

*In the opinion of Bond Counsel, under existing laws, regulations and judicial decisions, and assuming continued compliance by the Issuer and the County with certain covenants, interest on the Series 2015 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Series 2015 Bonds is exempt from present State of Georgia income taxation. Based upon representations of the Issuer and the County, the Series 2015 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. The opinion contains greater detail, and is subject to exceptions, as noted in "LEGAL MATTERS – Opinion of Bond Counsel" herein.*

**WALTON COUNTY WATER AND SEWERAGE AUTHORITY (GEORGIA)**  
**\$8,425,000**  
**Refunding Revenue Bonds**  
**(Oconee-Hard Labor Creek Reservoir Project), Series 2015**

**Dated: Date of Issuance**

**Due: February 1, as shown on inside front cover.**

The Walton County Water and Sewerage Authority Refunding Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2015 (the "Series 2015 Bonds") are being issued by the Walton County Water and Sewerage Authority (the "Issuer"), a public body corporate and politic of the State of Georgia. The Series 2015 Bonds are being issued pursuant to a Trust Indenture, dated as of April 1, 2008 (the "Original Indenture"), as supplemented by a First Supplemental Trust Indenture, dated as of April 1, 2008 (the "First Supplemental Indenture"), and as supplemented by a Second Supplemental Trust Indenture, dated as of July 1, 2015 (the "Second Supplemental Indenture" and, together with the Original Indenture and the First Supplemental Indenture, the "Indenture"), each between the Issuer and Regions Bank, Atlanta, Georgia, as trustee (the "Trustee"). The Series 2015 Bonds will be issued in book-entry form registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2015 Bonds. Individual purchases may be made only in book-entry form through DTC participants in DTC in the principal amounts of \$5,000 or any integral multiple thereof. No physical delivery of the Series 2015 Bonds will be made to beneficial owners of the Series 2015 Bonds. So long as Cede & Co. is the registered owner of the Series 2015 Bonds, payment of the principal of and interest on the Series 2015 Bonds will be made to Cede & Co., as nominee for DTC, which in turn will remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2015 Bonds. See "DESCRIPTION OF THE SERIES 2015 BONDS – Book-Entry System of Registration."

The Series 2015 Bonds are limited obligations of the Issuer payable solely from the "Trust Estate" (as described herein), including amounts payable to the Issuer pursuant to an Intergovernmental Contract-Reservoir Project, dated October 1, 2007, as supplemented by a First Supplement to Intergovernmental Contract-Reservoir Project, dated as of April 1, 2008, and as supplemented by a Second Supplement to Intergovernmental Contract-Reservoir Project, dated July 1, 2015 (collectively, the "Contract"), each between the Issuer and Oconee County, Georgia (the "County").

Under the terms of the Contract, the County has agreed to pay the Issuer amounts sufficient to pay the debt service on the Issuer's Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008, maturing in the years 2016 through 2023, inclusive, a portion of the Issuer's Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008, maturing in the years 2028 and 2038 (assuming the refunding of the Refunded Bonds (as defined below)) (the "Prior Bonds") and the Series 2015 Bonds (the "Contract Payments"). The Series 2015 Bonds will be equally and ratably secured on a parity basis with the Prior Bonds and any Additional Indebtedness (defined herein) hereafter issued on a parity basis with the Prior Bonds and the Series 2015 Bonds. The County intends to make the Contract Payments with moneys derived from the operations of its water and sewerage system (the "County System Revenues"). However, the County System Revenues have not been pledged as security for the Contract Payments or the Prior Bonds or the Series 2015 Bonds. In the event the County System Revenues are insufficient to make the Contract Payments, the County has agreed to levy an ad valorem tax, unlimited as to rate or amount, on all property in the County subject to taxation for such purposes in order to make the Contract Payments. The County's obligation to make payments to the Issuer sufficient in time and amount to enable the Issuer to pay the principal of and interest on the Prior Bonds and the Series 2015 Bonds is absolute and unconditional, and will not expire so long as any of the Prior Bonds and the Series 2015 Bonds remain outstanding and unpaid. The Series 2015 Bonds do not constitute a charge, lien or encumbrance, legal or equitable, on any other property of the Issuer. The Issuer has no taxing power. See "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2015 BONDS" and "AD VALOREM TAXATION."

Interest on the Series 2015 Bonds is payable semiannually on February 1 and August 1 (each such date, an "Interest Payment Date"), commencing February 1, 2016, to the owners thereof as shown on the registration books maintained by the Trustee. The Series 2015 Bonds bear interest from the Interest Payment Date next preceding their date of authentication, except as provided herein. The Series 2015 Bonds will bear interest at the rates and will mature on the dates set forth on the inside front cover page herein. See "DESCRIPTION OF THE SERIES 2015 BONDS."

The Series 2015 Bonds are subject to optional and mandatory redemption, at the times, under the conditions and at the prices set forth in "DESCRIPTION OF THE SERIES 2015 BONDS – Redemption Provisions" herein.

The Series 2015 Bonds will be issued to finance the cost of (i) refunding a portion of the Walton County Water and Sewerage Authority (Georgia) Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008, maturing in the years 2028 and 2038 (the "Refunded Bonds"), and (ii) issuing the Series 2015 Bonds. See "PLAN OF REFUNDING" herein.

**SEE MATURITY, RATE AND YIELD SCHEDULES ON INSIDE FRONT COVER.**

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THESE ISSUES. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING ANY INFORMED INVESTMENT DECISION.

The Series 2015 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, to bond validation in the Superior Court of Walton County, Georgia, and to the approving opinion of Gray Pannell & Woodward LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Atkinson Ferguson, LLC, Monroe, Georgia and by its disclosure counsel, Gray Pannell & Woodward LLP, Atlanta, Georgia, and for the County by its counsel, Daniel C. Haygood, Esq, Watkinsville, Georgia. The Series 2015 Bonds in definitive form are expected to be delivered through DTC in New York, New York, on or about July 29, 2015.



**WALTON COUNTY WATER AND SEWERAGE AUTHORITY (GEORGIA)**

**\$8,425,000**

**Refunding Revenue Bonds**

**(Oconee-Hard Labor Creek Reservoir Project)**

**Series 2015**

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS**

<b><u>February 1</u></b> <b><u>Maturity</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>CUSIP</u></b> <sup>(1)</sup>
2016	\$10,000	2.000%	0.400%	93342PBZ8
2017	25,000	3.000	0.750	93342PCA2
2018	25,000	3.000	1.100	93342PCB0
2027	330,000	4.000	2.620 <sup>†</sup>	93342PCL8
2028	850,000	4.000	2.670 <sup>†</sup>	93342PCM6
2029	880,000	4.000	2.730 <sup>†</sup>	93342PCN4
2030	920,000	4.000	2.800 <sup>†</sup>	93342PCP9
2031	955,000	4.000	2.900 <sup>†</sup>	93342PCQ7
2032	995,000	4.000	2.950 <sup>†</sup>	93342PCR5
2033	1,035,000	4.000	3.000 <sup>†</sup>	93342PCS3
2034	1,075,000	4.000	3.070 <sup>†</sup>	93342PCT1
2035	1,115,000	4.000	3.120 <sup>†</sup>	93342PCU8

\$210,000 2.375% Term Bond due February 1, 2026, Yield 2.550%, CUSIP No. 93342PCK0

<sup>†</sup> Priced to first call date of August 1, 2025.

<sup>(1)</sup> CUSIP data presented herein has been provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. Copyright 2015. American Bankers Association.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and the Appendices hereto and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer, the County or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2015 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from representatives of the Issuer and the County, public documents, records, and other sources which are deemed to be reliable. The Underwriter has provided the following sentence for inclusion in the Official Statement. The Underwriter has reviewed the information in the Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriter does not guaranty the accuracy or completeness of such information. The information and expression of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer nor the County since the date hereof.

The Underwriter intends to offer the Series 2015 Bonds to the public initially at the offering prices set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2015 Bonds to the public. The Underwriter may offer and sell the Series 2015 Bonds to certain dealers (including dealers depositing the Series 2015 Bonds into investment trusts) at prices lower than the public offering price.

The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to its date. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not representations of fact.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Series 2015 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NO REGISTRATION STATEMENT RELATING TO THE SERIES 2015 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY. THE SERIES 2015 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**WALTON COUNTY WATER AND SEWERAGE AUTHORITY**

*Members*

Brad Johnson, *Chairman*  
Shirlene Huff, *Secretary*  
Tommy Richardson  
Judy McDaniel  
Lester Middlebrooks  
Ryan Smith  
Wendell Geiger

**OCONEE COUNTY, GEORGIA**

*ELECTED OFFICIALS*

*Board of Commissioners of Oconee County*

Melvin Davis, *Chairman*  
Jim Luke  
John Daniell  
W.E. Wilkes  
Mark Saxon

*APPOINTED OFFICIALS*

Jeff Benko, *Administrative Officer*  
Wes Geddings, *Finance Director*

**UNDERWRITER**

Stifel Nicolaus & Company, Incorporated  
Atlanta, Georgia

**AUDITOR**

Treadwell, Tamplin & Co.  
Madison, Georgia

**ISSUER'S COUNSEL**

Atkinson Ferguson, LLC  
Monroe, Georgia

**COUNTY'S COUNSEL**

Daniel C. Haygood, Esq.  
Watkinsville, Georgia

**BOND AND DISCLOSURE COUNSEL**

Gray Pannell & Woodward LLP  
Atlanta, Georgia

**UNDERWRITER'S COUNSEL**

Holland & Knight LLP  
Atlanta, Georgia

**TABLE OF CONTENTS**

INTRODUCTION ..... 1

    General ..... 1

    The Issuer ..... 1

    The County ..... 1

    Security and Source of Payment for the Series 2015 Bonds ..... 1

    Purpose of the Series 2015 Bonds ..... 2

    Description of the Series 2015 Bonds ..... 3

    Tax Exemption ..... 3

    Professionals Involved in the Offering ..... 4

    Trustee ..... 4

    Legal Authority for Issuance ..... 4

    Offering and Delivery of the Series 2015 Bonds ..... 4

    Continuing Disclosure ..... 4

    Other Information ..... 5

PLAN OF REFUNDING ..... 6

    Estimated Sources and Applications of Funds ..... 6

    Discussion of Refunding ..... 6

DESCRIPTION OF THE SERIES 2015 BONDS ..... 8

    General ..... 8

    Authority for Issuance ..... 8

    Redemption Provisions ..... 8

    Registration Provisions; Transfer and Exchange ..... 9

    Book-Entry System of Registration ..... 10

SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2015 BONDS ..... 13

    General ..... 13

    The Contract ..... 13

    The County System ..... 13

    The Indenture ..... 14

    Reserve Fund and Abolition of Reserve Fund ..... 14

    Enforceability of Remedies ..... 15

PRINCIPAL AND INTEREST REQUIREMENTS ..... 16

THE ISSUER ..... 17

THE COUNTY ..... 18

    Introduction ..... 18

    Form of Government and County Officials ..... 18

    Services ..... 18

    Employees, Employee Relations, and Labor Organizations ..... 18

    Population ..... 19

    Labor Statistics ..... 19

    Building Permits ..... 19

    Per Capita Income ..... 20

    Median Home Value ..... 20

    Largest Employers ..... 20

    Banking Deposits ..... 21

    Industry Mix ..... 21

    Categories of Land by Use ..... 22

    Other Information Concerning the County ..... 22

OCONEE COUNTY FINANCIAL INFORMATION .....	23
Accounting and Budget Control.....	23
Investment of Moneys.....	23
Government Revenues by Sources.....	26
General Fund History .....	27
Budget .....	28
Insurance .....	29
Retirement Plans and Other Post-Employment Benefits.....	29
COUNTY DEBT STRUCTURE.....	32
Summary of Debt by Category and Overlapping Debt .....	32
Tax Supported Debt Ratios .....	33
Limitations on County Debt.....	33
AD VALOREM TAXATION .....	34
Introduction .....	34
Property Subject to Taxation .....	34
Assessed Value.....	34
Tax Levy .....	35
Tax Collection .....	35
Tax Levy and Collection History .....	36
Assessed Valuation .....	37
Conservation Use Property.....	38
Property Tax Millage Rates.....	38
Ten Largest Taxpayers .....	39
Local Option Sales and Use Tax .....	40
LEGAL MATTERS .....	41
Pending Litigation.....	41
Validation Proceedings and Approving Opinions .....	41
Closing Certificates .....	41
Opinion of Bond Counsel.....	41
Changes in Federal Tax Law.....	43
Tax Reform Act of 2012 (Georgia).....	43
MISCELLANEOUS.....	44
Rating .....	44
Underwriting .....	44
Independent Professionals.....	44
Additional Information.....	44
Verification of Mathematical Computations .....	45
AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFERING STATEMENT.....	46
Appendix A	The audited Financial Statements of the County for the fiscal year ended June 30, 2014
Appendix B	Summary of the Certain Documents and Definition of Certain Terms
Appendix C	Form of Continuing Disclosure Certificate
Appendix D	Form of Bond Counsel Opinion

## OFFICIAL STATEMENT

Relating to

\$8,425,000

**WALTON COUNTY WATER AND SEWERAGE AUTHORITY**

**Refunding Revenue Bonds**

**(Oconee-Hard Labor Creek Reservoir Project), Series 2015**

### INTRODUCTION

#### General

The purpose of this Official Statement (the “Official Statement”), which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by the Walton County Water and Sewerage Authority (Georgia) (the “Issuer”) of \$8,425,000 in aggregate principal amount of its Refunding Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2015 (the “Series 2015 Bonds”). The Series 2015 Bonds are being issued pursuant to a Trust Indenture, dated April 1, 2008 (the “Original Indenture”), as supplemented by a First Supplemental Trust Indenture, dated as of April 1, 2008 (the “First Supplemental Indenture”), and as supplemented by a Second Supplemental Trust Indenture, dated as of July 1, 2015 (the “Second Supplemental Indenture” and, together with the Original Trust Indenture and the First Supplemental Indenture, the “Indenture”), each between the Issuer and Regions Bank, as trustee (the “Trustee”). Definitions of certain terms used in this Official Statement and not otherwise defined herein are set forth in Appendix B of this Official Statement under the heading “SUMMARY OF CERTAIN DOCUMENTS AND DEFINITION OF CERTAIN TERMS.”

*This introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices hereto, and the documents summarized or described herein. Potential investors should fully review the entire Official Statement. The offering of the Series 2015 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement, including the Appendices hereto.*

#### The Issuer

The Issuer is a public body corporate and politic organized and existing under the constitution and laws of the State of Georgia, including specifically an act of the General Assembly (Ga. L. 1972, p. 3623 *et seq.*), as thereafter amended (the “Act”). For more complete information, see “THE ISSUER” herein.

The Series 2015 Bonds will be special limited obligations of the Issuer as described under the caption “SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2015 BONDS” herein.

#### The County

Oconee County, Georgia (the “County”) is a political subdivision created and existing under the laws of the State of Georgia. The County is located in northeast Georgia, approximately 6 miles south of Athens and 53 miles east of the City of Atlanta. It is bordered by Clarke, Oglethorpe, Morgan, Greene and Walton Counties. The County seat is Watkinsville. Other municipalities in the County are Bogart, Bishop and North High Shoals. See “THE COUNTY” and “OCONEE COUNTY FINANCIAL INFORMATION.”

#### Security and Source of Payment for the Series 2015 Bonds

The Series 2015 Bonds are limited obligations of the Issuer. The Series 2015 Bonds are payable solely from the Trust Estate (as described herein), including amounts payable to the Issuer pursuant to an

Intergovernmental Contract-Reservoir Project, dated as of October 1, 2007, as amended by a First Supplement to Intergovernmental Contract-Reservoir Project, dated as of April 1, 2008 and as amended by a Second Supplement to Intergovernmental Contract-Reservoir Project, dated as of July 1, 2015, each between the Authority and the County (collectively, the “Contract”). Under the terms of the Contract, the County has agreed to pay the Authority amounts sufficient to pay the debt service on the Issuer’s Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008, maturing in the years 2016 through 2023, inclusive, a portion of the Issuer’s Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008, maturing in the years 2028 and 2038 (assuming the refunding of the Refunded Bonds (as defined below)) (the “Prior Bonds”) and the Series 2015 Bonds (the “Contract Payments”). The Series 2015 Bonds will be equally and ratably secured on a parity basis with the Prior Bonds and any Additional Indebtedness (hereinafter defined) hereafter issued on a parity basis with the Prior Bonds and the Series 2015 Bonds.

