motions or within such other time as is prescribed by the Court.

(b) LESSOR AND LESSEE MUTUALLY, EXPRESSLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY FOR ANY PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, OR ARISING OUT OF ANY CONDUCT OR COURSE OF DEALING OF THE PARTIES, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF ANY PERSONS. THIS WAIVER IS A MATERIAL INDUCEMENT TO LESSOR TO ACCEPT DELIVERY OF THIS LEASE.

IN WITNESS WHEREOF, this Lease has been executed on the respective dates set forth below.

IN THE PRESENCE OF:

LESSOR:

Oconee County, South Carolina

By: _____
Name: Paul A. Cain
Title: Chairman, Oconee County Council

LESSEE:

Hangar III, LLC

By: _____
Name: _____
Its: _____

EXHIBIT "A"

DESCRIPTION OF GROUND LEASE PREMISES

DRAFT

Exhibit B

STATE OF SOUTH CAROLINA)	IN THE COURT OF COMMON PLEAS
)	
COUNTY OF OCONEE)	C.A. NO: 2014-CP-37-539
)	
Oconee County, Kevin Robinson,)	
Oconee County Delinquent Tax Collector,)	
)	
Plaintiffs,)	SETTLEMENT AGREEMENT
)	AND RELEASE
v.)	
)	
Hangar III, LLC, 25 EP Corp., BDS,)	
Jerry Edwards, and Steve Edwards,)	
)	
Defendants.)	
_____)	

This **SETTLEMENT AGREEMENT AND RELEASE** ("Agreement") is made and entered into this ____ day of _____ 2016, by and between Plaintiffs Oconee County, Kevin Robinson, Oconee County Delinquent Tax Collector (hereinafter collectively referred to as "Oconee" or "Plaintiffs") and Defendants Hangar III, LLC, 25 EP Corp., BDS, Jerry Edwards, and Steve Edwards (hereinafter collectively referred to as "Defendants"). (Plaintiffs and Defendants are hereinafter collectively referred to as "Parties.")

WHEREAS, Plaintiffs filed a lawsuit against Defendants, styled *Oconee County, Kevin Robinson, Oconee County Delinquent Tax Collector v. Hangar III, LLC, 25 EP Corp., BDS, Jerry Edwards, and Steve Edwards*, C.A. No. 2014-CP-37-539 (the "Lawsuit"), asserting various causes of action, seeking damages and allegedly due personal property taxes, and other monetary and equitable relief against Defendants, which involved, *inter alia*, a hangar, a hangar lease agreement executed between the Parties on or about June 2001, a copy of which is attached hereto as "Exhibit A" (the "Lease Agreement"), and certain airplanes at the Oconee County Airport;

WHEREAS, the Parties have mutually agreed to resolve all claims which they asserted or could have asserted against each other in the Lawsuit, and, thus, settle the litigation between them;

WHEREAS, Defendants have denied, and continue to deny, any and all liability to Plaintiffs;

WHEREAS, Plaintiffs and Defendants have agreed to settle this matter in the interest of avoiding the uncertainty, time, cost, and expense associated with further litigation.

NOW, THEREFORE, for and in consideration of the mutual promises, terms, and conditions hereinafter expressed, the adequacy of which is hereby acknowledged by all Parties, it is agreed by and between Plaintiffs and Defendants as follows:

1. Prospective Personal Property Taxation of Airplanes:

Following the final execution of this Agreement and going-forward from that date, Defendants agree to pay personal property taxes in Oconee County on any plane owned individually or collectively by Defendants or owned by an entity in which a Defendant or Defendants have a controlling interest, to the extent owed in accordance with the laws of the State of South Carolina and without regard to any statement, representation, or agreement made by or entered into between any party or parties with respect to the payment of personal property taxes. Defendants further agree that nothing in this Agreement, the Lease Agreement or any other statement, representation, or agreement shall be construed to reduce, waive, release or otherwise adjust or modify any party's liability or obligation to pay personal property taxes in Oconee County. The terms of this Agreement, as related to the payment of personal property taxes for airplanes, solely has prospective effect.

2. Revision of Lease Agreement:

Plaintiffs and Defendants acknowledge that approximately six (6) years remain on the Lease Agreement. In consideration of the promises contained in this Agreement, *passim*, the Parties hereby agree that nothing in the Lease Agreement, including as amended by that certain Reformed and Restated Ground Lease (attached hereto as “Exhibit B,”) which is being executed contemporaneously herewith, shall hereinafter be construed to reduce, waive, release, or otherwise adjust or modify any party’s liability or obligation to pay personal property taxes in Oconee County.

3. Attorney's Fees:

In consideration of the terms and conditions contained in this Agreement, Oconee County agrees to pay the actual attorneys’ fees incurred in this matter by Jerry Edwards, 25 EP Corp., and Steve Edwards to Nelson Mullins Riley & Scarborough, LLP in the amount of thirty-five thousand dollars and no cents (\$35,000.00) upon Oconee County's receipt of documentation verifying that such amount was actually incurred and paid in connection with the instant dispute.

4. Property Taxes & Proof of Payment:

Nothing contained herein shall affect payment of property taxes on the hangar in question. Defendants will continue to pay property taxes on the hangar in accordance with the laws of the State of South Carolina.

5. Dismissal with Prejudice and Covenant Not to Sue:

The Parties agree that contemporaneous with the execution of this Agreement, a consent Order, or Stipulation of Dismissal, with prejudice will be executed and filed with the Court. Plaintiffs and Defendants further agree and covenant that they will not institute any legal proceedings, either individually or as a class representative or member, against Plaintiffs or

Defendants as to any matter alleged or which could have been alleged in this Lawsuit and that relates to or arises from the actions or transactions alleged in the Complaint, except as specifically and explicitly provided herein.