The County intends to make the Contract Payments with moneys derived from its water and sewerage system (the “County System Revenues”). However, the County System Revenues have not been pledged as security for the Contract Payments or the Series 2015 Bonds. In the event the County System Revenues are insufficient to make the Contract Payments, the County has agreed to levy an ad valorem tax, unlimited as to rate or amount, on all property in the County subject to taxation for such purposes in order to make the Contract Payments. The County’s obligation to make payments to the Issuer sufficient in time and amount to enable the Issuer to pay the principal of and interest on the Prior Bonds, the Series 2015 Bonds and any additional parity bonds is absolute and unconditional, and will not expire so long as any of the Series 2015 Bonds remain outstanding and unpaid. The Series 2015 Bonds do not constitute a charge, lien or encumbrance, legal or equitable, on any other property of the Issuer. The Issuer has no taxing power.

**THE SERIES 2015 BONDS DO NOT CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF GEORGIA, THE COUNTY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF GEORGIA, THE SERIES 2015 BONDS DO NOT OBLIGATE THE STATE OF GEORGIA, THE COUNTY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF GEORGIA TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER FOR THE PAYMENT OF THE SERIES 2015 BONDS OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE SERIES 2015 BONDS. THE COUNTY IS, HOWEVER, OBLIGATED TO LEVY A TAX TO MAKE THE CONTRACT PAYMENTS TO THE EXTENT DESCRIBED HEREIN.**

The Debt Service Reserve Fund (as defined herein) will be funded with cash or Permitted Investments in an amount equal to the Reserve Requirement (as defined herein).

**UPON ISSUANCE OF THE SERIES 2015 BONDS, THE OWNERS OF THE SERIES 2015 BONDS, BY THEIR PURCHASE THEREOF, WILL BE DEEMED TO HAVE CONSENTED TO THE ABOLITION OF THE DEBT SERVICE RESERVE FUND, AS DESCRIBED HEREIN, BY VIRTUE OF THEIR PURCHASE OF THE SERIES 2015 BONDS.**

For more complete information, see “SECURITY AND SOURCE OF PAYMENT OF THE SERIES 2015 BONDS” herein, “AD VALOREM TAXATION” and APPENDIX B – SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS hereto.

### **Purpose of the Series 2015 Bonds**

The Series 2015 Bonds will be issued to finance (i) the cost of refunding a portion of the Walton County Water and Sewerage Authority (Georgia) Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008, maturing on February 1, 2028, in the aggregate principal amount of \$1,120,000 and subject to mandatory sinking fund redemption on February 1 in the years 2027 (in part) and 2028, and maturing on February 1, 2038, in the aggregate principal amount of \$7,020,000 and subject to mandatory sinking fund redemption on February 1 in years 2029 through 2035, inclusive (collectively, the “Refunded Bonds”) and (ii) the costs of issuing the Series 2015 Bonds. See “PLAN OF REFUNDING” herein.



## Description of the Series 2015 Bonds

*Redemption.* The Series 2015 Bonds are subject to optional and mandatory redemption prior to their stated maturity. At least thirty and not more than sixty days before the date upon which redemption is to be made, a redemption notice will be mailed by first class mail to all registered owners of Series 2015 Bonds to be redeemed. See “DESCRIPTION OF THE SERIES 2015 BONDS -- Redemption Provisions.”

*Denominations.* The Series 2015 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

*Registration, Transfers and Exchanges.* The registered owner of the Series 2015 Bonds as shown on the registration books maintained by the Trustee will be treated as the owner of the Series 2015 Bonds for all purposes, including payment. The Series 2015 Bonds will be issued in fully registered form. When in book-entry form, the purchasers of the Series 2015 Bonds (the “Beneficial Owners”) will not receive certificates representing their ownership interest in the Series 2015 Bonds. Instead, such Series 2015 Bonds will be held by a securities depository, initially The Depository Trust Company (“DTC”) and registered in the name of DTC or its nominee, Cede & Co. Any registration of transfer or exchange of the ownership interest in Series 2015 Bonds held in book-entry form will be made through computerized book-entry changes on the books of DTC through DTC’s Direct and Indirect Participants in the manner described herein under “DESCRIPTION OF SERIES 2015 BONDS – Book-Entry System of Registration.” When not in book-entry form, ownership of any Series 2015 Bond may be registered as transferred upon surrender of such Series 2015 Bond to the Trustee, together with an assignment duly executed by the registered owner or his attorney or legal representative, subject to the conditions hereinafter described. When not in book-entry form, the Series 2015 Bonds are exchangeable for a like aggregate principal amount of Series 2015 Bonds of the same maturity in denominations of \$5,000 or integral multiples thereof, subject to the conditions hereinafter described. See “DESCRIPTION OF SERIES 2015 BONDS -- Registration Provisions; Transfer and Exchange.”

*Payments.* Interest on the Series 2015 Bonds is payable on February 1 and August 1 of each year (each such date, an “Interest Payment Date”), commencing February 1, 2016. Payment of the principal of and interest on the Series 2015 Bonds will be made by the Trustee, directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to Participants (hereinafter defined) and thereafter to Beneficial Owners of the Series 2015 Bonds. When not in book-entry form, interest on the Series 2015 Bonds is payable by check or draft mailed by first class mail on the Interest Payment Date to the owners thereof as shown on the books and records of the Trustee, on the 15th day of the calendar month next preceding the Interest Payment Date. When not in book-entry form, principal on the Series 2015 Bonds is payable upon surrender thereof at the corporate trust office of the Trustee, located in Atlanta, Georgia. See “DESCRIPTION OF THE SERIES 2015 BONDS.”

For a more complete description of the Series 2015 Bonds, see “DESCRIPTION OF THE SERIES 2015 BONDS.”

## Tax Exemption

In the opinion of Bond Counsel, under existing laws, regulations, and judicial decisions, and assuming continued compliance by the Issuer and the County with certain covenants, interest on the Series 2015 Bonds is exempt from present State of Georgia income taxation, is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal individual and corporate alternative minimum tax; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. **The Issuer has designated the Series 2015 Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code.** See Appendix D for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2015 Bonds.

For more complete discussion of such opinion and certain limitations, assumptions and conditions applicable thereto, including certain exceptions to the exclusion of the interest on the Series 2015 Bonds from gross income, see “LEGAL MATTERS – Opinion of Bond Counsel.”

## **Professionals Involved in the Offering**

Certain legal matters will be passed upon for the Issuer by its counsel, Atkinson Ferguson, LLC, Monroe, Georgia, and its disclosure counsel, Gray Pannell & Woodward LLP, Atlanta, Georgia, for the County by its counsel, Daniel C. Haygood, Esq., Watkinsville, Georgia.

The financial statements of the County as of June 30, 2014 and for the year then ended attached hereto as Appendix A have been audited by Treadwell, Tamplin & Co., Madison, Georgia, independent certified public accountants, as indicated in their report included thereon.

## **Trustee**

Regions Bank, Atlanta, Georgia, will act as Trustee for the Series 2015 Bonds. The principal corporate office of the Trustee in Atlanta is located at 1180 West Peachtree Street, Suite 1200, Atlanta, Georgia 30309, Attention: Rick Jaegle.

## **Legal Authority for Issuance**

The Series 2015 Bonds are being issued in accordance with and pursuant to the Constitution and laws of the State of Georgia including particularly the Revenue Bond Law, as amended (O.C.G.A. §36-82-60 *et seq.*) and the Act. The Series 2015 Bonds have been authorized pursuant to the terms and conditions of a resolution adopted by the Issuer on June 30, 2015 (the “Bond Resolution”).

## **Offering and Delivery of the Series 2015 Bonds**

The Series 2015 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, to bond validation in the Superior Court of Walton County, Georgia and to the approval of legality by Gray Pannell & Woodward LLP, bond counsel. The Series 2015 Bonds in definitive form are expected to be delivered through The Depository Trust Company in New York, New York, on or about July 29, 2015.

## **Continuing Disclosure**

The Issuer has determined that no financial or operating data concerning the Issuer is material to any decision to purchase, hold, or sell the Series 2015 Bonds, and the Issuer will not provide any such information. The County has undertaken all responsibilities for any continuing disclosure to Beneficial Owners of the Series 2015 Bonds, as described below, and the Issuer will have no liability to the Beneficial Owners of the Series 2015 Bonds or any other person with respect to such disclosures.

The County has covenanted in a Continuing Disclosure Certificate (the “Disclosure Certificate”) for the benefit of the beneficial owners of the Series 2015 Bonds to provide certain financial information and operating data relating to the County (the “Annual Report”) by not later than 270 days after the end of each fiscal year of the County, commencing with fiscal year 2015, and to provide notices of the occurrence of certain enumerated events (the “Events Notices”). The Annual Report and the Events Notices will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB (which, as of the date hereof, is the Electronic Municipal Market Access (“EMMA”) system of the MSRB). The County’s undertaking to provide the Annual Report and Events Notices pursuant to the Continuing Disclosure Certificate is described in Appendix C. The covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”).

The County has entered into previous continuing disclosure agreements with respect to the Rule (the “Prior Undertakings”). There have been occurrences over the last five years during which the County has failed to timely comply with its obligations under the Prior Undertakings, as follows:

- (1) For fiscal years 2010 through 2014, the County failed to timely file its annual reports that were due on December 27, 2010, December 27, 2011, December 27, 2012, December 27, 2013 and

December 27, 2014, respectively, with respect to outstanding general obligation bonds and revenue bonds issued by or on behalf of the County.

(2) The County filed its audited financial statements for fiscal year 2010 on April 6, 2011 (100 days late), its audited financial statements for fiscal year 2011 on February 1, 2012 (36 days late), its audited financial statements for fiscal year 2012 on January 1, 2013 (7 days late), its audited financial statements for fiscal year 2013 on January 2, 2014 (6 days late) and its audited financial statements for fiscal year 2014 on January 2, 2015 (6 days late).

(3) The County filed required operating data for fiscal year 2010 on April 6, 2011 (100 days late), required operating data for fiscal year 2011 on March 20, 2012 (84 days late), required operating data for fiscal year 2012 on March 31, 2013 (94 days late), required operating data for fiscal year 2013 on March 13, 2014 (76 days late).

(4) The County filed its general fund budget for fiscal year 2012 on January 3, 2013 (373 days late), its general fund budget for fiscal year 2013 on January 2, 2014 (371 days late), and its general fund budget for fiscal year 2014 on January 2, 2015 (371 days late).

The County participated in the Securities and Exchange Commission's Municipal Continuing Disclosure Cooperation (MCDC) initiative regarding misstatements in prior offering documents regarding the County's prior compliance with its Prior Undertakings.

Pursuant to written procedures to be approved by the Board of Commissioners of the County prior to the issuance and delivery of the Series 2015 Bonds, the County will implement additional internal written procedures designed to insure that future annual reports, including annual reports relating to the Series 2015 Bonds, will be filed on a complete and timely basis. Additionally, Digital Assurance Certification, L.L.C. (DAC) will serve as the continuing disclosure dissemination agent for the County.

#### **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the County, the Series 2015 Bonds, and the security and sources of payment for the Series 2015 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Indenture, the Contract, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series 2015 Bonds are qualified in their entirety to the form thereof included in the Indenture.

Copies of all documents described herein are available upon request, prior to the delivery of the Series 2015 Bonds, from Stifel Nicolaus & Company, Incorporated, One Buckhead Plaza, Suite 1700, 3060 Peachtree Road, NW, Atlanta, Georgia 30305, telephone: (404) 504-2760, and after delivery of the Series 2015 Bonds upon payment to the County of a charge for copying, mailing and handling, from Oconee County, Georgia, P.O. Box 145, 23 North Main Street, Watkinsville, Georgia, Attention: Wes Geddings, telephone: (706) 769-5120.

[Remainder of Page Intentionally Left Blank.]

**PLAN OF REFUNDING**

**Estimated Sources and Applications of Funds**

The sources and applications of funds in connection with the issuance of the Series 2015 Bonds are estimated below.

Estimated Sources of Funds:

Series 2015 Bond Proceeds:	
Par Amount	\$8,425,000.00
Plus Net Premium	769,090.30
Sinking Fund for Series 2008 Bonds	<u>203,500.00</u>
 Total Sources of Funds	 <u>\$9,397,590.30</u>

Estimated Application of Funds

Deposit to Escrow Fund	\$9,171,046.88
Cost of Issuance <sup>(1)</sup>	<u>226,543.42</u>
 Total Application of Funds	 <u>\$9,397,590.30</u>

<sup>(1)</sup> Includes Underwriter’s discount, legal and accounting fees, rating agency fees, printing and engraving costs, validation court costs and other costs of issuance.

**Discussion of Refunding**

The Walton County Water and Sewerage Authority (Georgia) Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008 (the “Series 2008 Bonds”) were authorized to be issued pursuant to the Constitution and laws of the State of Georgia, and a resolution of the Issuer adopted on September 25, 2007, as supplemented on March 25, 2008 (the “2008 Bond Resolution”). The Series 2008 Bonds were issued pursuant to the Original Indenture, as supplemented by the First Supplemental Indenture.

The Series 2008 Bonds were issued in the original aggregate principal amount of \$19,535,000, for the purpose of (i) financing or refinancing a portion of the cost of acquiring, constructing, installing and equipping a reservoir and related treatment and transmission facilities (the “Reservoir Project”), (ii) paying capitalized interest on the Series 2008 Bonds, (iii) funding a debt service reserve fund and (iv) paying the costs of issuing the Series 2008 Bonds. The Series 2008 Bonds are currently outstanding in the aggregate principal amount of \$19,065,000, maturing February 1 in the years 2016 through 2038.

A portion of the proceeds of the Series 2015 Bonds, together with certain other moneys, will be irrevocably deposited into an escrow fund (the “Escrow Fund”) created pursuant to an Escrow Deposit Agreement, dated July 29, 2015 (the “Escrow Agreement”), between the Authority and Regions Bank, Atlanta, Georgia, as escrow agent (the “Escrow Agent”) and used to purchase direct, non-callable United States Treasury Obligations – State and Local Government Series (“SLGS”) or, if SLGS are not available for purchase, to purchase other obligations of the United States government (collectively, the “Securities”) necessary to refund a portion of the Walton County Water and Sewerage Authority (Georgia) Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008, maturing on February 1, 2028, in the aggregate principal amount of \$1,120,000 and subject to mandatory sinking fund redemption on February 1 in the years 2027 (in part) and 2028, and maturing on February 1, 2038, in the aggregate principal amount of \$7,020,000 and subject to mandatory sinking fund redemption on February 1 in years 2029 through 2035, inclusive (collectively, the “Refunded Bonds”), which obligations and securities, together with any required cash balance (the “Escrow Obligations”), will provide sufficient money to pay when due the principal of and interest on the Refunded Bonds until their earliest date of optional redemption, February 1, 2018.

The Escrow Obligations and all other amounts held under the Escrow Agreement will not be available to pay the principal of or interest on the Series 2015 Bonds, and the owners of the Series 2015 Bonds will have no claim to any amounts held under the Escrow Agreement.

Upon the purchase of such Escrow Obligations, the Issuer shall receive a report from Causey Demgen & Moore, Denver, Colorado (the "Verification Report"), independent certified public accountants, of the arithmetical computations used to determine the sufficiency of the escrow deposit (see "MISCELLANEOUS – Verification of Mathematical Computations" herein). Upon the purchase of the Escrow Obligations and receipt of the Verification Report, the Refunded Bonds will be defeased in accordance with the Original Indenture, as supplemented by the First Supplemental Indenture.

[Remainder of Page Intentionally Left Blank.]