6. Mutual Release:

The Parties acknowledge that a Mutual Release of claims is an integral part of this Agreement.

a. Plaintiffs' Release of Defendants:

Except as specifically and explicitly set forth in this Agreement, Plaintiffs, on behalf of themselves, their heirs, successors, and assigns, and any person claiming by or through them, intend to and do hereby forever release, remise, acquit, and discharge Defendants, their owners, partners, stockholders, parent or subsidiary entities (both direct and indirect), subsidiaries of such parent entities (both direct and indirect), heirs, agents, employees, servants, representatives, insurers, attorneys, successors and assigns, of and from any and all contracts, claims, demands, causes of action, and suits, for actual, general, special, punitive, and statutory damages, costs, attorneys' fees, reputational damages, allegedly past due taxes on personal property or aircraft, or any other loss or injury whatsoever, asserted or unasserted and known or unknown, whether foreseen or unforeseen, in law or equity, whether in tort or in contract or by statute, of any kind or character from the beginning of time to the present, which Plaintiffs have or could have asserted against Defendants in the above-captioned Lawsuit, and all other past, present, and future claims asserted or that could be asserted by Plaintiffs against Defendants in connection with, or that are in any way related to, any of the facts, acts, events, representations, omissions, and transactions alleged in the above-captioned Lawsuit (whether raised in the same or otherwise) or arising from or related to Defendants' actions as alleged in the Complaint.

b. Defendants' Release of Plaintiffs:

Except as specifically and explicitly set forth in this Agreement, Defendants on behalf of themselves and their heirs, successors, and assigns and any other person claiming by or through them, intend to and do forever release, remise, acquit, and discharge Oconee County and Kevin Robinson as Oconee County Delinquent Tax Collector, and their successors, agents, employees, servants, County Council members, managers, the County Administrator, County officers, elected officials, representatives, insurers, attorneys and assigns (hereinafter collectively referred to as "Released Plaintiff Parties"), of and from any and all contracts, claims, demands, causes of action, and suits, for actual, general, special, punitive, and statutory damages, costs, attorneys' fees, reputational damages, or any other loss or injury whatsoever, asserted or unasserted and known or unknown, whether foreseen or unforeseen, in law or equity, whether in tort or in contract or by statute, of any kind or character from the beginning of time to the present, which Defendants have or could have asserted against the Released Plaintiff Parties in the above-captioned Lawsuit, and all other past, present, and future claims asserted or that could be asserted by Defendants against the Released Plaintiff Parties in connection with, or that are in any way related to, any of the facts, acts, events, representations, omissions, and transactions alleged in the above-captioned Lawsuit (whether raised in the same or otherwise) or arising from or related to Defendants' actions as alleged in the Complaint.

c. Express Exceptions to Release's Scope

Notwithstanding any other provision contained herein, except as specifically and explicitly set forth in this Agreement, nothing in this Agreement shall be deemed to release either party's responsibilities and obligations as stated in the Lease Agreement, including as amended

by that certain Reformed and Restated Ground Lease, which is being executed contemporaneously herewith. Subject to this Agreement, all rights set forth in the Lease Agreement, including as reformed and restated aforesaid, are expressly excepted from this Mutual Release and remain in full force and effect.

7. No Admission of Liability:

It is understood and agreed that this Agreement is in full compromise of doubtful and disputed claims. Neither the Agreement, nor the consideration stated herein, shall be construed as an admission of liability, such being denied by all Parties.

8. Additional Provisions:

a. Effective Date:

The Effective Date of this Agreement shall be the date when all Parties, or their authorized representatives, have executed the Agreement so that all terms and conditions contained herein are in conformity with South Carolina law such that they are in full force and effect. Plaintiffs and Defendants hereby declare that they have read this Agreement in its entirety, that they fully understand all of the provisions, terms, covenants, and conditions set forth herein, that they freely and voluntarily accept the same for the purpose of making a full and final settlement of all of the matters hereinabove set forth, that they (or their respective attorneys) participated in the drafting of this Agreement, and accordingly, the rule of construction to the effect that any ambiguities are to be resolved against the drafting party or parties shall not be employed in the interpretation of this Settlement Agreement and Release.

b. Severability:

Each provision of this Agreement is intended to be severable. If any term or provision is held to be invalid, void, or unenforceable by a court of competent jurisdiction for any reason

whatsoever, such ruling shall not affect the validity of the remainder of this Agreement. If any provision of this Agreement is found to be unenforceable, the Parties hereby agree and stipulate that they shall thereafter cooperate and jointly undertake any and all efforts to render such provision as enforceable, thereby reincorporating the same into this Agreement.

c. Complete and Final Agreement between Plaintiffs and Defendants:

This Agreement contains all of the agreements, conditions, promises, and covenants between Plaintiffs and Defendants with respect to the subject matter hereof, and supersedes all prior or contemporaneous agreements, representations, or understandings with respect to the subject matter hereof.