## DESCRIPTION OF THE SERIES 2015 BONDS

### General

The Series 2015 Bonds will be dated as of their date of issuance. Interest on the Series 2015 Bonds is payable on February 1 and August 1 of each year (each such date, an “Interest Payment Date”), commencing February 1, 2016. The Series 2015 Bonds will bear interest from the Interest Payment Date next preceding their date of authentication to which interest has been paid (unless their date of authentication is an Interest Payment Date, in which case from such Interest Payment Date, or unless their date of authentication is after a record date and prior to the corresponding Interest Payment Date, in which case from such corresponding Interest Payment Date or unless their date of authentication is prior to February 1, 2016, in which case from their date of issuance) at the rates per annum set forth on the inside front cover of this Official Statement (computed on the basis of a 360-day year comprised of twelve 30-day months). Payment of the principal of and interest on the Series 2015 Bonds will be made by the Trustee directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC’s Direct Participants and thereafter to the Beneficial Owners of the Series 2015 Bonds. See “- Book-Entry System of Registration” below. When not in book-entry form, interest on the Series 2015 Bonds is payable by check or draft mailed by first class mail on the Interest Payment Date to the owners thereof as shown on the books and records of the Trustee on the 15<sup>th</sup> day of the calendar month next preceding the Interest Payment Date. Interest on the Series 2015 Bonds is payable to any registered owner of at least \$1,000,000 in aggregate principal amount of Series 2015 Bonds by wire transfer to an account in the continental United States, if written wire transfer instructions are given to the Trustee prior to the 15<sup>th</sup> day of the calendar month preceding the first Interest Payment Date to which such instructions relate. When not in book-entry form, principal on the Series 2015 Bonds is payable upon surrender thereof at the corporate trust office of the Trustee located in Atlanta, Georgia.

### Authority for Issuance

The Series 2015 Bonds are being issued in accordance with and pursuant to the Constitution and laws of the State of Georgia, including specifically an act of the General Assembly (Ga. L. 1972, p. 3623 *et seq.*), as thereafter amended (the “Act”) and the Revenue Bond Law (O.C.G.A. Section 36-82-60 *et seq.*), as amended. The Series 2015 Bonds have been authorized pursuant to the terms and conditions of the Bond Resolution.

Article IX, Section III, Paragraph I of the Constitution of the State of Georgia of 1983 authorizes any political subdivision of the State of Georgia to contract for any period not exceeding 50 years with any public corporation or public authority for joint services, for the provision of services, or for the joint or separate use of facilities or equipment, if such contract deals with activities, services, or facilities which the contracting parties are authorized by law to undertake to provide.

The execution, delivery, and performance of the Contract by the County was authorized and approved pursuant to a resolution adopted by the Board of Commissioners of the County on June 30, 2015.

### Redemption Provisions

*Optional Redemption.* The Series 2015 Bonds maturing on or after February 1, 2026 are redeemable at the option of the Issuer, in whole or in part at any time and in any order of maturity, not earlier than August 1, 2025, from any moneys available therefor, at a redemption price of 100% of principal amount of such bonds, plus accrued interest to the redemption date, all in the manner provided in the Indenture.

The County may direct the Issuer to effect such optional redemption, and, if the County does so direct, the County must prepay sufficient Contract Payments to the Issuer to enable the Issuer to effect such redemption.

*Mandatory Redemption of Series 2015 Bonds.* The Series 2015 Bonds maturing on February 1, 2026, are subject to mandatory sinking fund redemption on February 1, 2019, and on each February 1 thereafter to and including February 1, 2019, in the principal amount set forth in the table below, at a redemption price equal to 100% of the principal amount to be redeemed plus interest due thereon on such redemption date (the February 1, 2026 amount to be paid rather than redeemed):

<u>February 1 of the Year</u>	<u>Principal Amount</u>
2019	\$25,000
2020	25,000
2021	25,000
2022	25,000
2023	25,000
2024	25,000
2025	30,000
2026+	30,000

+ Final Maturity

At its option, to be exercised on or before the 45<sup>th</sup> day next preceding any sinking fund redemption date, the Issuer may (a) deliver to the Trustee for cancellation Series 2015 Bonds of the appropriate maturity in any aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Series 2015 Bonds of the appropriate maturity which prior to said date have been redeemed (otherwise than through the operation of this Section) and cancelled by the Trustee and not theretofore applied as a credit against any prior mandatory sinking fund redemption obligation. Each Series 2015 Bond so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the Issuer on such sinking fund redemption date and any excess shall be credited on future sinking fund redemption obligations in such order as may be specified by the Issuer, and the principal amount of such Series 2015 Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced.

*Partial Redemptions.* If less than all of the Series 2015 Bonds of a maturity are to be redeemed, the particular Series 2015 Bonds of such maturity to be redeemed shall be selected by lot in such manner as may be designated by DTC, when in Book-Entry Form, and by the Trustee, when not in Book-Entry Form. The Series 2015 Bonds are subject to redemption only in principal amounts of \$5,000 or any integral multiple thereof. Any Series 2015 Bond, a portion of which has been redeemed, shall be considered to be outstanding only in an amount reduced by the portion thereof so redeemed whether or not it has been surrendered as aforesaid.

*Notice of Redemption.* Notice of any redemption of Series 2015 Bonds shall be given one time not more than 60 and not less than 30 days prior to the date fixed for redemption to the holders of each of the Series 2015 Bonds being called for redemption by registered or certified mail at the address shown on the register of the Trustee pertaining to the Series 2015 Bonds; provided, that if the Issuer shall issue any Additional Indebtedness bearing interest at other than a fixed rate, it may, in the proceedings relating thereto, provide for shorter or longer periods for notices of redemption as it may deem appropriate. Failure of the Issuer to give any such notice or any defect therein as to any Series 2015 Bond or Series 2015 Bonds shall not affect the redemption of any other Series 2015 Bonds as to which proper notice of redemption has been given as provided herein or therein. Failure of the holder of any Series 2015 Bond to receive any such notice as so given shall not affect the validity of the proceedings for the redemption of any such Series 2015 Bond.

If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2015 Bonds called for redemption, which moneys are or will be available for redemption of Series 2015 Bonds, such notice shall state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

### **Registration Provisions; Transfer and Exchange**

The Series 2015 Bonds will be issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof. The Series 2015 Bonds will be registered as to principal and interest on the registration books kept by the Trustee. The registered owner thereof shall be treated as the absolute owner thereof for all purposes, regardless of any actual notice to the contrary.

When in book-entry form, the purchasers of the Series 2015 Bonds (the “Beneficial Owners”) will not receive certificates representing their ownership interest in the Series 2015 Bonds. Instead, such Series 2015 Bonds will be held by a securities depository, initially The Depository Trust Company (“DTC”) and registered in the name of DTC or its nominee, Cede & Co. Any transfer or exchange of the ownership interest in Series 2015 Bonds held in book-entry form will be made through computerized book-entry changes on the books of DTC through DTC’s Direct and Indirect Participants in the manner described herein under “DESCRIPTION OF THE SERIES 2015 BONDS – Book-Entry System of Registration.”

When not in book-entry form, ownership of any Series 2015 Bond will be transferable upon surrender thereof to the Trustee, together with an assignment duly executed by the registered owner or his attorney, duly authorized in writing in such form as shall be satisfactory to the Trustee. Upon any such transfer of ownership, the Trustee will cause to be authenticated and delivered a new Series 2015 Bond or Bonds registered in the name of the transferee in the authorized denomination in the same aggregate principal amount, interest rate, series and maturity as the Series 2015 Bonds surrendered for such transfer. The Series 2015 Bonds may be exchanged for a like principal amount of Series 2015 Bonds of the same interest rate, series and maturity of other authorized denominations. For every exchange or registration of transfer, the Trustee may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration or transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2015 Bonds. The Trustee is not required to transfer or exchange any Series 2015 Bond after notice of redemption has been given or for fifteen days prior to the giving of such notice.

### **Book-Entry System of Registration**

DTC will act as securities depository for the Series 2015 Bonds. The Series 2015 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2015 Bond certificate will be issued for each maturity of the Series 2015 Bonds, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U. S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other Series 2015 Bond transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of Series 2015 Bond certificates. Direct Participants include both U.S. and non-U.S. Bond brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. Securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Series 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2015 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2015 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2015 Bonds are to be



accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2015 Bonds, except in the event that use of the book-entry system for the Series 2015 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2015 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2015 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Series 2015 Bonds may wish to ascertain that the nominee holding the Series 2015 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2015 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2015 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments and redemption proceeds on the Series 2015 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with the Series 2015 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Trustee, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2015 Bonds at any time by giving reasonable notice to Issuer or Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2015 Bond certificates are required to be printed and delivered.

The Issuer or the County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities depository). In that event, certificated Series 2015 Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and the County believe to be reliable, but the Issuer, the County and the Underwriter take no

responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the Issuer, the County, the Underwriter, nor the Trustee will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participants or Indirect Participants; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of or interest on the Series 2015 Bonds; (iii) the delivery by any such Direct Participant or Indirect Participants of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to the holders of the Series 2015 Bonds; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2015 Bonds; or (v) any consent given or other action taken by DTC as holder of the Series 2015 Bonds.

[Remainder of Page Intentionally Left Blank.]

## SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2015 BONDS

### General

The Series 2015 Bonds are limited obligations of the Issuer secured by and payable solely from a first lien on the Trust Estate. The Trust Estate is defined in the Indenture to include all right, title and interest of the Issuer (i) in all money and securities held by the Trustee in the funds and accounts established under the Indenture and (ii) to make claim for, collect and receive any sum of money owed by the County under the Contract and to bring actions and proceedings under the Contract or for the enforcement of the Contract.

The Indenture provides for the issuance from time to time of additional bonds and other forms of debt (“Additional Indebtedness”) which rank, as to lien on the Trust Estate, on a parity with the lien thereon of the Prior Bonds and the Series 2015 Bonds. The Indenture requires, as a condition of the issuance of any such Additional Indebtedness, that the Issuer deliver to the Trustee an amendment or supplement to the Contract under which the County agrees to pay additional amounts under the Contract sufficient to enable the Issuer to pay amounts due on such Additional Indebtedness. If such Additional Indebtedness is issued, such Additional Indebtedness shall rank on parity with the Series 2015 Bonds as to the lien on the Trust Estate. See APPENDIX B – SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS.

### The Contract

In consideration of the facilities and services to be provided by the Issuer to the County, the County has agreed in the Contract to make payments to the Issuer at times and in amounts sufficient to enable the Issuer to pay principal and interest on the Series 2015 Bonds. The County has also agreed to levy an ad valorem property tax, unlimited as to rate or amount, on all property in the County subject to taxation for such purposes in order to make the Contract Payments to the extent that the County does not have other funds to make such payments. See “AD VALOREM TAXATION.” The County intends to make the Contract Payments with moneys derived from the County System Revenues; however, the County System Revenues have not been pledged as security for the Contract Payments or the Series 2015 Bonds. See “The County System” below for more information about the County System.

The obligation of the County to make the Contract Payments is absolute and unconditional, and such Contract Payments will not be abated or reduced because of (i) damage to or destruction of the Reservoir Project, or any failure or inability to withdraw or treat water from the Reservoir Project, or to deliver such water, (ii) any failure or default on the part of the Issuer under the Contract or under any documents, (iii) any lack of notice of amounts due from the Issuer or the Trustee under the Contract or (iv) for any reason whatsoever.

SEE APPENDIX B – SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS for more information about the Contract.

### The County System

*General.* The County’s water and sewerage system (the “County System”) provides water to all of the County and serves approximately 9,858 residential and commercial customers. The County, Jackson County, Barrow County and Athens-Clarke County are members of the Upper Oconee Basin Water Authority (the “Upper Oconee Authority”). As a member the County is entitled to receive 19.04% of the treated water produced by the Upper Oconee Authority and is required to pay 20.959% of the Upper Oconee Authority’s debt service on its revenue bonds. The County receives most of its water from the Upper Oconee Authority. The County System provides waste water collection and treatment services to a portion of the County and serves approximately 1,624 residential and 440 commercial customers.

*Existing County Bonds Secured by Net Revenues.* The Upper Oconee Authority issued its Revenue Refunding Bonds, Series 2015A and its Taxable Revenue Refunding Bonds, Series 2015B (the “Upper Oconee Authority Bonds”) on May 29, 2015. As discussed above, the County is required to pay 20.959% of the debt service on the Upper Oconee Authority Bonds. In addition, the County issued its Revenue Bonds, Series 2003, its

Refunding Revenue Bonds, Series 2009 and its Refunding Revenue Bonds, Series 2012 (collectively, the “County Revenue Bonds”), pursuant to a resolution adopted by the County on October 23, 1998, as supplemented on November 3, 1998, July 18, 2003, September 1, 2009, October 22, 2009, June 26, 2012 and July 12, 2012 (as supplemented, the “County Bond Resolution”). The County Revenue Bonds are secured by a first lien on the net revenues of the County System.

The County Bond Resolution requires that all revenues from the County System be deposited into the Revenue Fund. The County Bond Resolution further requires that the moneys on deposit in the Revenue Fund be used each month first to pay operating expenses; second to fund the Debt Service Account for the County Revenue Bonds; third to fund the Reserve Account for the County Revenue Bonds; and fourth to repay junior lien obligations, including, but not limited to (i) any loans made by Georgia Environmental Finance Authority and the State of Georgia Revolving Fund, (ii) that portion of the payments made by the County out of net revenues to the Upper Oconee Basin Water Authority under the Intergovernmental Reservoir and Raw Water Supply Agreement and the Upper Oconee Water Treatment and Transmission Agreement among the Upper Oconee Basin Water Authority, the County, Athens-Clarke County, Barrow County and Jackson County, Georgia, dated July 22, 1996, as amended, and (iii) any and all existing loans having a lien on the net revenues of the System; and fourth to fund the Reserve Account for the County Revenue Bonds. Any moneys remaining in the Revenue Fund each month after the foregoing payments and transfers are made, and after a reasonable working capital reserve is established, are transferred to the Renewal and Extension Fund. Moneys on deposit in the Renewal and Extension Fund may be used to make capital improvements to the County System. In addition, there may be paid from such Renewal and Extension Fund (i) payments to be made by the County pursuant to the Intergovernmental Contract-Hard Labor Creek Reservoir Project, dated as of October 1, 2007, as amended and supplemented from time to time, between the County and the Walton County Water and Sewerage Authority and (ii) payments to be made by the County pursuant to the Intergovernmental Reservoir and Water Supply and Treatment Agreement, dated as of September 1, 2007, between the County, Walton County, Georgia and the Walton County Water and Sewerage Authority. The County intends to make the payments to the Upper Oconee Authority Bonds, the County Revenue Bonds, the Prior Bonds, and the Series 2015 Bonds after it pays the costs of operating and maintaining the County System.

The County Bond Resolution created a Revenue Fund, a Sinking Fund and a Renewal and Extension Fund. The County Bond Resolution also created a Debt Service Account and a Reserve Account within the Sinking Fund.

### **The Indenture**

The Indenture creates a first lien on the Trust Estate as security for the Prior Bonds, the Series 2015 Bonds and any Additional Indebtedness. Contract Payments received by the Trustee will be deposited into the Sinking Fund and will be used to pay the principal of and interest on the Prior Bonds, the Series 2015 Bonds and the Additional Indebtedness as the same become due. Moneys on deposit in the Sinking Fund may be invested in Permitted Investments. SEE APPENDIX B – SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS for more information about the Indenture.

### **Reserve Fund and Abolition of Reserve Fund**

The Debt Service Reserve Fund will be funded with cash or Permitted Investments in an amount equal to the Reserve Fund Requirement.

**UPON ISSUANCE OF THE SERIES 2015 BONDS, THE OWNERS OF THE SERIES 2015 BONDS, BY THEIR PURCHASE THEREOF, WILL BE DEEMED TO HAVE CONSENTED TO THE ABOLITION OF THE DEBT SERVICE RESERVE FUND, AS DESCRIBED HEREIN, BY VIRTUE OF THEIR PURCHASE OF THE SERIES 2015 BONDS.**

**The Second Supplemental Indenture provides that the Debt Service Reserve Fund will no longer be maintained and all references to the Debt Service Reserve Fund and the Reserve Requirement will be stricken from the Indenture once the Series 2008 Bonds are no longer outstanding. The Second Supplemental Indenture further provides that all supplemental indentures adopted in connection with the issuance of Additional Indebtedness must contain this provision.**

SEE APPENDIX B – SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS for more information about the Debt Service Reserve Fund.

### **Enforceability of Remedies**

The realization of value from the pledge of the Trust Estate upon any default will depend upon the exercise of various remedies specified under the laws of the State of Georgia. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The various legal opinions to be delivered concurrently with the delivery of the Series 2015 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors' rights generally.