This Agreement may not be orally amended, modified, superseded or cancelled, it being specifically understood that any of the terms, covenants, representations, and conditions hereof may be amended only by written instrument executed by Plaintiffs and Defendants. If any provision of this Agreement is found to be unenforceable, the Parties hereby agree and stipulate that they shall thereafter cooperate and jointly undertake any and all efforts to render such provision as enforceable thereby reincorporating the same into this Agreement.

d. Contract Is Valid, Binding, and Governed by South Carolina Law:

Plaintiffs and Defendants further agree that the terms of this Agreement are contractual in nature and are mere recitals, and that the validity, affect, and enforcement of this Agreement shall be interpreted in accordance with the laws of the State of South Carolina. This Agreement shall be binding upon and inure to the benefit and detriment of all Parties.

e. Enforcement:

Should any Party to this Agreement reasonably retain counsel for the purpose of enforcing any provision of this Agreement, including the covenants not to sue, or for pursuing damages or

injunctive relief for any claim arising out of this Agreement, the prevailing party shall be entitled to its reasonable costs and attorneys' fees, including reasonable costs and attorneys' fees incurred in enforcing any judgment or order.

f. Execution in Counterparts:

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together constitute one and the same instrument and Agreement. Signatures transmitted electronically shall for all purposes be deemed originals and shall bind the parties delivering such signatures.

g. Sufficiency of Consideration:

This Agreement is supported by the consideration expressed in the terms, conditions, and mutual promises stated herein. All Parties acknowledge and stipulate that the consideration stated herein constitutes good and valuable consideration sufficient to support the enforceability of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed intending to be bound thereby.

Dated: _____

**Authorized Signatory for
Hangar, III, LLC**

Dated: _____

**Authorized Signatory for
25 EP Corp.**

Dated: _____

**Authorized Signatory for
BDS**

Dated: _____

Jerry Edwards

Dated: _____

Steve Edwards

Dated: _____

**Scott Moulder
Oconee County Administrator
As Authorized Signatory for Oconee County**

Dated: _____

**Kevin Robinson, Oconee County
Delinquent Tax Collector**

**STATE OF SOUTH CAROLINA
COUNTY OF OCONEE**

RESOLUTION R2016-01

A RESOLUTION AUTHORIZING THE ESTABLISHMENT OF A
PROCEDURE FOR LIMITED EMERGENCY ROAD IMPROVEMENTS AND
MAINTENANCE, AND OTHER MATTERS RELATING THERETO.

WHEREAS, pursuant to S.C. Code § 4-9-25, Oconee County has the authority to enact regulations, resolutions, and ordinances, not inconsistent with the Constitution and general law of the State of South Carolina, including the exercise of such powers in relation to health and order within its boundaries and respecting any subject as appears to it necessary and proper for the security, general welfare, and convenience of the County or for preserving health, peace, order, and good government therein; and

WHEREAS, there exist certain unpaved Private Roads¹ within Oconee County that are in serious need of repair, roads which are often impassable by emergency vehicles and/or that are otherwise dangerous, and which do not meet the standard requirements for acceptance into the County Public Road System. For purposes of this Resolution, these roads are hereinafter referred to as “Substandard Roads;” and

WHEREAS, there exist within unincorporated Oconee County a limited number of communities or neighborhoods (hereinafter “Communities”) consisting of eleven (11) or more residences, which are served by Substandard Roads; and

WHEREAS, the cost of bringing certain of these Substandard Roads up to County standards for acceptance into the County public road system would be prohibitive for the adjacent and/or affected homeowners.

NOW THEREFORE, be it resolved by the County Council of Oconee County in meeting duly assembled that:

Section 1. Study. The Oconee County Roads and Bridges Department (hereinafter the “Department”) is hereby directed to undertake a study for the limited improvement and maintenance of Substandard Roads. As part of this study, the Department shall: (1) Draft standards for limited upgrading and scheduled maintenance for Substandard Roads, to include a requirement that sufficient right of way be available for dedication to, or acquisition by, the County, and (2) develop criteria for a petition program, whereby Communities consisting of eleven (11) or more residences² may petition the County for

¹ See O.C. Code §26-2(c).

² “Residence” to be defined by the Department in the proposed petition criteria.

minimal upgrade and maintenance of the Substandard Road(s) serving that Community in accordance with the standards adopted pursuant to item (1) of this Section. Due to budgetary constraints, among other variables, it is anticipated that only one such petition will be granted per fiscal year.

Section 2. Study Results and Recommendations. The Department shall report the results of the study to the Oconee County Transportation Committee along with any proposed legislation necessary and/or requested by the Transportation Committee, including the proposed standards for limited upgrading and scheduled maintenance for Substandard Roads and criteria for the petition program, for recommendation by the Transportation Committee to the Oconee County Council for analysis and adoption by ordinance, as appropriate.

Section 3. Severability. Should any part or portion of this resolution be deemed unconstitutional or otherwise unenforceable by any court of competent jurisdiction, such finding shall not affect the remainder hereof, all of which is hereby deemed separable.

Section 4. General Repeal. All orders and resolutions in conflict herewith are, to the extent of such conflict only, repealed and rescinded.

Section 5. Effective Date. This resolution shall take effect and be in force immediately upon enactment.

RESOLVED this 2nd day of February, 2016, in meeting duly assembled.

OCONEE COUNTY, SOUTH CAROLINA

Paul A. Cain, Chairman, County Council
Oconee County, South Carolina

ATTEST:

Elizabeth G. Hulse, Clerk to County Council
Oconee County, South Carolina

PROCUREMENT - AGENDA ITEM SUMMARY
OCONEE COUNTY, SC

COUNCIL MEETING DATE: February 2, 2016

ITEM TITLE:

Procurement #: ITB 15-07 **Title:** Bookmobile **Department:** Library **Amount:** \$215,383.11

FINANCIAL IMPACT:

Procurement was approved by Council in Fiscal Year 2015-2016 budget process.

Finance Approval: Sachle Price

Budget: \$185,000.00

Project Cost: \$215,383.11

Difference Needed: \$30,383.11

Library Lottery and State Aid Funds: \$20,000.00

Additional Lease Purchase Funds: \$10,383.11

Additional Lease Purchase Funds approved from savings in other equipment already purchased.