Section 36-80-5 of the Official Code of Georgia Annotated provides that no county created under the Constitution or the laws of the State of Georgia shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for consolidation of its debts under any federal statute providing for such relief or consolidation or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. Section 36-80-5 of the Official Code of Georgia Annotated also provides that no chief executive, board of commissioners, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any authority or county created under the Constitution or laws of the State of Georgia of any petition for federal relief from payment of its debts as they mature or a petition for consolidation of its debts under any federal statute providing for such relief or consolidation or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

[Remainder of Page Intentionally Left Blank.]

## PRINCIPAL AND INTEREST REQUIREMENTS

Set forth below are the principal (including principal payable at maturity and by mandatory redemption) and interest requirements for the Prior Bonds and the Series 2015 Bonds (assuming the refunding of the Refunded Bonds). See "COUNTY DEBT STRUCTURE – Summary of Debt by Category and Overlapping Debt" herein for a summary of other tax supported indebtedness of the County.

Year Ending June 30	Prior Bonds			Series 2015 Bonds			Total Amount
	Principal	Interest	Total	Principal	Interest	Total	
2016	\$485,000	\$510,462.50	\$995,462.50	\$10,000	\$168,293.13	\$178,293.13	\$1,173,755.63
2017	505,000	491,062.50	996,062.50	25,000	332,687.50	357,687.50	1,353,750.00
2018	525,000	470,862.50	995,862.50	25,000	331,937.50	356,937.50	1,352,800.00
2019	545,000	449,862.50	994,862.50	25,000	331,187.50	356,187.50	1,351,050.00
2020	570,000	427,381.26	997,381.26	25,000	330,593.76	355,593.76	1,352,975.02
2021	595,000	403,156.26	998,156.26	25,000	330,000.00	355,000.00	1,353,156.26
2022	620,000	377,125.00	997,125.00	25,000	329,406.26	354,406.26	1,351,531.26
2023	645,000	350,775.00	995,775.00	25,000	328,812.50	353,812.50	1,349,587.50
2024	675,000	321,750.00	996,750.00	25,000	328,218.76	353,218.76	1,349,968.76
2025	710,000	288,000.00	998,000.00	30,000	327,625.00	357,625.00	1,355,625.00
2026	745,000	252,500.00	997,500.00	30,000	326,912.50	356,912.50	1,354,412.50
2027	480,000	215,250.00	695,250.00	330,000	326,200.00	656,200.00	1,351,450.00
2028	--	191,250.00	191,250.00	850,000	313,000.00	1,163,000.00	1,354,250.00
2029	--	191,250.00	191,250.00	880,000	279,000.00	1,159,000.00	1,350,250.00
2030	--	191,250.00	191,250.00	920,000	243,800.00	1,163,800.00	1,355,050.00
2031	--	191,250.00	191,250.00	955,000	207,000.00	1,162,000.00	1,353,250.00
2032	--	191,250.00	191,250.00	995,000	168,800.00	1,163,800.00	1,355,050.00
2033	--	191,250.00	191,250.00	1,035,000	129,000.00	1,164,000.00	1,355,250.00
2034	--	191,250.00	191,250.00	1,075,000	87,600.00	1,162,600.00	1,353,850.00
2035	--	191,250.00	191,250.00	1,115,000	44,600.00	1,159,600.00	1,350,850.00
2036	1,215,000	191,250.00	1,406,250.00	--	--	--	1,406,250.00
2037	1,275,000	130,500.00	1,405,500.00	--	--	--	1,405,500.00
2038	<u>1,335,000</u>	<u>66,750.00</u>	<u>1,401,750.00</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,401,750.00</u>
TOTAL	<u>\$10,925,000</u>	<u>\$6,476,687.52</u>	<u>\$17,401,687.52</u>	<u>\$8,425,000</u>	<u>\$5,264,674.41</u>	<u>\$13,689,674.41</u>	<u>\$31,091,361.93</u>

[Remainder of Page Intentionally Left Blank.]

## THE ISSUER

The Issuer is a public body corporate and politic organized and existing under the constitution and laws of the State of Georgia, including specifically an act of the General Assembly (Ga. L. 1972, p. 3623 *et seq.*), as hereafter amended (the "Act"). The Act provides that the Issuer shall have, among other things, the powers as summarized below:

1. To acquire and maintain projects embracing sources of water supply and the distribution and sale of water and related facilities to individuals, private concerns, municipal corporations and the State of Georgia, including its political subdivisions and instrumentalities;
2. To issue revenues bonds, notes or other obligations for the purpose of financing or refinancing, in whole or in part, the costs of such projects; and
3. To enter into intergovernmental agreements relating to facilities and services of the Issuer.

Under the Act, no revenue bonds issued by the Issuer shall be deemed to constitute debt of the County.

THE ISSUER HAS NO TAXING POWER AND HAS NO LEGAL RIGHT TO OBTAIN ANY APPROPRIATIONS FROM THE COUNTY OR ANY OTHER GOVERNMENTAL BODY, EXCEPT FOR THE PAYMENTS THE COUNTY HAS CONTRACTED TO MAKE UNDER THE CONTRACT.

The Issuer has authorized the use of this Official Statement but has not participated in the preparation of this Official Statement and, except for the information under the captions "THE ISSUER" and "LEGAL MATTERS – Pending Litigation" pertaining to the Issuer, has not provided or made any investigation with respect to any of the information contained in this Official Statement, and does not assume any responsibility for the accuracy or completeness of the information contained herein.

The Issuer is governed by a seven-member Board of Directors. The members of the Board of Directors serve until a successor is appointed. The current members of the Issuer and their principal occupation are as set forth below:

<u>Name</u>	<u>Occupation</u>
Brad Johnson, <i>Chairman</i>	Landscape Business Owner
Shirlene Huff, <i>Secretary</i>	Retired Teacher
Tommy Richardson	Retired Educator
Judy McDaniel	Banker
Lester Middlebrooks	Utility Company
Ryan Smith	Window Tinting Company
Wendell Geiger	Retired

[Remainder of Page Intentionally Left Blank.]

## THE COUNTY

### Introduction

The County is a political subdivision of the State of Georgia created by the Constitution of the State of Georgia in 1875. The County encompasses 186 square miles and, in addition to Watkinsville, includes the municipalities of Bogart, Bishop and North High Shoals. The City of Watkinsville is the County seat. Watkinsville is located approximately 6 miles south of Athens and 53 miles east of the City of Atlanta. It is bordered by Clarke, Oglethorpe, Morgan, Greene and Walton Counties.

### Form of Government and County Officials

The County is governed by, and generally acts through, a Board of Commissioners consisting of five-members, who are elected at large and serve staggered four-year terms. Information concerning the current members of the Board of Commissioners is set forth below:

<u>Name</u>	<u>Principal Occupation</u>	<u>Expiration of Term of Office</u>
Melvin Davis, <i>Chairman</i>	Chairman, Board of Commissioners	December 31, 2016
Jim Luke	Business Owner	December 31, 2016
John Daniell	Vice President of Operations, Boswell Oil Company	December 31, 2018
W.E. "Bubber" Wilkes	Security – Athens Regional Medical Center	December 31, 2018
Mark Saxon	Retired – U.S. Army	December 31, 2016

Jeff Benko currently serves as the County's Administrative Officer. Mr. Benko was appointed in September 2012, by the Board of Commissioners to manage the day-to-day affairs of the County and serves at the pleasure of the Board of Commissioners. Prior to his appointment, Mr. Benko was serving as the Finance Director of the County, a position he had held for eight years. Mr. Benko is a graduate of Penn State University.

Wes Geddings is the County's Finance Director. He was appointed in September 2012 by the Board of Commissioners to manage the financial affairs of the County and serves at the pleasure of the Board of Commissioners. Prior to his appointment, Mr. Geddings had served as Assistant Finance Director of the County since July 2007. Previously, Mr. Geddings served for more than twenty years as Supply Officer in the United States Navy. Mr. Geddings holds a degree in Business/Business Management from the Kelley School of Business at the University of Indiana.

### Services

The County provides a full range of services to its citizens, including garbage collection, police and fire protection, emergency medical assistance, parks and recreation, water supply, sewage treatment, and roads and infrastructure maintenance. All services, except for water supply and sewage treatment, are paid primarily by tax revenues. Water supply and sewage treatment are paid by user charges.

### Employees, Employee Relations, and Labor Organizations

The County employs approximately 357 full-time equivalent employees in all departments of government. No employees of the County are represented by labor organizations or are covered by collective bargaining agreements, and the County is not aware of any union organizing efforts at the present time. For a description of employee post-employment benefits, see "OCONEE COUNTY FINANCIAL INFORMATION – Retirement Plans and Other Post-Employment Benefits."



## Population

The following table reflects the population estimates for the County, the State and the United States for the years ended December 31, 2009 through 2013 (the most current published data).

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2013	34,035	9,992,167	316,128,839
2012	33,619	9,919,945	313,914,040
2011	33,366	9,812,460	311,587,816
2010	32,808	9,687,653	308,745,538
2009	32,386	9,620,846	306,771,529

Source: U.S. Department of Commerce, Bureau of the Census.

## Labor Statistics

The following table reflects the total labor force in the County, together with the unemployment rates for the County, the State of Georgia and the United States for the years ended December 31, 2010 through 2014.

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
County Labor Force	18,822	19,438	19,480	19,577	17,130
County Unemployment Rate	6.4%	6.0%	5.5%	4.8%	5.1%
State Unemployment Rate	10.2%	9.9%	9.0%	8.2%	7.2%
United States Unemployment Rate	9.6%	8.9%	8.1%	7.4%	6.2%

Source: Georgia Department of Labor, Workforce Information & Analysis, Local Area Unemployment Statistics Unit.

## Building Permits

Set forth below are the numbers of residential and commercial building permits and the value of those permits for fiscal years 2010 through 2014 (the most current published data).

<u>Year</u>	<u>Residential</u>		<u>Commercial</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
2014	305	\$220,753	100	\$109,836
2013	272	182,828	84	179,342
2012	113	75,134	39	44,970
2011	81	53,854	28	49,144
2010	68	41,798	38	42,870

Source: Oconee County Code Enforcement.

[Remainder of Page Intentionally Left Blank.]

### Per Capita Income

The following table reflects the estimated per capita income figures for the County, the State of Georgia and the United States for the years ended December 31, 2009 through 2013 (the most current published data).

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2013	\$59,802	\$37,845	\$44,765
2012	57,083	36,869	42,693
2011	53,361	35,979	41,560
2010	50,317	34,531	39,791
2009	49,332	33,887	38,637

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

### Median Home Value

The following table shows the median home value for the County, the State and the United States for census years 1980, 1990, 2000 and 2010 and an estimate for the calendar year 2013 (the most current published data).

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2013	\$238,200	\$151,300	\$176,700
2010	228,700	161,400	188,400
2000	151,600	111,200	119,600
1990	77,900	71,300	79,100
1980	44,500	36,900	47,300

Source: U.S. Bureau of Census; American Community Survey 5- Year Estimates.

### Largest Employers

Set forth below are the ten largest employers located in the County as of December, 2014, their industries and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in the County or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial conditions of the companies listed below.

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
1. Caterpillar	Manufacturing – Machinery	932
2. Oconee County School System	Education	882
3. Oconee County Government	Local Government	357
4. Wal-Mart	Retail – Multiple Products	300
5. St. Mary’s Health Care	Healthcare	260
6. Zaxby’s Inc.	Restaurant	220
7. Information Technology Services	Information Technology	200
8. Lowe’s	Retail – Home Improvement	185
9. Industrial Mechanical, Inc.	Construction	180
10. Benson’s Bakery	Retail – Bakery	175

Source: Oconee County Economic Development Authority.

## Banking Deposits

The following table contains the number of banking institutions and the total banking deposits held within the County (in thousands) for all FDIC-insured institutions in the County for the last five fiscal years ended June 30 (the most current information available).

<u>Year</u>	<u>Institutions</u>	<u>Deposits</u>
2014	9	\$630,568
2013	9	596,989
2012	9	587,715
2011	10	579,713
2010	9	648,111

Source: Federal Depository Insurance Corporation.

## Industry Mix

The following table reflects industry mix for the third quarter of 2014.

<u>Industry</u>	<u>Number of Firms</u>	<u>Average Monthly Employment</u>	<u>Average Weekly Wages</u>
Agriculture, Forestry, Mining, Quarrying	15	83	\$611
Mining	1	**	**
Construction	114	411	814
Manufacturing	36	428	804
Services:			
Utilities	3	16	1,112
Wholesale Trade	64	448	860
Retail Trade	76	1,273	457
Transportation and Warehousing	22	42	623
Information	11	75	698
Finance and Insurance	68	376	1,213
Real Estate and Rental and Leasing	54	197	593
Professional Scientific/Technical Services	138	583	852
Management of Companies and Enterprises	3	527	1,146
Administrative and Waste Services	74	467	635
Educational Services	23	453	557
Health Care and Social Services	103	1,050	731
Arts, Entertainment, and Recreation	13	166	274
Accommodation and Food Services	45	927	234
Other Services (except government)	76	343	755
Unclassified – industry not assigned	82	69	1,118
Federal Government	12	115	724
State Government	10	46	431
Local Government	<u>17</u>	<u>1,310</u>	<u>713</u>
Total All Industries	1,060	9,411	\$683

Source: Georgia Department of Labor.

\*\* Denotes confidential data relating to individual employers and cannot be released.

## Categories of Land by Use

Set forth below are the types of land use within the County for the last five years, computed based on the number of acres of real property in the County of the various categories for ad valorem property tax purposes.<sup>(1)</sup>

<u>Year</u>	<u>Residential</u>	<u>Agricultural</u>	<u>Commercial</u>	<u>Utilities</u>	<u>Industrial</u>	<u>Conservation</u> <sup>(2)</sup>	<u>Preferential</u>
2014	18.40%	9.57%	2.27%	0.01%	0.64%	66.76%	0.00%
2013	18.59	9.69	2.26	0.04	0.62	66.02	0.02
2012	18.87	10.67	2.28	0.04	0.74	65.82	0.02
2011	19.66	10.28	2.25	0.06	0.74	65.08	0.02
2010	16.74	10.99	2.27	0.07	0.77	67.02	0.02

<sup>(1)</sup> Percentages are based on the number of acres of real property set aside for each purpose. The total acreage of all real property subject to ad valorem taxation located in Oconee County is approximately 107,325 acres. This figure does not include the acreage of real property that is exempt from ad valorem property taxation. See “AD VALOREM TAXATION – Property Subject to Taxation.”

<sup>(2)</sup> A large proportion of amounts constituting real property on Oconee County’s general tax digest is designated as Conservation Use property. See “AD VALOREM TAXATION – Conservation Use Property.”

Source: Georgia Department of Revenue, Tax Digest Consolidated Summary.

## Other Information Concerning the County

Quality healthcare is provided to the County’s residents at Athens Regional Medical Center and St. Mary’s Hospital, two regional hospitals servicing individuals within the surrounding counties. Additionally, hospitals are present in Barrow, Jackson, Morgan and Walton counties to provide less acute medical attention to local residents.

Additional medical facilities in the County include Reddy Urgent Care (1061 Dunwoody Road) which provides an emergency room alternative with extended hours. Also available is Regional First Care, affiliated with Athens Regional Medical System. St. Mary’s Health Care operates an Alzheimer’s and dementia unit. This facility was constructed adjacent to the Highland Hills Retirement Center. St. Mary’s also has a number of services provided at The Exchange. This facility offers outpatient diagnostic services, outpatient rehabilitation, a wellness center, a sleep disorder center, and an outpatient lab collection center.

The County has six elementary/primary, two middle, and two high schools within the county which include: Colham Ferry Elementary School, High Shoals Elementary School, Malcolm Bridge Elementary School, Oconee County Elementary School, Oconee County Primary School, Rocky Branch Elementary School, Malcolm Bridge Middle School, Oconee County Middle School, Oconee County High School, and North Oconee High School, employing approximately 450 teachers and enrolling approximately 6,500 students.

There are three private schools located within the County that provide exceptional preschool through 12<sup>th</sup> grade educational opportunities: Athens Academy, Prince Avenue Christian School and Westminster Christian Academy.

Gainesville College, a two-year member of the University System of Georgia (the “University System”), has a Watkinsville satellite campus for individuals seeking degrees or academic credits, but does offer some four-year degree options. The University of Georgia, the flagship institution in the University System, is located just miles away in Athens, Georgia. Athens Technical College also provides a wide range of associate degree, diploma, and technical certificate programs to prepare individuals for success in a chosen field.