BACKGROUND DESCRIPTION:

This Request for Proposals was issued November 6, 2015 for a new bookmobile for the Library. This new bookmobile will replace the existing one that is a 1997 model with over 96,000 miles. The old bookmobile will be retained by the County for use by Emergency Services or Law Enforcement as a staging or training vehicle.

On December 9, 2015, formal sealed proposals were opened for this bookmobile. Eight firms were originally notified of this opportunity and five firms submitted proposals. Evaluation Criteria included: Compliance with Specifications (40%), Cost Requirements (30%), Delivery, Training and Warranty (10%) and Capabilities of the Firm, Experience and References (20%). An Evaluation Committee consisting of Philip Cheney, Library Director, Blair Hinson, Branch Services Librarian, Holly McPheeters, Library Board Member, John Michael Cox, IT Director and Ernie Beck from Fleet Maintenance unanimously voted to recommend Farber Specialty Vehicles, Inc. of Columbus, OH, for this award.

SPECIAL CONSIDERATIONS OR CONCERNS:

This purchase was approved for Lease Purchase funding for \$185,000.00. All proposals received were over this amount. The recommended proposal was \$215,383.11 after negotiations. The Library contributed \$15,000 from Lottery Funds and \$5,000 from State Aid and the balance needed of \$10,383.11 was approved to come from savings in other Lease Purchase equipment.

ATTACHMENT(S):

1. RFP Pricing

STAFF RECOMMENDATION:

It is the staff's recommendation that Council approve the award of RFP 15-07 for a Library Bookmobile Farber Specialty Vehicles, Inc. of Columbus, OH, in the amount of \$215,383.11.

Submitted or Prepared By: Robyn Courtright

Approved for Submittal to Council: _____

Robyn Courtright, Procurement Director

T. Scott Moulder, County Administrator

Council has directed that they receive their agenda packages a week prior to each Council meeting, therefore, Agenda Items Summaries must be submitted to the Administrator for his review/approval no later than 12 days prior to each Council meeting. It is the Department Head / Elected Officials responsibility to ensure that all approvals are obtained prior to submission to the Administrator for inclusion on an agenda.

A calendar with due dates marked may be obtained from the Clerk to Council.

	Farber Speciality Vehicles	LDV	OBS	Summit Body Works	Tri-Van
Location	Columbus, OH	Burlington, WI	Canton, OH	Commerce City, CO	Ferndale, WA
Addendum #1 Signed	Yes	Yes	Yes	Yes	Yes
(1) Original, (6) Copies	Yes	Yes	Yes	Yes	Yes
5% Bid Bond	Yes	Yes	Yes	Yes	Yes
Signed Pg. 14 "Understands Gen. Info & Inst." Form	Yes	Yes	Yes	Yes	Yes
Signed Exhibit B (Pg. 16) "Assurance, Compliance, Non Collusion" Form, Notarized	Yes	Yes	Yes	Yes	Yes
Signed Exhibit C - "Drug Free Workplace" Form	Yes	Yes	Yes	Yes	Yes
Non-Resident Taxpayer Affidavit	Yes	Yes	Yes	Yes	Yes
Section 4 Signature page 33	Yes	Yes	Yes	Yes	Yes
Time of Delivery from Receipt of PO	240 days	8 months or less	approx. 9 months	270 days	180 days
Base Price with No Options	\$215,083.11	\$241,898.00	\$228,700.00	\$248,883.00	\$277,750.00
Vehicle Sales Tax	\$300.00	\$300.00	\$300.00	\$300.00	\$300.00
TOTAL	\$215,383.11	\$242,198.00	\$226,713.00	\$249,183.00	\$278,050.00
OVERALL RANKING BY EVALUATION COMMITTEE (Other factors besides price reflected in scores)	1	3	2	4	5

**OCONEE COUNTY BOARD / COMMISSION / COMMITTEE
CANDIDATE LISTING**

	DX	AT LARGE Reappoint Request	AERONAUTICS	PUBLIC SAFETY	REGULATORY	PLANNING	DESTINATION OCONEE	EDUCATION	TOURISM & REC.	Questionnaire Received Date
Corey, James	1					x				April 2015
Corley, Glenn	1					OCCB				March 2015
Elliott, Kathy	1	Yes							x	March 2015
Evans, Kevin	1						x			November 2015
Greene, Darlene	1				x	x	x		x	October 2015
Heller, Andy	1				x	x	x		x	July 2015
Houston, Joanne	1				x	x	x		x	November 2015
Lyle, David	1	Yes					x			November 2015
Washburn, Catherine	1					x				December 2015
Marcengill, Richard	2	Yes			x	x				January 2015
Wise, Rebecca	2						x			November 2015
Shadwick, Al	3						x			November 2015
VanArk, Shamra	3						x			August 2015
Brockington, Bill	4						x			November 2015
Coburn, William	4	Yes				OCCB				April 2015
Dean, Barbara	4						x			November 2015
Johnson, Shawn	4	Yes		x			x	x	x	November 2015
Morrison, Chanda	4	Yes					x			November 2015
Nicholson, Brad	4						x			December 2015
Pearson, Frankie ***	4			x		x			x	January 2016
Moss, Jennifer **	5	Yes					x			December 2015
Ramey, Donald	5	Yes				x	x		x	December 2015

Questionnaires are maintained on file for one year then removed from consideration unless updated by candidate.

** Ms. Moss serves on the Oconee County Conservation Bank Board but if appointed to the Destination Oconee Committee will resign her position on the OCCB.

*** Mr. Pearson currently serves on the Capital Project Advisory Committee and wishes reappointment. If he is not reappointed to CPAC he wishes to be considered for other checked boards/commissions.

Area of Interest (please check one or more)	Board/Commission Applicable to Interests
Aeronautics	Aeronautics Commission
Public Safety, Health & Welfare	Anderson-Oconee Behavior Health Services Commission
Regulatory	Building Codes Appeal Board
	Parks, Recreation & tourism Commission
	Board of Zoning Appeals
Planning Activities	Appalachian Council of Government Board of Directors
	Board of Zoning Appeals
	Capital Projects Advisory Committee
	Conservation Bank Board [OCCB]
	Planning Commission
	Scenic Highway Committee
Destination Oconee	Destination Oconee Action Plan Committee
Education	Arts & Historical Commission
	Library Board
Tourism & Recreation	Arts & Historical Commission
	Parks, Recreation & tourism Commission
	Scenic Highway Committee



Boards & Commissions

Boards & Commissions	State / OC Code Reference	Reps [DX-At Large]	Co-Terminus	Term Limits	4 Year Term	Meeting Date to Appoint	Edda Cammick	Wayne McCall	Paul Cain	Joel Thrift	Reg Dexter		
							2015-2018	2013-2016	2015-2018	2013-2016	2013-2016	2015-2018	2013-2016
							District I	District II	District III	District IV	District V	At Large	At Large
Aeronautics Commission	2-262	5 - 2	YES	2X	YES	Jan - March	Randy Renz [2]	David Bryant [1]	Edward Perry [2]	Dan Schmeidt [2]	Ronald Chiles [1]	A. Brightwell [1]	Michael Gray [<1]
Arts & Historical Commission	2-321	5 - 2	YES	2X	YES	Jan - March	Belle Boreman [1]	Meredith LaCour [<1]	Mariam Noorai [1]	Barbara Waters [2]	H. Richardson [2]	OPEN	Jean Dobson [2]
Board of Zoning Appeals	38-6-1	5 - 2	YES	2X	YES	Jan - March	Allen Medford [2]	Sammy Lee [2]	Bill Gilster [1]	Marty McKee [<2]	John Menzies [<1]	Berry Nichols [2]	Paul Reckert [2]
Building Codes Appeal Board		5 - 0	YES	2X	YES	Jan - March	George Smith [1]	Matt Rochester [1]	Bob DuBose [2]	Mike Willmon [2]	Harry Tollison [2]		
Conservation Bank Board	2-381	Appointed by Category Preferred		2X	YES	Jan - March	Shea Airey [2]	Andy Lee [2]	Jennifer Moss [1]	Marvin Prater [2]	Frank Ables [1]	Richard Cain [2]	Bill Smith [<1]
Destination Ocoee Action Committee	n/a	5 - 2	n/a	n/a	n/a	n/a	David Washburn	Luther Lyle	Jennifer Barnhart	Katie Smith	Bob Hill	Robert Moore	Hal Welch
PRT Commission [members up for reappointment due to initial stagger]	6-4-25 2-381	Appointed by Industry		2X	YES	Jan - March	Brian Greer [2], Rosemary Balles [2], JoAnne Blake [2]			Becky Wise [2], Rick Lacey [2], Mike Wallace [2]			D Pollock [1]
Scenic Highway Committee	26-151	0 - 2	YES	2X	YES	Jan - March						Scott Lusk [1]	Staley Powell [1]
Library Board	4-9-35 / 18-1	0 - 9	YES	2X	YES	Jan - March	Daniel Day [2], L. Martin [1], B Helherington [1], H McPheeters [1], A. Champion [1], K Holleman [1]				William Caster [2], Maria Jacobson [1], Marie McMahan [1]		
Planning Commission	6-29-310 32-4	5 - 2	YES	N/A	YES	Jan - March	Brad Kisker	C. W. Richards	David Owensby	Bud Childress	Ryan Honea	Gwen McPhail	John Lyle
Behavioral Health Services Commission	2-291	0 - 7	YES	2X	3 yr	N/A	Steve Jenkins [1], Harold Alley [1], Louie Holleman [1], Wanda Long [1], Priscilla Taylor [1], Joan Black [1], Jere DuBols [1] BHS contacts Council w recommendations when seats open						
Capital Project Advisory Committee	2-391	CC, PC, 2 @ Lg.	NO	3X	1 yr	January	Council Representative Wayne McCall/Paul Cain in McCall absence, Planning Commission GMcPhail [1]					Randy Abbott [1]	Frankie Pearson [1]
Ocoee Business Education Partnership	N/A	N/A	NO	N/A	NO	January	Council Representative Appointed Annually						
Ocoee Economic Alliance	N/A	N/A	NO	N/A	NO	January	Council Representative Appointed Annually						
Ten At The Top (TATT)				NO	NO	January	Council Representative Appointed Annually						
ACOG BOD				N/A	NO	January	Council Rep: CC CHAIR or designee [yearly]; 2 yr terms Citizen Rep: Bob Winchester, Minority Rep: Bennie Cunningham						
Worklink Board					N/A		Worklink contacts Council w/ recommendations when seats open [Current: B. Dobbins]						

[#] - denotes term. [<2] denotes a member who has served one term and less than one half of an additional term making them eligible for one additional appointment.

[SHADING = reappointment requested - questionnaire on file]

Denotes Individual who DOES NOT WISH TO BE REAPPOINTED

Bold Italic TEXT denotes member Ineligible for reappointment - having served or will complete serving max # of terms at the end of their current term.

She is charged with three counts of unlawful neglect of a child.

Barnwell's two other children, both under 6, are in the custody of the Department of Social Services.