A number of recreational opportunities are available within the County. There are four athletic complexes within the County, as well as several parks. At present, the majority of programs overseen by the recreation department occur at Oconee Veteran’s Park on Hwy. 53 west of Watkinsville. This new complex consists of baseball/softball fields, tennis courts, walking track, multi-purpose facility, senior citizens center, and the veterans’

memorial. Herman C. Michael Park has a gymnasium, tennis courts, softball fields, baseball fields, and a walking track.

Heritage Park is located along U.S. Highway 441 in southern Oconee County. This facility has capability for livestock events and houses the historic Central School. There are also a number of public parks and areas within the community which enhance the quality of life within the County. Harris Shoals Park (located behind Watkinsville City Hall) is a wonderful facility that affords playground equipment for children, a picnic pavilion, a walking track, and a baseball field for public use. Additionally, a softball field and playground are available for use in North High Shoals. In the town of Bogart (in northwestern Oconee County), another recreational complex exists. This facility includes baseball and softball fields, a walking track, playground and picnic pavilion.

The County has access to Atlanta's Hartsfield-Jackson International Airport for domestic and international travel; the nation's busiest airport is located 70 miles from the County. Regional travel can be accommodated from the Athens-Ben Epps Airport located approximately 10 miles away from Watkinsville.

## **OCONEE COUNTY FINANCIAL INFORMATION**

### **Accounting and Budget Control**

The County is required by Georgia law to prepare and adopt an annual budget for the conduct of the County's affairs. The budget is prepared annually each year for review by the Board of Commissioners. The Board of Commissioners adopts the budget prior to the beginning of the fiscal year. A financial reporting system which provides timely and accurate reporting of revenues and expenses is used by the County. See Appendix A for a description of the accounting policies.

### **Investment of Moneys**

Section 36-82-7 of the Official Code of Georgia Annotated provides that the proceeds of the Series 2015 Bonds may be invested and reinvested in the following investments, and no others:

- (1) the local government investment pool created in Chapter 83 of Title 36 of the Official Code of Georgia Annotated, as amended;
- (2) bonds or obligations of such county, municipal corporation, school district, political subdivision, authority, or body or bonds or obligations of the State of Georgia or other states or of other counties, municipal corporations, and political subdivisions of the State of Georgia;
- (3) bonds or other obligations of the United States or of subsidiary corporations of the United States government which are fully guaranteed by such government;
- (4) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence; provided, however, that all such obligations shall have a current credit rating from a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;
- (5) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(6) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any such bond proceeds. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia or with a trust office within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or other states or of any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations described in (3) above, obligations of the agencies and instrumentalities of the United States government described in (4) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities described in (5) above;

(7) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

(A) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in paragraphs (3) and (4) above and repurchase agreements fully collateralized by any such obligations;

(B) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;

(C) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and

(D) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State of Georgia;

(8) interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys; and

(9) any other investments authorized by the laws of the State of Georgia.

In addition, Section 36-83-4(a)(1) of the Official Code of Georgia Annotated authorizes the governing authority of the County, or the financial officer of the County to whom investment authority is delegated, to invest and reinvest any money subject to its control and jurisdiction in:

- (1) obligations of the State of Georgia or of other states;
- (2) obligations issued by the United States government;
- (3) obligations fully insured or guaranteed by the United States government or a United States government agency;
- (4) obligations of any corporation of the United States government;
- (5) prime bankers' acceptances;
- (6) the local government investment pool established by Section 36-83-8 of the Official Code of Georgia Annotated;
- (7) repurchase agreements; and
- (8) obligations of other political subdivisions of the State of Georgia.

Paragraph VI of Section V of Article IX of the Constitution of the State of Georgia requires the proceeds of the tax assessed and collected to pay the principal of and interest on the Series 2015 Bonds, together with any other moneys collected for this purpose, to be placed in a sinking fund to be used exclusively for paying the principal of and interest on the Series 2015 Bonds and to be held and kept separate and apart from all other revenues collected by the County.

Section 36-80-3 of the Official Code of Georgia Annotated provides that the governing body of the County, or the financial officer of the County to whom investment authority is delegated pursuant to Section 36-80-4 of the Official Code of Georgia Annotated, may invest and reinvest money subject to its control and jurisdiction in:

- (1) obligations of the United States and of its agencies and instrumentalities;
- (2) bonds or certificates of indebtedness of the State of Georgia and of its agencies and instrumentalities; and
- (3) certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured.

Section 45-8-14 of the Official Code of Georgia Annotated provides that the Board of Commissioners of Oconee County shall designate one or more solvent banks, insured federal savings and loan associations, or insured state chartered building and loan associations as depositories of moneys belonging to the County. Section 45-8-12 of the Official Code of Georgia Annotated prohibits the County from having on deposit at any one time in any depository for a time longer than ten days a sum of money which has not been secured by a surety bond, by federal deposit insurance, or by pledged securities, with a market value of not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. Section 45-8-11 of the Official Code of Georgia Annotated allows the Finance Director of the County, in his or her discretion, to waive the requirement for security in the case of operating funds placed in demand deposit checking accounts.

The County presently deposits its general funds with Oconee State Bank, Watkinsville, Georgia. The County may, in its discretion, but subject to the provisions of Georgia law described in the above paragraph, deposit these funds with other financial institutions.

**Government Revenues by Sources**

Set forth below are the County governmental revenues by source for the last five fiscal years.

<u>Year</u>	<u>Taxes</u>	<u>Licenses &amp; Permits</u>	<u>Intergov't'l</u>	<u>Charges for Services</u>	<u>Fines &amp; Forfeitures</u>	<u>Investment Income</u>	<u>Contributions &amp; Donations</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	\$18,610,224	\$797,567	\$3,127,964	\$2,450,784	\$351,954	\$13,278	-	\$83,135	\$25,434,906
2013	17,398,073	697,573	2,549,610	2,549,763	391,742	15,316	\$3,532	56,353	23,661,962
2012	17,211,314	438,704	35,374	2,493,135	441,736	17,958	-	72,433	20,710,654
2011	17,381,645	327,818	49,774	2,800,695	495,527	21,811	-	47,251	21,124,521
2010	17,378,184	296,089	35,374	2,310,329	485,261	31,230	1,440	26,996	20,564,903

Source: Oconee County, Georgia Financial Statements.

[Remainder of Page Intentionally Left Blank.]



## General Fund History

Set forth below is a historical comparative summary of the revenues, expenditures and changes in fund balance of the County's general fund for the last five fiscal years. Information in the table has been extracted from the County's audited financial statements for fiscal years ended June 30, 2010 through 2014. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the County for the fiscal years shown. For more complete information, reference is made to the audited financial statements for fiscal years 2010 through 2014 copies of which are available from the County upon request.

### GENERAL FUND HISTORY

	Fiscal Years Ended June 30				
	2010	2011	2012	2013	2014
Revenues:					
Taxes	\$17,378,184	\$17,381,645	\$17,211,314	\$17,398,073	\$18,610,224
Licenses and Permits	296,089	327,818	438,704	697,573	797,567
Intergovernmental	35,374	49,774	35,374	2,549,610	3,127,964
Charges for Services	2,310,329	2,800,695	2,493,135	2,549,763	2,450,784
Fines and Forfeitures	485,261	495,527	441,736	391,742	351,954
Investment Income	31,230	21,811	17,958	15,316	13,278
Contributions and Donations	1,440	--	--	3,532	--
Miscellaneous Income	26,996	47,251	72,433	56,353	83,135
Total Revenues:	<u>20,564,903</u>	<u>21,124,521</u>	<u>20,710,654</u>	<u>23,661,962</u>	<u>25,434,906</u>
Expenditures:					
General Government	4,849,265	4,823,183	4,861,105	4,654,446	4,788,803
Judicial	1,622,717	1,501,148	1,493,166	1,533,453	1,599,955
Public safety	6,192,473	6,473,994	6,408,429	6,319,950	6,989,536
Public works	2,482,762	2,451,574	3,291,945	5,275,877	5,886,693
Health and welfare	302,042	204,592	181,329	218,447	236,056
Culture and recreation	2,650,963	2,683,715	2,597,139	2,708,090	2,888,058
Housing and development	1,160,790	1,032,832	1,010,538	977,472	997,011
Debt Service					
Principal	224,034	--	--	--	--
Interest	49,815	--	--	--	--
Total Expenditures:	<u>19,534,861</u>	<u>19,171,038</u>	<u>19,843,651</u>	<u>21,687,735</u>	<u>23,386,112</u>
Revenues Over (Under) Expenditures	<u>1,030,042</u>	<u>1,953,483</u>	<u>867,003</u>	<u>1,974,227</u>	<u>2,048,794</u>
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	11,768	128,944	16,298	73,378	22,998
Operating transfers in	11,918	9,529	14,353	10,383	83,287
Operating transfers out	(1,957,632)	(1,952,194)	(2,101,030)	(1,772,651)	(1,893,707)
Net Other Financing Sources (Uses)	<u>(1,933,946)</u>	<u>(1,813,721)</u>	<u>(2,070,379)</u>	<u>(1,688,890)</u>	<u>(1,787,422)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(903,904)</u>	<u>139,762</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance, beginning of year	10,915,795	9,673,707	(1,203,376)	285,337	261,372
Prior period adjustment	<u>(338,184)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balance, beginning of year, as restated	<u>10,577,611</u>	<u>9,673,707</u>	<u>9,813,469</u>	<u>8,610,093</u>	<u>8,895,430</u>
Fund balance, end of year	<u>\$9,673,707</u>	<u>\$9,813,469</u>	<u>\$8,610,093</u>	<u>\$8,895,430</u>	<u>\$9,156,802</u>

## Budget

In accordance with State of Georgia law, the County adopts an annual balanced budget for its General Fund consistent with generally accepted accounting principles. Realization of the results projected in the budget will depend upon implementation by management of the County of policies and procedures consistent with the assumptions. There can be no assurance that actual events will correspond with such assumptions, that uncontrollable factors will not affect such assumptions, or that the projected results will be achieved.

Set forth is a summary of the County's final approved budget for fiscal years ending June 30, 2015 and 2016.

Revenues	<u>2015</u>	<u>2016</u>
Taxes	\$18,377,500	\$19,637,700
Licenses and permits	454,550	563,750
Intergovernmental	35,000	35,000
Charges for services	2,522,950	2,451,350
Fines and forfeitures	315,500	354,500
Investment income	13,000	13,500
Contributions and donations	--	--
Miscellaneous	<u>51,000</u>	<u>64,700</u>
Total Revenues	<u>\$21,769,500</u>	<u>\$23,120,500</u>
Expenditures		
General government	\$4,767,786	\$5,030,523
Judicial	1,612,469	1,800,798
Public safety	6,974,832	7,291,460
Public works	2,691,429	2,271,470
Health and welfare	241,320	247,750
Culture and recreation	2,851,960	3,002,578
Housing and development	<u>1,047,412</u>	<u>1,118,227</u>
Total Expenditures	<u>\$20,187,208</u>	<u>\$21,212,806</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,582,292	1,907,694
Other Financing Sources (Uses)		
Other Financing Sources	8,500	16,500
Other Financing Uses	<u>(2,368,016)</u>	<u>(2,527,253)</u>
Total Other Financing Sources (Uses)	<u>(2,359,516)</u>	<u>(2,510,753)</u>
Net Change in Fund Balance	(777,224)	(603,059)
Fund Balance, Beginning of Year	<u>\$9,156,802</u>	<u>\$9,250,000</u>
Fund Balance, End of Year	<u>\$8,379,578</u>	<u>\$8,646,941</u>

[Remainder of Page Intentionally Left Blank.]

The County has not conformed to its General Fund budget in many instances for the fiscal years ended June 30, 2010 through 2014. Set forth below is a summary of unfavorable variances between budgeted and actual amounts for the fiscal years ended June 30, 2010 through 2014.

**General Fund Unfavorable Variances**  
**(GAAP Budgetary Basis of Accounting)**

	Year Ended June 30				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Revenues</b>					
Taxes	\$(449,216)	\$(23,755)	--	--	\$(38,376)
Licenses and permits	(38,961)	--	--	--	--
Intergovernmental					
Revenues	--	--	\$(689,626)	--	--
Charges for services	--	--	--	\$(175,312)	--
Fines and forfeitures	(254,239)	(19,473)	(24,764)	(92,258)	(10,546)
Investment Income	(68,770)	(18,189)	(2,042)	(684)	--
Miscellaneous	--	--	--	(847)	--
<b>Expenditures</b>					
General Government	--	--	--	--	--
Judicial	--	--	--	--	--
Public Safety	--	--	--	--	--
Public Works	--	--	--	--	--
Health and Welfare	--	--	--	--	--
Culture and Recreation	--	--	--	--	--
Housing and Development	--	--	--	--	--
Debt Services					
Principal	(3,434)	--	--	--	--
Interest	--	--	--	--	--
<b>Other Financing Sources</b>					
Proceeds from sale of capital assets	--	--	--	--	--
Operating transfers in	--	--	(732)	(117)	(887)
Operating transfers out	--	--	--	--	--
<b>Net Cumulative Variance</b>					
Favorable (Unfavorable)	<u>\$498,449</u>	<u>\$587,812</u>	<u>\$7,636</u>	<u>\$420,146</u>	<u>\$591,237</u>

The County expects to conform to its adopted budget for its General Fund for fiscal year 2016.

**Insurance**

The County carries property damage insurance with respect to the properties. The County also carries comprehensive general and law enforcement liability insurance, automobile liability insurance, errors and omissions liability insurance, crime coverage and other types of insurance deemed necessary by the County to be maintained by the County. See Note 11 to the County's Audited Financial Statements for fiscal year ended June 30, 2014 attached hereto as Appendix A for a description of the County's insurance.

**Retirement Plans and Other Post-Employment Benefits**

*Defined Benefit Plan.* The County provides a defined benefit pension plan for its employees through its sponsorship of the Association of County Commissioners of Georgia ("ACCG") Oconee County Defined Benefit Plan (the "Defined Benefit Plan"). The Defined Benefit Plan is an agent multiple-employer public retirement

system that acts as a common investment and administrative agent for participating counties in Georgia. ACCG, as the sponsor of the Defined Benefit Plan, has the sole authority to amend the provisions of the Defined Benefit Plan. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions offered under the Defined Benefit Plan to the County employees. Participants are not required to contribute to the Defined Benefit Plan. The County contributes the entire cost of the Defined Benefit Plan based upon an actuarially determined rate. The Board of Commissioners has the authority to change the funding policy.

The Defined Benefit Plan was initially approved by the Board of Commissioners and became effective for the fiscal year ended June 30, 1990. ACCG issues a publicly available financial report that includes financial statements and required supplementary information for the Defined Benefit Plan. That report can be obtained from GEBCorp, 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30039.

All full-time County employees are eligible to participate in the Defined Benefit Plan after completing three years of service. Benefits are fully vested after ten years of service. Participants employed by the County prior to August 2010 become eligible to retire at age 65 with benefits after three years of service. Participants employed by the County after August 2010 become eligible to retire with benefits after ten years of service. Once retirement eligibility is reached, a participant is entitled to an annual benefit upon retirement in the amount equal to the greater of (a) 1.0% of average annual compensation (up to \$6,600) plus 2% of the average of the highest two years' annual compensation in excess of \$6,600 plus \$36 for each year of service prior to January 1, 1990 or b) 0.5% of average annual compensation (up to \$6,600) plus 1% of average annual compensation in excess of \$6,600 plus \$36 multiplied by years of service to a maximum of thirty five years, payable as a life annuity. "Average annual compensation" is based on the highest average of the participant's compensation over five consecutive plan years during the ten plan years preceding the participant's date of retirement or termination. Members are also provided benefits in the event of death or disability.

As of January 1, 2014, the Defined Benefit Plan had a total of 371 participants, including 202 active participants, 73 retirees and beneficiaries who are currently receiving benefits, 92 terminated participants entitled to but not receiving benefits and 4 disabled in pay status participants.

The County's contributions to the Defined Benefit Plan for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,700,000, \$1,497,442 and \$1,473,193 respectively. These contributions represented 113%, 106% and 107%, respectively of the actuarially required contribution requirement in each year. **As of January 1, 2014 (the latest information available), the Defined Benefit Plan had an actuarial value of assets equal to \$12,044,748 and an actuarial accrued liability of \$17,313,298, resulting in an unfunded actuarial accrued liability ("UAAL") of \$5,268,550 and a funded ratio (value of assets divided by value of liabilities) of 69.6%.** The UAAL was equal to 61.2% of the Defined Benefit Plan's total covered payroll.