Morris is not the father of any of Barnwell's children, according to information presented during a

hearing. Morris has a fractured eye socket, spinal cord injury, fractured femur and broken arm.

Bowling was put on the case after Seneca police got a call from hospital officials in Greenville on Tuesday alerting them to the seriousness of the child's injuries.

At the bond hearing for Morris on Thursday,

he never got angry with the child at two different events — one being Dec. 23 and the other being Sunday night," the officer said. "He did state he got upset with the baby crying. He tried giving a bottle, dropped the baby on (her) head and then stepped back onto the baby as well.

Sunday night, Bowling

LAWSUIT: Plaintiff will not be allowed to retry the matter

FROM PAGE A1

juster to quickly settle the lawsuit for \$30,000.

Hawkins told The Journal last month that his client was promised a speedy check by the South Carolina Municipal Insurance and Risk Financing

Fund to settle his lawsuit against the city of Walhalla.

"They led us to believe that if we settled quickly that they could get a check out to us, and they have backpedaled," Hawkins said at the time. "We've done everything they

asked us to do, but we still haven't gotten a settlement check."

Hawkins did not respond to phone and email messages left by The Journal on Friday.

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NOTICE OF PUBLIC HEARING

Notice is hereby given that a public hearing will be held by the County Council of Oconee County, South Carolina (the "County"), in Council Chambers, at 415 S. Pine Street, Walhalla, South Carolina, at or after 6:00 p.m. on Tuesday, February 2, 2016.

The purpose of the public hearing is to receive public input and comment in conjunction with Oconee County Council considering and giving Third Reading to the following ordinance:

AN ORDINANCE CONSENTING TO THE CONVERSION BY THE COUNTY OF CERTAIN RIGHTS OF BORGWARNER TORQTRANSFERSYSTEMS, INC. (THE "COMPANY") UNDER AN EXISTING LEASE PURCHASE AGREEMENT WITH THE COUNTY TO A FEE AGREEMENT PURSUANT TO TITLE 12, CHAPTER 44, SOUTH CAROLINA CODE, 1976, AS AMENDED (THE "ACT"), AS PROVIDED IN THE ACT, AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH FEE AGREEMENT BETWEEN THE COUNTY AND THE COMPANY IN PLACE OF SAID LEASE PURCHASE AGREEMENT, AND AUTHORIZING THE RECONVEYANCE BY THE COUNTY TO THE COMPANY OF THE PROPERTY SUBJECT TO SUCH LEASE PURCHASE AGREEMENT; AND OTHER MATTERS RELATING THERETO.

Any person wishing to speak to the ordinance may attend the meeting and will be heard. Written comments may be submitted for consideration by Oconee County Council. Copies of the ordinance may be obtained from the Oconee County Clerk to Council, 415 S. Pine Street, Walhalla, South Carolina 29691.

OCONEE COUNTY, SOUTH CAROLINA

s/Paul Cain, Chairman, County Council

PUBLISHER'S AFFIDAVIT

**STATE OF SOUTH CAROLINA
COUNTY OF OCONEE**

MCNAIR LAW FIRM

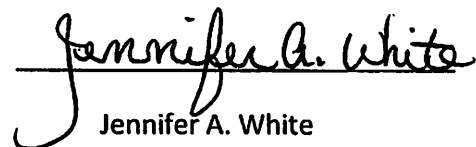
IN RE: NOTICE OF PUBLIC HEARING

BEFORE ME the undersigned, a Notary Public for the State and County above named, This day personally came before me, Hal Welch, who being first duly sworn according to law, says that he is the General Manager of **THE JOURNAL**, a newspaper published Tuesday through Saturday in Seneca, SC and distributed in **Oconee County, Pickens County** and the Pendleton area of **Anderson County** and the notice (of which the annexed is a true copy) was inserted in said papers on 01/09/2016 and the rate charged therefore is not in excess of the regular rates charged private individuals for similar insertions.

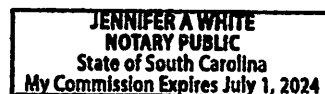


Hal Welch
General Manager

Subscribed and sworn to before me this
01/11/2016



Jennifer A. White
Notary Public for South Carolina
My commission Expires: 07/01/2024



PUBLISHER'S AFFIDAVIT

**STATE OF SOUTH CAROLINA
COUNTY OF OCONEE**

OCONEE COUNTY COUNCIL

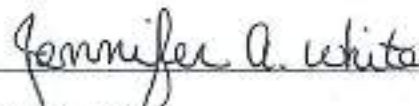
IN RE: ORDINANCE 2015-36

BEFORE ME the undersigned, a Notary Public for the State and County above named, This day personally came before me, Hal Welch, who being first duly sworn according to law, says that he is the General Manager of **THE JOURNAL**, a newspaper published Tuesday through Saturday in Seneca, SC and distributed in **Oconee County, Pickens County** and the Pendleton area of **Anderson County** and the notice (of which the annexed is a true copy) was inserted in said papers on 01/16/2016 and the rate charged therefore is not in excess of the regular rates charged private individuals for similar insertions.