*Deferred Compensation Plan.* All County employees are eligible to participate in the County Deferred Compensation Plan (the "Deferred Compensation Plan") established by the County in accordance with Internal Revenue Code Section 457. The Deferred Compensation Plan is administered by an independent third-party plan administrator and as a result, the assets and liabilities of the Deferred Compensation Plan are not recorded as part of the County's financial statements. All contributions made to the Deferred Compensation Plan are voluntary employee contributions; the County makes no contribution to the Deferred Compensation Plan.

*Defined Contribution Plan.* All County employees are eligible to participate in the Oconee County 401(a) Defined Contribution Plan (the "Defined Contribution Plan"), which was established by the County through adoption of the ACCG 401(a) Defined Contribution Program. The Defined Contribution Plan was established to provide benefits at retirement to the County employees. There are no employee or employer contributions required to be made or that have been made at this time. The County has designated certain administrative responsibilities of the Defined Contribution Plan to ACCG, or its designee; Oconee County retains the ability to modify and amend provisions of the Defined Contribution Plan.

*Other Post-Employment Benefits.* The County provides post-employment healthcare benefits pursuant to the Oconee County Health Care Plan (the "OPEB Plan") to certain Oconee County employees. The OPEB Plan is a single-employer plan administered by the County that does not issue a separately available financial report. The OPEB Plan was established and may be amended by resolutions adopted by the County's Board of Commissioners.

The OPEB Plan provides post-employment healthcare benefits to all former County employees who retired prior to the start of the fiscal year ended June 30, 2010. The County adopted changes to the OPEB Plan in fiscal years 2010 and fiscal year 2011 that limited eligibility in the OPEB Plan for employees who had already retired and to those who retired during fiscal year 2010 or 2011 with at least five years of service. No current or future employees will receive benefits under the OPEB Plan. As of the fiscal year ended June 30, 2014, there were 51 participants in the OPEB Plan.

Pursuant to the OPEB Plan, the County (a) contributes a portion of the Medicare supplement premium (the “Cost”) for each retiree over the age of 65 and (b) permits eligible retirees under age 65 to continue in the County’s health plan and contributes an amount equal to the Cost towards the retiree’s health benefit. The County does not pay for the costs of any dependents or spouses.

The County has not elected to advance fund the OPEB Plan; instead contributions are made on a “pay-as-you-go” basis. As of January 1, 2014, the OPEB Plan had an actuarial value of assets equal to \$0 and an actuarial accrued liability of \$2,307,688, resulting in an UAAL of \$2,307,688 and a funded ratio of 0.0%. The County’s contributions to the OPEB Plan for the fiscal years ended June 30, 2012, 2013 and 2014 were \$164,201, \$153,889 and \$164,229, respectively.

The County does not offer any other post-employment benefits. For additional information on the County’s post-retirement benefits, reference is made to the notes contained in the audited financial statements of the County attached hereto as Appendix A.

[Remainder of Page Intentionally Left Blank.]

## COUNTY DEBT STRUCTURE

### Summary of Debt by Category and Overlapping Debt

Set forth below is information concerning direct tax supported debt of the County, assuming the issuance of the Series 2015 Bonds and the refunding of the Refunded Bonds, and the estimated overlapping property tax supported debt of certain governmental entities that is attributable to property owners in the County based on the proportion to which the jurisdiction of the County overlaps such entities. Although the County has attempted to obtain accurate information as to the outstanding overlapping debt, it does not warrant its completeness or accuracy, as there is no central reporting entity which has this information available, and the amounts are based on information supplied by others.

<u>Category of Debt</u>	<u>Amount of Outstanding Debt</u>	<u>Percentage Applicable to the County</u>	<u>Amount Applicable to the County</u>
General Obligation Bonds <sup>(1)</sup>	\$9,775,000	100%	\$9,775,000
Intergovernmental Contract <sup>(2)</sup>	35,615,800	100%	35,615,800
Capital Leases <sup>(3)</sup>	<u>2,372,276</u>	100%	<u>2,372,276</u>
Total Direct	<u>\$47,763,076</u>		<u>\$47,763,076</u>
Overlapping:			
School District:			
General Obligation Bonds <sup>(4)</sup>	\$8,010,000	100%	\$8,010,000
Capital leases <sup>(3)</sup>	<u>159,738</u>	100%	<u>159,738</u>
Total Overlapping:	<u>\$8,169,738</u>		<u>\$8,169,738</u>
Total Direct and Overlapping:	<u>\$55,932,814</u>		<u>\$55,932,814</u>

<sup>(1)</sup> General obligation bonds are general obligations of the County to which its full faith and credit and tax powers are pledged.

<sup>(2)</sup> Assumes the Series 2015 Bonds are issued. The obligations under intergovernmental contracts are general obligations of the contracting party to which its full faith and credit and taxing powers are pledged, but do not constitute debt for purposes of the constitutional debt limit. Includes an intergovernmental contract with the Upper Oconee Basin Water Authority in connection with the Upper Oconee Basin Water Authority Revenue Refunding Bonds, Series 2015A and the Upper Oconee Basin Water Authority Taxable Revenue Refunding Bonds, Series 2015B (the "UOBWA Bonds"), an intergovernmental contract with the Walton County Water and Sewerage Authority in connection with the Prior Bonds and the Series 2015 Bonds and an intergovernmental contract with the Oconee County Industrial Development Authority in connection with the Oconee County Industrial Development Authority Revenue Bonds (Oconee County Economic Development Project), Series 2012. It is the intent that the principal and interest on the UOBWA Bonds, the Prior Bonds and the Series 2015 Bonds will be paid from revenues of the County System. The County will not collect ad valorem taxes to pay the UOBWA Bonds, the Prior Bonds or the Series 2015 Bonds unless the revenues of the County System are insufficient.

<sup>(3)</sup> The financial obligation of the governmental entity under a capital lease does not constitute a general obligation of the governmental entity to which its full faith and credit or taxing power is pledged, but is subject to and dependent upon lawful appropriations of general revenues being made by the governing body to pay the lease payments due in each fiscal year under the lease. The governmental entity's obligation under the lease is from year to year only and does not constitute mandatory payment obligations of the governmental entity in any fiscal year in which funds are not appropriated by the governmental entity to pay the lease payments due in such fiscal year. The County's obligation under the lease does not constitute debt of the County for the purpose of constituting the debt limit described in "COUNTY DEBT STRUCTURE – Limitations on County Debt" herein and does not count against the County's debt limit.

<sup>(4)</sup> General obligation bonds are general obligations of the issuer to which its full faith and credit and tax powers are pledged. The School District's General Obligation Bonds, Series 2012 in the outstanding principal amount of \$8,010,000 are payable from a one percent local option sales tax. The School District will not collect ad valorem taxes to pay these Series 2012 Bonds unless the sales tax proceeds are insufficient.

**Tax Supported Debt Ratios**

The following table sets forth certain debt ratios following issuance of the Series 2015 Bonds.

**TAX SUPPORTED DEBT RATIOS**

	<u>Direct Tax Supported Debt</u>	<u>Overlapping Tax Supported Debt</u>	<u>Overall Tax Supported Debt</u>
Per Capita Debt <sup>(1)</sup>	\$1,403.35	\$240.04	\$1,643.39
Percentage of Gross Tax Digest <sup>(2)</sup>	2.81%	0.48%	3.29%
Percentage of Fair Market Value <sup>(3)</sup>	1.12%	0.19%	1.32%
Per Capita Debt as Percentage of Per Capita Income <sup>(4)</sup>	2.35%	0.40%	2.75%

<sup>(1)</sup> Based upon estimated 2013 population figure of 34,035.

<sup>(2)</sup> Based upon 2014 Gross Tax Digest of \$1,699,660,614.

<sup>(3)</sup> Based on 2014 estimated fair market value of \$4,249,151,535.

<sup>(4)</sup> Based upon 2013 per capita income figure of \$59,802.

**Limitations on County Debt**

The Constitution of the State of Georgia provides that the County may not incur long-term obligations payable out of general property taxes without the approval of a majority of the qualified voters of the County voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the County may not incur long-term obligations payable out of general property taxes in excess of 10 percent of the assessed value of all taxable property within the County.

Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation, and intergovernmental obligations (such as the Capital Leases and Intergovernmental Contracts described in “COUNTY DEBT STRUCTURE -- Summary of County Direct and Overlapping Debt by Category” herein) are not subject to the legal limitations described above. In addition, refunded obligations cease to count against the County’s debt limitation upon being refunded. Georgia law provides, however, that no lease or installment purchase contract subject to annual appropriation may be delivered if the principal portion of such contract, when added to the amount of debt subject to the debt limitation described above, exceeds 10 percent of the assessed value of all taxable property within the County. Georgia law also provides that no lease or installment purchase contract subject to annual appropriation with respect to real property may be developed and executed or renewed, refinanced, or restructured if the lesser of either of the following is exceeded:

- (1) the average annual payments on the aggregate of all such outstanding contracts exceed 7.5 percent of the governmental fund revenues of the County for the calendar year preceding the delivery of such contract plus any available special county one percent sales and use tax proceeds collected; or
- (2) the outstanding principal balance on the aggregate of all such outstanding contracts exceeds \$25 million.

[Remainder of Page Intentionally Left Blank.]

As computed in the table below, based upon its 2014 Maintenance and Operation Digest and after issuance of the Series 2015 Bonds, the County could incur (upon necessary voter approval) approximately \$139 million of long-term obligations payable out of general property taxes (or general obligation bonds).

Computation of Legal Debt Margin

Net M&O Digest <sup>(1)</sup>	\$1,485,193,946
Debt Limit (10% of Assessed Value)	148,519,395
Amount of Debt Applicable to Debt Limit	<u>9,775,000</u>
Legal Debt Margin	<u>\$138,744,395</u>

<sup>(1)</sup> The legal debt margin should be based upon the net general obligation bond digest. This digest was not prepared because the County’s outstanding General Obligation Bonds have been paid with proceeds of the sales and use tax being collected within the County. If prepared, the net general obligation bond digest would likely have been higher than the maintenance and operations tax digest, resulting in a higher legal debt margin.

**AD VALOREM TAXATION**

**Introduction**

Ad valorem taxes are an important source of revenue to fund the operations of the County and the repayment of the Series 2015 Bonds. Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

**Property Subject to Taxation**

Ad valorem property taxes are levied, based upon assessed value, against real and personal property within the County. There are, however, certain classes of property which are exempt from taxation, including public property, religious property, charitable property, property of nonprofit hospitals, nonprofit homes for the aged, and nonprofit homes for the mentally handicapped, college and certain educational property, public library property, certain farm products, certain air and water pollution control property, and personal effects. In addition, the County allows certain exemptions from ad valorem taxation.

**Assessed Value**

Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires taxable tangible property to be assessed, with certain exceptions, at forty percent of its fair market value and to be taxed on a levy made by each respective tax jurisdiction according to forty percent of the property’s fair market value. Georgia law requires certain agricultural real property to be assessed for ad valorem property tax purposes at seventy-five percent of the value of which other real property is assessed, requires certain historical property to be valued at a lower fair market value for ad valorem property tax purposes and requires certain agricultural, timber, and environmentally sensitive real property and certain single-family real property located in transitional developing areas to be valued at their current uses.

The chief appraiser of the County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within the County to the County Board of Tax Assessors. The Tax Commissioner of the County is required to present the tax returns of the County to the County Board of Tax Assessors by April 1 of each year. The County Board of Tax Assessors is required to complete its revision and assessment of returns by June 1 of each year and to forward a copy of the completed digest to the State of Georgia Revenue Commissioner for examination and approval. The State of Georgia Revenue



Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may also be subject to review at various stages by the County Board of Equalization and by state courts.

The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State of Georgia Property Tax Unit assesses the value of the property of public utilities and divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these amounts to each county which bills these taxes to the utilities.

### **Tax Levy**

The County determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within its limits, will produce the necessary amount of property tax revenues. The Oconee County Board of Commissioners annually levies the ad valorem property taxes for the County. There is no limitation on the annual rate of levy for the support and maintenance of the County or the payment of principal and interest on the Series 2015 Bonds.

### **Tax Collection**

The County bills and collects its own property taxes. Most real and personal property taxes are levied in August through October of each year on the assessed value listed as of January 1. Public utility and personal intangible taxes are levied upon the receipt of the digest from the State of Georgia, which typically occurs in September. Except for motor vehicle taxes, taxes levied by the County are payable on November 15 or within sixty days from the billing date. Motor vehicle taxes are payable in the month of birth date of the vehicle owner. An interest penalty of twelve percent per annum applies to real and personal property taxes paid after sixty days from the billing date.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

Collection of delinquent real property taxes is enforceable by tax sale of such realty. Delinquent personal property taxes are similarly enforceable by seizure and sale of the taxpayer's personal property. There can be no assurance, however, that the value of the property sold, in the event of a tax sale, will be sufficient to produce the amount required to pay in full the delinquent taxes, including any interest or penalties thereon.

When the last day for the payment of taxes has arrived; the tax collector notifies the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after thirty days from giving the notice described in the preceding sentence, the Sheriff issues an execution for nonpayment of taxes. The Sheriff then publishes a notice of the sale in a local newspaper weekly for four weeks and gives the taxpayer ten days written notice by registered or certified mail. A public sale of the Property is then made by the Sheriff at the County Courthouse on the first Tuesday of the month after the required notices are given.

[Remainder of Page Intentionally Left Blank.]

## Tax Levy and Collection History

The following table reflects the tax levy and collection record of the County for the last five fiscal years.

Tax Year	Fiscal Year	Tax Levy <sup>(1)</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>(3)</sup>	Total Collections	
			Amount	Percentage of Levy <sup>(2)</sup>		Amount	Percentage of Levy
2014	2015	\$8,777,611	\$8,638,522	98.45%	\$107,276	\$8,745,798	99.64%
2013	2014	8,733,793	8,623,031	98.84	98,475	8,721,506	99.86
2012	2013	9,214,804	9,050,912	98.79	194,859	9,245,771	100.34
2011	2012	9,760,567	9,544,181	98.16	298,580	9,842,761	100.84
2010	2011	10,161,114	9,827,749	97.18	246,027	10,073,776	99.14

<sup>(1)</sup> Amounts shown represent the real and personal property (excluding motor vehicles and mobile homes) taxes levied in each fiscal year. The fiscal year levies relate to preceding calendar year tax digest and millage rates. For example, the 2014 digest and millage rates are used for the fiscal year 2015 levy.

<sup>(2)</sup> Collections within that fiscal year. Excludes collections from prior levies.

<sup>(3)</sup> Collections through January 31, 2015.

Source: Oconee County Tax Commissioner.

The County has successfully collected its taxes in recent years. The County posts all past due taxes by name in the local newspaper each Spring, which has been helpful in collecting some of the past due amounts. However, a portion of the past due taxes is not presently collectible because they are part of pending bankruptcy cases. The County will not write off delinquent taxes until the statute of limitations for their collection expires. The delinquent taxes written off are usually for personal property, which are more difficult to collect than taxes on real property.

[Remainder of Page Intentionally Left Blank.]

**Assessed Valuation**

Set forth below is information concerning the assessed value (i.e. 40% of the fair market value) of taxable property within the County for calendar years 2010 through 2014.

Calendar Year	Real & Personal Property	Public Utilities	Motor Vehicles	Mobile Homes	Gross Tax Digest	Bond Exemptions	General Obligation Bond Tax Digest <sup>(1)</sup>	Maintenance & Operations Exemptions	Maintenance & Operations Tax Digest <sup>(2)</sup>	Estimated Actual Value
2014	\$1,565,738,759	\$34,738,714	\$99,113,820	\$2,008,597	\$1,699,660,614	\$0	\$1,699,660,614	\$214,466,668	\$1,485,193,946	\$4,249,151,535
2013	1,496,730,475	35,352,300	111,212,880	1,909,026	1,643,334,825	0	1,643,334,825	231,385,536	1,411,949,289	4,108,337,063
2012	1,485,879,631	34,973,481	109,868,100	1,875,188	1,630,755,706	0	1,630,755,706	227,707,275	1,403,048,431	4,076,889,265
2011	1,594,494,205	34,383,055	103,867,810	1,918,027	1,732,745,070	0	1,732,745,070	265,048,808	1,467,696,262	4,331,862,675
2010	1,733,573,337	31,772,243	101,410,840	1,994,322	1,866,756,420	0	1,866,756,420	320,952,398	1,545,804,022	4,666,891,050

<sup>(1)</sup> Total assessed value, after deducting exemptions, for purposes of levying tax for the County’s general obligation bonds.

<sup>(2)</sup> Total assessed value, after deducting exemptions, for purposes of levying tax for the support and maintenance of the County.

Source: Georgia Department of Revenue, Tax Digest Consolidated Summary.

[Remainder of Page Intentionally Left Blank.]

## Conservation Use Property

Approximately 67% by acreage (approximately 13.5% of the total value) of the real property on the County's 2014 general tax digest was designated as Conservation Use property. Conservation Use property is real property that consists of timber land or agricultural land and is assessed at a value equal to the sum of (a) 65% of the capitalization of the net income generated from use of the property and (b) 35% of its current use value. The purpose of this tax treatment is designed to protect property owners of agricultural and timber lands from being pressured by property tax burdens to convert their land to residential or commercial use. Conservation Use property must remain undeveloped and employed for a qualifying use (i.e., agricultural or timber land) for at least ten years after its original designation. The value of conservation use property is not permitted to be increased or decreased by more than 3% from the current use valuation for the immediately preceding tax year or increased or decreased during the ten year covenant period by more than 34.39% from its current use valuation in the initial year of the 10-year period.

## Property Tax Millage Rates

The following table sets forth the various tax rates per \$1,000 of assessed valued levied by the State of Georgia, the County, the Oconee County Board of Education, and the cities within the County:

MILLAGE RATES BY CATEGORY:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
State of Georgia	0.250	0.250	0.200	0.150	0.100
Oconee County (unincorporated)	6.686	6.686	6.686	6.686	6.686
Oconee County (incorporated)	7.486	7.506	7.666	7.666	7.666
Oconee County School District	16.500	16.500	17.500	17.500	17.500
City of Bishop	2.170	2.170	2.110	2.175	2.056
City of Bogart	2.935	2.935	2.935	2.935	2.878
City of High Shoals	1.245	1.365	1.491	1.491	1.460
City of Watkinsville	2.937	2.937	2.937	2.937	2.914
TOTAL COMBINED MILLAGE RATES:					
Oconee County (unincorporated)	23.436	23.436	24.386	24.336	24.286
City of Bishop	27.406	27.426	28.476	28.491	27.322
City of Bogart	28.171	28.191	29.301	29.251	28.144
City of High Shoals	26.481	26.621	27.857	27.807	26.726
City of Watkinsville	28.173	28.193	29.303	29.253	28.180

Source: Georgia Department of Revenue.

[Remainder of Page Intentionally Left Blank.]

## Ten Largest Taxpayers

The following table contains the ten largest taxpayers of the County for the fiscal year ending June 30, 2014, based on their payment of the County real and personal property taxes. A determination of the largest taxpayers within the County can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessment in excess of those set forth in the table below. Furthermore, the taxpayers shown in the table below may own additional parcels within the County. No independent investigation has been made of, and consequently no representation can be made as to, the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the County.

<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Assessed Value<sup>(1)</sup></u>
1. Walton EMC	\$12,350,768	0.83%
2. Georgia Transmission	7,879,261	0.53
3. Scott H. Lee (Walmart)	6,537,731	0.44
4. Mike Power	5,114,754	0.34
5. The Market at Epps Bridge	4,940,021	0.33
6. Lowe's Home Center	4,353,370	0.29
7. Fairway-Epps, LLC (Kroger)	4,335,415	0.29
8. Epps Bridge Centre, LLC	4,266,198	0.29
9. Southeastern PVC Pipe Mfg.	4,085,350	0.28
10 Eugene W. Higgonbotham	<u>2,129,846</u>	<u>0.14</u>
TOTAL	<u>\$55,992,714</u>	<u>3.77%</u>

<sup>(1)</sup> Based upon Oconee County's 2014 M&O digest with a total assessed value of property of \$1,485,193,946.  
Source: Oconee County Tax Commissioner.

[Remainder of Page Intentionally Left Blank.]

### Local Option Sales and Use Tax

During 1979, the Georgia General Assembly adopted an amendment to the Georgia Retailers and Consumers Sales and Use Tax Act (Ga. L. 1979, p. 446). This amendment (the "Act") contains provisions which enabled the County to levy a 1% sales and use tax on sales within the County. The voters of the County approved the general purpose local options sales tax on December 7, 1982. The tax will expire only if discontinued by a referendum of the qualified voters of the County. The tax is administered and collected by the Georgia State Revenue Commissioner. One percent of the tax collected is retained by the State, and all moneys collected from each taxpayer are first applied to the taxpayer's liability, if any, for taxes owed to the State before net proceeds of the tax are disbursed by the State Revenue Commissioner.

The law requires a county and the qualified municipalities therein to agree among themselves as to the division of the net sales and use tax proceeds. The County and the municipalities therein have agreed to a division of the net proceeds of the tax under which the County receives 88.45% of the net revenues generated by collections of the tax in the County and the municipalities receive 11.55%.

The Act requires a dollar for dollar rollback to offset budgeted ad valorem property taxes in future years. Historical collections of the County's percentage of the Local Option Sales Tax for the previous five calendar years are as follows:

<u>Calendar Year</u>	<u>Collections</u>
2014	\$5,479,021
2013	4,959,526
2012	4,935,392
2011	4,743,434
2010	4,349,952

Source: Georgia Department of Revenue.

[Remainder of Page Intentionally Left Blank.]

## LEGAL MATTERS

### **Pending Litigation**

The County, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The County, after reviewing the current status of all pending and threatened litigation with its counsel, Daniel C. Haygood, Esq., Watkinsville, Georgia, believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity are adequately covered by insurance or will not have a material adverse effect upon the financial position or results of operations of the County.

There is no litigation now pending or, to the knowledge of the Issuer or the County, threatened against the Issuer or the County which restrains or enjoins the issuance or delivery of the Series 2015 Bonds, the provision of the security for the payment of the Series 2015 Bonds, or the use of the proceeds of the Series 2015 Bonds or which questions or contests the validity of the Series 2015 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization, nor existence of the Issuer or the County, nor the title of the present members or other officials of the Issuer or the County to their respective offices, is being contested or questioned. No litigation and no proceedings are pending against the County or the Issuer, or their respective officials, or to their knowledge are threatened against them, which would affect the sale of the Series 2015 Bonds, the security therefor, or the ability of the County to enter into and perform its obligations under the Contract.

### **Validation Proceedings and Approving Opinions**

The Issuer will cause proceedings to be instituted in the Superior Court of Walton County to validate the Series 2015 Bonds. The State of Georgia will be the plaintiff in the proceeding, and the Issuer and the County will be the defendants. Under Georgia law, the judgment of validation is final and conclusive with respect to the validity of the Series 2015 Bonds against the Issuer and the County.

Legal matters incidental to authorization and issuance of the Series 2015 Bonds by the Issuer are subject to the approval of Gray Pannell & Woodward LLP, Atlanta, Georgia, Bond Counsel. It is anticipated that the approving opinion of Bond Counsel will be in substantially the form attached hereto as Appendix D. Certain legal matters will be passed upon for the Issuer by its counsel, Atkinson Ferguson, LLC, Monroe, Georgia and by its disclosure counsel, Gray Pannell & Woodward LLP, Atlanta, Georgia, and for the County by its counsel, Daniel C. Haygood, Esq., Watkinsville, Georgia

### **Closing Certificates**

The County will deliver to the Underwriter a certificate that no litigation is pending or threatened against it which would have a material effect on (i) the issuance or validity of the Series 2015 Bonds, (ii) the levy and collection of an ad valorem tax to permit the County to make payments under the Contract in amounts sufficient to pay the Series 2015 Bonds or (iii) the financial condition of the County. In addition, the County will represent to the Underwriter in the Bond Purchase Agreement that the information contained in this Official Statement does not contain any misrepresentation of a material fact and does not omit or state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

### **Opinion of Bond Counsel**

*Generally.* The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the Series 2015 Bonds for interest thereon to be and remain excluded from gross income for purposes of federal income taxation. Noncompliance with such requirements could cause the interest on the Series 2015 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2015 Bonds are to be invested and require that certain investment earnings on the foregoing be rebated on a periodic basis to the Treasury Department of the United States. The Issuer and the County have covenanted to comply with the requirements of the

Code in order to maintain the exclusion of interest on the Series 2015 Bonds from gross income for federal income tax purposes.

Legal matters incident to the authorization, validity, and issuance of the Series 2015 Bonds are subject to the approving opinion of Gray Pannell & Woodward LLP, Bond Counsel. The opinion of Bond Counsel is attached to this Official Statement as Appendix D. Copies of the opinion will be available at the time of the initial delivery of the Series 2015 Bonds.

*Federal Tax Matters.* In the opinion of Gray Pannell & Woodward LLP, Bond Counsel, under existing statutes, rulings and court decisions and under applicable Regulations, interest on the Series 2015 Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. **In addition, in the opinion of Bond Counsel, based upon representations of the Issuer and the County, the Series 2015 Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.** Except as provided, no opinion will be expressed with respect to any other federal tax consequences of the receipt or accrual of interest on the Series 2015 Bonds.

Ownership of the Series 2015 Bonds may result in other collateral federal income tax consequences to certain taxpayers, including without limitation, corporations subject to the environmental tax, banks, thrift institutions and other financial institutions, foreign corporations which conduct a trade or business in the United States, property and casualty insurance corporations, S corporations, individual recipients of social security or railroad retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2015 Bonds. Purchasers of the Series 2015 Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

In rendering our opinion that the interest on the Series 2015 Bonds is not includable in gross income for federal income tax purposes, Bond Counsel will (i) rely as to certain factual matters and representations of the Issuer and the County with respect to, among other things, the use of the proceeds of the Series 2015 Bonds without undertaking to verify the same by independent investigation and (ii) assume the continued compliance by the Issuer and the County with its covenants relating to the use of the proceeds of the Series 2015 Bonds and compliance with other requirements of the Code. The inaccuracy of any such representations or noncompliance with such covenants may cause interest on the Series 2015 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2015 Bonds.

*State Tax Matters.* In the opinion of Bond Counsel, under existing statutes, interest on the Series 2015 Bonds is exempt from all present state income taxation within the State of Georgia. Interest on the Series 2015 Bonds may or may not be subject to state or local income taxation in jurisdictions other than Georgia under applicable state or local laws. Purchasers of the Series 2015 Bonds should consult their tax advisors as to the taxable status of the Series 2015 Bonds in a particular state or local jurisdiction other than Georgia.

*Circular 230.* Prospective investors are urged to consult their own tax advisors before determining whether to purchase Series 2015 Bonds. The tax discussion herein under “LEGAL MATTERS – Opinion of Bond Counsel” is not intended or written to be used, and cannot be used, for purposes of avoiding taxpayer penalties. This discussion was written to support the promotion or marketing of the Series 2015 Bonds.

*Other Tax Consequences to Investors.* There may be other federal, state, local, or foreign tax considerations applicable to the circumstances of a particular investor. Prospective investors are urged to consult their own tax advisors before determining whether to purchase Series 2015 Bonds. Purchasers of Series 2015 Bonds who are nonresident alien individuals, corporations that are not incorporated in the United States or under the laws of the United States or of any state of the United States, or other non-United States persons should consult their own tax advisors with respect to the possible applicability of United States withholding and other taxes on income realized in respect to the Series 2015 Bonds.



## **Changes in Federal Tax Law**

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series 2015 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to the Series 2015 Bonds issued prior to enactment. In addition, regulatory actions from time to time are announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2015 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2015 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2015 Bonds should consult their own tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing law, legislation, and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2015 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives, or litigation.

### **Tax Reform Act of 2012 (Georgia)**

On April 19, 2012, the Governor of Georgia signed into law House Bill 386, an omnibus tax reform bill. It is uncertain at this time what the fiscal impact will be to local governments as the Act is implemented. The new law provides several changes to existing tax laws that will affect local governments including:

(1) *Birthday Tax* - replaces sales tax and local ad valorem tax on vehicles with a new 7% title fee that is paid on the value of the vehicle whenever the vehicle is initially purchased or changes ownership;

(2) *Energy Exemption in Manufacturing* - removes the state and local sales tax on energy used in manufacturing by phasing in an exemption over a four year period (25% per year until fully implemented in 2016); however, the legislation allows for local governments to pass a local ordinance to collect an excise tax on the energy used in manufacturing to make up for the sales tax revenues lost through the exemption;

(3) *E-Fairness* - expands the number of out-of-state companies required to collect local and state sales tax on internet transactions that have previously been exempt from taxation because the business did not have a physical presence in the State;

(4) *Conservation Property Exemption* - includes comprehensive revision of the income tax credit for the qualified donation of conservation real property and prohibits counties, cities and consolidated governments from holding a conservation easement unless the encumbered property is located at least partly within the boundary of the local government; and

(5) *Changes to Existing Exemptions* – revises the existing sales and use tax exemption for film and equipment production and restores the back-to-school sales tax holiday and the energy-efficient appliances sales tax holiday.

### **Transportation Funding Act.**

On May 4, 2015, the Governor of Georgia signed into law House Bill 170 (the “Transportation Funding Act”), which becomes effective July 1, 2015. The new law eliminates the current State sales tax on gasoline and diesel and imposes a new per-gallon excise tax on motor fuel (the “Excise Tax”). The Excise Tax is subject to annual adjustments to account for inflation and the increasing fuel efficiency of new vehicles (which will be tied to increases in the Corporate Average Fuel Economy standard and the National Highway and Construction Cost index) and will initially be imposed at the rate of 26 cents per gallon for gasoline and 29 cents per gallon for diesel. Proceeds of the Excise Tax would be required to be spent on transportation related projects. The Transportation Funding Act generally allows local governments to continue to collect local sales and use tax (“LOST”), special purpose local option sales tax (“SPLOST”), sales tax for educational purposes (“ESPLOST”), homestead option sales tax (“HOST”), and municipal optional sales tax (“MOST”), if any, at the current 1% rate on the sale of motor fuel. However, if the retail price of motor fuel rises above \$3.00 per gallon, any increase above \$3.00 will not be subject to such 1% rate of tax. At this time, it is uncertain if the Transportation Funding Act will have an adverse impact on tax revenues of the Issuer.

## MISCELLANEOUS

### **Rating**

Moody's Investors Services, Inc. ("Moody's") has assigned the rating of "Aa2", to the Series 2015 Bonds. The rating reflects only the views of the rating agency, and an explanation of the significance of such rating may be obtained from the rating agency furnishing such rating. There is no assurance that such rating will remain unchanged for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the liquidity and market price of the Series 2015 Bonds. Neither the Underwriter, the Issuer nor the County has undertaken any responsibility either to bring to the attention of the owners of the Series 2015 Bonds any proposed suspension or withdrawal of such rating or to oppose any such revision, suspension or withdrawal.

Additionally, due to the ongoing uncertainty regarding the debt of the United States of America, including without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Series 2015 Bonds, could be subject to a rating downgrade. Furthermore, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, such as the Series 2015 Bonds.

### **Underwriting**

Stifel Nicolaus & Company, Incorporated, or its successor in interest (the "Underwriter"), has agreed to purchase the Series 2015 Bonds pursuant to a Bond Purchase Agreement entered into among, the Issuer, the County and the Underwriter. The Underwriter has agreed to purchase the Series 2015 Bonds at a purchase price of \$9,130,902.80 (par plus net premium of \$769,090.30 less underwriting discount of \$63,187.50). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2015 Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Bond Purchase Agreement. The Underwriter intends to offer the Series 2015 Bonds to the public initially at the offering prices shown on the inside front cover page hereof, which prices may subsequently change without any requirement of prior notice. The Underwriter may offer and sell the Series 2015 Bonds to certain dealers at prices lower than the public offering.

### **Independent Professionals**

Legal matters incident to the authorization, issuance and sale of the Series 2015 Bonds are subject to the approval of Gray Pannell & Woodward LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed on for the Issuer by its counsel, Atkinson Ferguson, LLC, Monroe, Georgia and by its disclosure counsel, Gray Pannell & Woodward LLP, Atlanta, Georgia, for the County by its counsel, Daniel C. Haygood, Esq., Watkinsville, Georgia.