Hal Welch
General Manager

Subscribed and sworn to before me this
01/16/2016



Jennifer A. White
Notary Public
State of South Carolina
My Commission Expires July 1, 2024

JENNIFER A WHITE
NOTARY PUBLIC
State of South Carolina
My Commission Expires July 1, 2024

LEGAL NOTICES**LEGALS**

NOTICE OF SALE
NOTICE OF SALE CIVIL ACTION
 NO. 2015-CP-37-00420 BY VIRTUE OF the decree heretofore granted in the case of Deutsche Bank National Trust Company as Trustee for Soundview Home Loan Trust 2003-1, Asset Backed Certificates, Series 2003-1 vs. Kimberly S. Adams; South Carolina Department of Motor Vehicles, the undersigned Clerk of Court for Oconee County, South Carolina, will sell on February 1, 2016 at 11:00AM, at the Oconee County Courthouse, City of Walhalla, State of South Carolina, to the highest bidder: ALL THAT CERTAIN PIECE, PARCEL OR LOT OF LAND, SITUATE, LYING AND BEING IN THE STATE OF SOUTH CAROLINA, COUNTY OF OCONEE, CENTER TOWNSHIP, BEING KNOWN AND DESIGNATED AS LOT 7 CONTAINING 1.011 ACRES, MORE OR LESS, AS SHOWN AND MORE FULLY DESCRIBED ON A PLAT THEREOF PREPARED BY JAMES G. HART, PLS# 6674, DATED JULY 25, 1997, AND RECORDED IN PLAT BOOK A533, PAGE 2, RECORDS OF OCONEE COUNTY, SC. ALSO: A NON-EXCLUSIVE EASEMENT AND RIGHT OF WAY FOR INGRESS AND EGRESS FIFTY (50) FEET IN WIDTH, ACROSS OTHER LANDS NOW OR FORMERLY OF HAMBY, BEING SHOWN AND DESIGNATED AS A HAMBY DRIVE ON THE ABOVE REFERENCED PLAT. ALSO INCLUDED HERewith IS THAT CERTAIN 1999 OAKWOOD MANUFACTURED HOME BEARING SERIAL NUMBER 134742A/B, THIS BEING A PORTION OF THE PROPERTY CONVEYED TO KIMBERLY S. ADAMS BY DEED FROM NEAL A. HAMBY DATED 11/17/00 AND RECORDED 11/26/00 IN BOOK 1120 PAGE 177, OCONEE COUNTY RECORDS.
CURRENT ADDRESS OF PROPERTY:
 113 A Hamby Road,
 Seneca, SC 29578
 TMS: 310-00-02-094;
 MH decal 17041

TERMS OF SALE: The successful bidder, other than the Plaintiff, will deposit with the Clerk of Court, at conclusion of the bidding, five percent (5%) of his bid, in cash or equivalent, as evidence of good faith, same to be applied to the purchase price in case of compliance, but to be forfeited and applied first to costs and then to the Plaintiff's debt in the case of non-compliance. Should the last and highest bidder fail to comply with the other terms of the bid within thirty (30) days, then the Clerk of Court may re-sell the property on the same terms and conditions on some subsequent Sales Day (at the risk of the said highest bidder). No personal or deficiency judgment being demanded, the bidding shall not remain open after the date of sale and shall be final on that date, and compliance with the bid may be made immediately. Purchaser to pay for documentary stamps on the Deed. The successful bidder will be required to pay interest on the amount of the balance of the bid from date of sale to date of compliance with the bid at the rate of 12.375% per annum. The sale shall be subject to taxes and assessments, existing easements and restrictions, easements and restrictions of record and any other senior encumbrances. In the event an agent of Plaintiff does not appear at the time of sale, the within property shall be withdrawn from sale and sold at the next available sales date upon the terms and conditions as set forth in the Judgment of Foreclosure and Sale or

LEGAL NOTICES**LEGALS**

ly, it is ORDERED, ADJUDGED AND DECREED that the defendants Maxie Mom's Daycare, LLC, Steve Maxie and Tracy D. Maxie appear before me at Oconee County Courthouse, 205 West Main Street, Walhalla, South Carolina, on the 2nd day of March, 2016, at 12:00 (noon) p.m., to SHOW CAUSE, if any, they can, or why he, she and/or it should not be held in contempt of Court. IT IS FURTHER ORDERED that a copy of this order and Rule to Show Cause be served upon the defendants forthwith, AND IT IS SO ORDERED.
 Ellis B. Drew, Jr.
 Oconee County
 Master in Equity
 Anderson, South Carolina
 January 4, 2016
! SO MOVE!
BERNSTEIN & BERNSTEIN, PA

Robert A. Bernstein
 Attorneys for Plaintiff

THE OCONEE COUNTY COUNCIL will hold a Public Hearing for Ordinance 2015-36 "AN ORDINANCE CONSENTING TO THE CONVERSION BY THE COUNTY OF CERTAIN RIGHTS OF BORG-WARNER TORQTRANSFER SYSTEMS, INC. (THE "COMPANY") UNDER AN EXISTING LEASE PURCHASE AGREEMENT WITH THE COUNTY TO A FEE AGREEMENT PURSUANT TO TITLE 12, CHAPTER 44, SOUTH CAROLINA CODE, 1975 AS AMENDED (THE "ACT"), AS PROVIDED IN THE ACT, AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH FEE AGREEMENT BETWEEN THE COUNTY AND THE COMPANY IN PLACE OF SAID LEASE PURCHASE AGREEMENT, AND AUTHORIZING THE RECONVEYANCE BY THE COUNTY TO THE COMPANY OF THE PROPERTY SUBJECT TO SUCH LEASE PURCHASE AGREEMENT; AND OTHER MATTERS RELATING THERETO," on Tuesday, February 2, 2016 at 8:00 p.m. in Council Chambers, Oconee County Administrative Offices, 415 S. Pine Street, Walhalla, SC.

The State Regulation of Public Utilities Review Committee is beginning its screening process for Seats 1, 3, 5, and 7 of the South Carolina Public Service Commission. The State Regulation of Public Utilities Review Committee will be accepting applications for Seats 1, 3, 5, and 7 beginning Monday, February 1st, until 12:00 p.m. Monday, February 22nd. The Public Service Commission has jurisdiction over matters pertaining to investor-owned electric and gas utilities, water and wastewater companies, telecommunications companies, carriers of household goods and hazardous waste for disposal, taxicabs, and other motor vehicle passenger carriers. A commissioner must have at least a baccalaureate degree. It is preferred that a commissioner have a background of substantial duration in one of the following areas: (a) energy; (b) telecommunications; (c) consumer protection and advocacy; (d) water and wastewater; (e) finance, economics, and statistics; (f) accounting; (g) engineering; or (h) law. The commission is composed of seven commissioners, one from each of the seven Congressional districts. The Commissioner for the First Public Service Commission District represents Charleston, Berkeley, Beaufort, Dorchester, and Colleton counties. The Commissioner for the Third Public Service Commission District represents Oconee, Pickens, Anderson, Abbeville, Laurens, Greenwood,

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Oct. 22): Keep the peace. Friends who understand you can help you face. It's important to share your feelings until you have a resolution that will help bring peace that will make you happy.

Nov. 21): Take a short break with friends or people who are supportive and informative. Don't let your vacation at work stop you from enjoying your downtime. You need to relax and recharge. A professional change of pace is needed.

Dec. 22-Jan. 21): Make plans, but make sure you don't neglect anyone affected by the changes. Hosting a get-together with friends for positive emotional changes can't go over budget. Ask for help.

Jan. 22-Jan. 19): Assess your plans into motion. Don't go off working alone to avoid making emotional games and decisions. A gift or money will come from an unexpected source. Don't be afraid.

Feb. 10-Feb. 18): Set strict boundaries. You will accomplish what you set out to do. Create incentives that motivate you to be more productive. Delegate to the people around you. Give on the people around you. Don't drum up the support you need. You are encouraged.

March 20): Don't jump on anyone. Consistency and follow-through on your tickets to getting the job done reach your goal. Don't let a setback derail your vision or lead you in a different direction. Use your money wisely.

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The Oconee County Council will hold a Public Hearing for Ordinance 2015-36 "AN ORDINANCE CONSENTING TO THE CONVERSION BY THE COUNTY OF CERTAIN RIGHTS OF BORGWARNER TORQTRANSFER SYSTEMS, INC. (THE "COMPANY") UNDER AN EXISTING LEASE PURCHASE AGREEMENT WITH THE COUNTY TO A FEE AGREEMENT PURSUANT TO TITLE 12, CHAPTER 44, SOUTH CAROLINA CODE, 1976, AS AMENDED (THE "ACT"), AS PROVIDED IN THE ACT, AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH FEE AGREEMENT BETWEEN THE COUNTY AND THE COMPANY IN PLACE OF SAID LEASE PURCHASE AGREEMENT, AND AUTHORIZING THE RECONVEYANCE BY THE COUNTY TO THE COMPANY OF THE PROPERTY SUBJECT TO SUCH LEASE PURCHASE AGREEMENT; AND OTHER MATTERS RELATING THERETO. "on Tuesday, February 2, 2015 at 6:00 p.m. in Council Chambers, Oconee County Administrative Offices, 415. S. Pine Street, Walhalla, SC.



Beth Hulse

From: Beth Hulse
Sent: Thursday, January 14, 2016 3:29 PM
To: Beth Hulse; classadmgr@upstatetoday.com
Subject: PH 2015-36
Attachments: 011416 - PH 2015-36, 2-2-16.docx

Please run at earliest convenience.
Thanks.

Elizabeth G. Hulse, CCC
Clerk to Council
Oconee County Administrative Offices
415 South Pine Street
Walhalla, SC 29691
864-718-1023
864-718-1024 [fax]
bhulse@oconeesc.com
www.oconeesc.com/council

Beth Hulse

From: Beth Hulse
Sent: Thursday, January 14, 2016 3:30 PM
To: Beth Hulse; Carlos Galarza; Chad Dorsett; DJM News Editor; Fox News; Greenville News (localnews@greenvillenews.com); Kevin; Ray Chandler; Steven Bradley (sbradley@upstatetoday.com); Westminster News / Keowee Courier (westnews@bellsouth.net); WGOG (dickmangrum@wgog.com); WSPA TV - Channel 7 (assignmentdesk@wspa.com); WYFF 4 News
Subject: Public Hearing: 2015-36

The Oconee County Council will hold a Public Hearing for Ordinance 2015-36 "AN ORDINANCE CONSENTING TO THE CONVERSION BY THE COUNTY OF CERTAIN RIGHTS OF BORGWARNER TORQTRANSFER SYSTEMS, INC. (THE "COMPANY") UNDER AN EXISTING LEASE PURCHASE AGREEMENT WITH THE COUNTY TO A FEE AGREEMENT PURSUANT TO TITLE 12, CHAPTER 44, SOUTH CAROLINA CODE, 1976, AS AMENDED (THE "ACT"), AS PROVIDED IN THE ACT, AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH FEE AGREEMENT BETWEEN THE COUNTY AND THE COMPANY IN PLACE OF SAID LEASE PURCHASE AGREEMENT, AND AUTHORIZING THE RECONVEYANCE BY THE COUNTY TO THE COMPANY OF THE PROPERTY SUBJECT TO SUCH LEASE PURCHASE AGREEMENT; AND OTHER MATTERS RELATING THERETO. "on Tuesday, February 2, 2015 at 6:00 p.m. in Council Chambers, Oconee County Administrative Offices, 415. S. Pine Street, Walhalla, SC.

Elizabeth G. Hulse, CCC

Clerk to Council

Oconee County Administrative Offices

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