The financial statements of the County as of June 30, 2014 and for the year then ended have been audited by Treadwell, Tamplin & Co, Madison, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon, which appears in Appendix A. Such financial statements have been included herein in reliance upon the report of said firm.

### **Additional Information**

Use of the words "shall" or "will" in this Official Statement in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2015 Bonds.

### **Verification of Mathematical Computations**

The arithmetical accuracy of certain computations included in the schedules provided by Stifel Nicolaus & Company, Incorporated on behalf of the Issuer and County relating to (a) computation of forecasted receipts of principal and interest on the restricted Escrow Obligations and the forecasted payments of principal and interest to redeem the Refunded Bonds, and (b) computation of the yields on the Refunded Bonds and the Escrow Obligations were examined by Causey Demgen & Moore, Denver, Colorado. Such computations were based solely upon assumptions and information supplied by Stifel Nicolaus & Company, Incorporated on behalf of the Issuer and the County. Causey Demgen & Moore, Denver, Colorado, has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

[Remainder of Page Intentionally Left Blank.]

**AUTHORIZATION OF AND CERTIFICATION  
CONCERNING OFFERING STATEMENT**

The execution and delivery of this Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the Issuer and the County. The contents of this Official Statement are the responsibility of the County, except that the Issuer is responsible for the statements contained under the caption "THE ISSUER" and the information with respect to the Issuer appearing under the caption "LEGAL MATTERS – Pending Litigation" herein, and, with the exception of the foregoing information for which the Issuer is responsible, the Issuer makes no representation as to the accuracy or completeness of any information contained herein.

WALTON COUNTY WATER AND SEWERAGE  
AUTHORITY

By:  /s/ Brad Johnson  
Chairman

OCONEE COUNTY, GEORGIA

By:  /s/ Melvin Davis  
Chairman

**APPENDIX A**

ANNUAL FINANCIAL STATEMENT OF THE COUNTY

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

**Oconee County, Georgia**  
**Financial Statements**  
**For the Fiscal Year Ended**  
**June 30, 2014**

**Oconee County, Georgia**  
**Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**  
**TABLE OF CONTENTS**

	<b>Exhibit</b>	<b>Page</b>
<b>Financial Section:</b>		
Independent Auditor's Report		
Management's Discussion and Analysis		I-X
<b>Basic Financial Statements:</b>		
Statement of Net Position	1	1
Statement of Activities	2	2
Balance Sheet - Governmental Funds	3	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	3.1	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	4	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Net Activities	4.1	6-7
Statement of Net Position - Proprietary Funds	5	8
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	6	9
Statement of Cash Flows - Proprietary Funds	7	10
Statement of Fiduciary Assets and Liabilities	8	11
Notes to the Financial Statements		12-40
	<b>Schedule</b>	<b>Page</b>
<b>Required Supplementary Information:</b>		
Retirement Plan - Schedule of Funding Progress	1	41
Other Postemployment Benefits - Schedule of Funding Progress	2	42
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (by Department) and Actual - General Fund	3	43
Reconciliation of Budget Expenditures by Department to GAAP Basis Budget - General Fund	3.1	44
Notes to Required Supplementary Information		45



**Oconee County, Georgia**  
**Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**  
**TABLE OF CONTENTS**

	<b>Schedule</b>	<b>Page</b>
<b>Supplementary Information:</b>		
<b>Governmental Funds:</b>		
Nonmajor Governmental Funds:		
All Nonmajor Governmental Funds - Combining Balance Sheet	4	46
Nonmajor Governmental Funds - Special Revenue Funds - Combining Balance Sheet	5	47
Nonmajor Governmental Funds - Capital Projects Funds Combining Balance Sheet	6	48
All Nonmajor Governmental Funds - Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	7	49
Nonmajor Governmental Funds - Special Revenue Funds - Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	8	50
Nonmajor Governmental Funds - Capital Projects Funds - Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	9	51
<b>Nonmajor Proprietary Funds:</b>		
Nonmajor Proprietary Funds - Combining Schedule of Net Position	10	52
Nonmajor Proprietary Funds - Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	11	53
Nonmajor Proprietary Funds - Combining Schedule of Cash Flows	12	54-55
<b>Fiduciary Funds:</b>		
Combining Schedule of Fiduciary Assets and Liabilities	13	56
Combining Schedule of Changes in Fiduciary Net Position	14	57-58
<b>Other Supplementary Information:</b>		
<b>Bond Disclosures:</b>		
Water and Sewer Customers	15	59
Ten Largest Water and Sewer Customers	16	60
Five Year Operating History	17	61
Historical Debt Service Coverage Ratios	18	62

**Oconee County, Georgia**  
**Financial Statements**  
**For the Fiscal Year Ended June 30, 2014**  
**TABLE OF CONTENTS**

	<u>Schedule</u>	<u>Page</u>
<b>Compliance Section:</b>		
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 <i>Government Auditing Standards</i>		63-64
Schedule of Special Purpose Local Option Sales Tax	19	65
Schedule of State Contractual Assistance	20	66
Certification of 9-1-1 Expenditures		67-69

## **Financial Section**

# Treadwell, Tamplin & Co.

Certified Public Accountants  
A Limited Liability Partnership

157 West Jefferson Street  
Madison, Georgia 30650

Ph: 706-342-1040  
Fax: 706-342-1041

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Commissioners of  
Oconee County, Georgia

### Report on the Financial Statements

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, Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County'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 Oconee County Health Department, which represents 100% of the assets, net position and revenues of the component unit column. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included in the Oconee County Health Department, is based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for Oconee County, Georgia as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Retirement Plan – Schedule of Funding Progress, the Other Postemployment Benefits - Schedule of Funding Progress, and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and information on pages I through X, and pages 41-44 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*

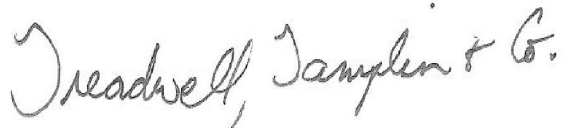
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oconee County, Georgia's financial statements as a whole. The combining and individual fund schedules, the Schedule of Projects Constructed with Special Sales Tax Proceeds, the Schedule of State Contractual Assistance, and the Certification of 9-1-1 Expenditures, and bond disclosures, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining and individual nonmajor fund statements, the Schedule of Projects Constructed with Special Sales Tax Proceeds, and the Schedule of State Contractual Assistance, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The bond disclosures and the Certification of 9-1-1 Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 a report dated December 31, 2014 on our consideration of Oconee County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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, Georgia's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Dreadwell, Jamplin & Co.".

*Madison, Georgia*  
December 31, 2014

**MANAGEMENT DISCUSSION AND ANALYSIS**

**OCONEE COUNTY, GEORGIA  
YEAR ENDED JUNE 30, 2014**

**OCONEE COUNTY, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2014**

Management's discussion and analysis provides an objective and easily readable analysis of the government's financial activities. The analysis provides summary financial information for Oconee County and should be read in conjunction with the Government's financial statements.

**Overview of the Financial Statements**

The Government's discussion and analysis is intended to serve as an introduction to Oconee County Government's financial statements which include government-wide and fund statements as well as notes to the financial statements. This report also contains other supplementary financial information in addition to the basic financial statements that may be of interest to the reader.

The Government's basic financial statements are comprised of three components:

1. Government-wide financial statements present an overall picture of the Government's financial position and results of operations.
2. Fund financial statements present financial information for the Government's major funds.
3. Notes to the financial statements provide additional information concerning the Government's finances that are not disclosed in the Government-wide or Fund financial statements.

**Government-Wide Financial Statements**

Government-wide financial statements are designed to provide you with a broad overview of the financial position of Oconee County and are similar to private-sector financial statements. They include a statement of net position and a statement of activities. Emphasis is placed on the net position of governmental activities and business-type activities and the change in net position. Governmental activities are primarily supported by sales taxes, property taxes, federal and state grants, and charges for services and fines. Business-type activities are supported by charges to the users of those activities.

The Statement of Net Position shows the County's assets plus deferred outflows less its liabilities plus deferred inflows at June 30, 2014. The difference between these assets and liabilities is reported as net position. Assets, deferred outflows, liabilities, deferred inflows and net position are reported for all governmental activities separate from the business-type activities. Changes in net position over time may be helpful in identifying an improving or deteriorating financial position.



The Statement of Activities follows the Statement of Net Position and presents information showing how the net position changed during the fiscal year. The statement presents all underlying events, which give rise to the change, regardless of the timing of the related cash flows. Some included items, such as accounts payable or earned but unused vacation leave, will produce changes in cash in a future fiscal period.

Both statements attempt to distinguish functions of Oconee County that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities reported in the statements include general government, law enforcement, parks and recreation, jail operations, zoning and enforcement, judicial, public works and human resources. Business-type activities financed by user charges include water and sewer, sanitation collection sites and community development.

### **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Like other state and local governments, Oconee County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Oconee County government can be divided into three categories: governmental, proprietary and fiduciary funds.

Governmental Funds essentially account for the same functions as those reported under the government-wide Statement of Net Position and Statement of Activities. However, this set of financial statements focuses on events that produce near-term inflows and outflows of spendable resources as well as on the balances of spendable resources available at the end of the fiscal year and is a narrower focus than the government-wide financial statements. Such information may be useful in evaluating Oconee County's near-term financing requirements and available resources.

By comparing functions between the two sets of statements for government funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison. The county reports two major governmental funds – General Fund, SPLOST Capital Projects Funds 2009. (pg 3)

Proprietary Funds report, in greater detail, the same information presented as business-type activities in the government-wide financial statements for one major fund: water and sewer. (pg 8)

Fiduciary Funds are funds held in a custodial nature, but outside the general county government. Although these funds are presented in the fund set of statements, they do not appear in the government-wide financial statements because the resources of fiduciary funds are not available to support Oconee County Government's general programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The county reports six fiduciary funds – Tax Commissioner, Sheriff, Superior Court, Probate Court, Magistrate Court and Juvenile Court.

### **Notes to the Financial Statement**

The Notes provide additional detail concerning the financial activities and financial balances of the Government. Additional information about the accounting practices of the Government; investments of the Government, long-term debt and the pension plan are some of the items included in the Notes.

#### **Governmental Activities**

The increase for governmental activity net position amounted to \$2,150,796. (Exb 2) This increase is a combination of factors, including the addition of capital assets, Oconee County continues to practice conservative fiscal policies during challenging financial times.

#### **Business-Type Activities**

Increases in net position for business-type activities amounted to a total of \$5,630,470 (Exb 2) as a result of operating revenues, capital contributions and transfers in from SPLOST. SPLOST Capital Projects Fund transferred \$510,967 (Exb 6) to the Water and Sewer Fund for the purposes of capital expenses. As part of the Intergovernmental Agreement between the County and the Upper Oconee Basin Water Authority (UOBWA), reconciliation is performed at the Authority's year-end (December 31) to determine the actual cost sharing by each member county. In October 2007, the county entered into as part of an Intergovernmental Contract with Walton County and the Walton County Water and Sewerage Authority (WCWSA) for a Reservoir Project. The contract indicated that WCWSA would issue Revenue bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008 totaling \$19,535,000 (Note 7), for the purpose of financing or refinancing all or a portion of the cost of acquiring, constructing, installing and equipping a reservoir and related treatment and transmission facilities, paying capitalized interest on the Series 2008 Bonds, funding a debt service reserve and paying the costs of issuing the Series 2008 Bonds. The county intends to make the contract payments with revenues derived from its water and sewerage system. The County entered into a note payable with Georgia Environmental Finance Authority (GEFA) during FY12. The County is obligated to pay 28.8% of the amounts payable under that note pursuant to the intergovernmental agreement that established the Hard Labor Creek Reservoir Project (HLC). The note allows for up to \$20,000,000 of borrowing, of which the County's share would be \$5,760,000. At year-end, the total borrowed to date was \$10,194,076 of which the County is responsible for paying \$2,935,894. (Note 7)

## Financial Analysis of Oconee County's Funds

As noted earlier, Oconee County employs fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

Governmental funds provide information on near-term inflows, outflows and balances of spendable resources. In assessing Oconee County's financial requirements, unassigned fund balance is a particular useful measure of net resources available for spending at the end of the fiscal year. The governmental fund types include the General Fund, SPLOST Capital Projects Fund, Special Revenue Funds, Capital Projects Local Resources Fund, and Industrial Development Authority Projects Fund.

As of June 30, 2014, Oconee County governmental funds reported combined fund balances of \$18,248,068, (Exb 4) an increase of \$396,346 (Exb 4) resulting in a small change over prior year. The County continues to utilize SPLOST funds to retire debt and fund the development of capital projects such as road, water and sewer improvements.

General Fund is the chief operating fund of the county. At June 30, 2014, total fund balance in the general fund was \$9,156,802. (Exb 4) There was an increase of \$261,372 (Exb 4) in the general fund balance. The Board of Commissioners took conservative measures and worked closely with Elected Officials and Department Directors keeping expenditures to the minimum.

SPLOST Capital Projects Fund reflects funds collected with the 1% sales tax and expended for capital items that are in agreement with the referendum approved by the voters. Because projects often cross several years and involve design, land acquisition and construction phases, expenditures may vary widely from year to year. Costs expended yearly in capital projects funds are added to the County's construction-in-progress until the project is complete, and then depreciated over its useful life. Water and Sewer projects funded by SPLOST are treated as transfers out to the Water and Sewer Fund and accounted for as Capital Improvement Projects in the Water and Sewer Fund.

IDA Grant Fund In FY12, the Industrial Development Authority was awarded a State Edge Grant for \$18 million by the OneGeorgia Authority for the purpose of site preparation and initial construction costs associated with the Caterpillar plant. Caterpillar constructed a facility, approximately 850,000 square foot, which straddles Oconee/Athens-Clarke County lines. This facility produces small-track tractors and mini excavators. As a joint venture, the counties provided infrastructure improvements to support the site, while Caterpillar provided site improvements and constructed the facility. Caterpillar will have committed to the creation of a minimum of 1,400 jobs and an investment of at least \$160 million into the facility and equipment by 2020. The Industrial Development Authority issued \$10,380,000 Series 2012 Revenue Bonds during March 2012 as incentive for the Caterpillar development. These bonds are repayable

solely through the proceeds of an intergovernmental contract between the Authority and Oconee County and listed as Contract Payable-OCIDA in the Financial Statements. In FY14, the Authority used \$202,137 (Sch 8) in operating funds and \$379,007 (Sch 9) in Revenue bond proceeds.

Special Revenue Fund - By ordinance the Oconee County Board of Commissioners authorized an excise tax on rooms, lodgings and accommodations to contribute to the promotion of tourism, conventions and trade shows. The operation of a hotel and the collection of an excise tax was initiated in 2010. The annual revenue for the period ending June 30, 2014 totaled \$131,232. (Note 15)

### **Proprietary Funds**

Proprietary Fund statements provide the same information as in the business activities column of the government-wide statements, but in greater detail, and on a fund basis for enterprise funds.

Enterprise Funds – At June 30, 2014, total net position amounted to \$65,348,340 (Exb 6), a net increase of \$5,630,470. (Exb 6) Net position changes are a result of capital contributions, operations, non-operating revenues, depreciation, expenses, donated assets and grants. The two funds in this category, Water & Sewer Fund and Other Enterprise Funds (Solid Waste Fund and Special Facilities Fund) receive additional revenue from such areas as user fees, licenses, permits, rent and donated infrastructure.

### **Program Revenue, General Revenue and Total Revenue**

Total Program revenues for primary government increased from the previous fiscal year. The county received operating and capital grants which were a driving force in the increase. The general state of the economy also improved, as did Sales Tax revenues. House Bill 386 was passed by the 2012 Georgia General Assembly and provided a new method of taxation for motor vehicles, commonly referred to as Title Ad Valorem Tax or TAVT. This bill became effective March 1, 2013. Vehicles purchased after March 1, 2013 are exempt from Sales Tax and the ad valorem tax (aka “birthday tax”). These taxes are replaced by a one-time tax that is imposed on the fair market value of the vehicle called the TAVT. This fee was calculated by multiplying the fair market value by 6.75% in 2014.

## Financial Highlights

In March 2012, Oconee County was selected as the site for the Caterpillar facility. Construction began in May of 2012. The Caterpillar plant opened March 2013. The facility is comprised of 850,000 square feet. The facility will produce mini hydraulic excavators and small track type tractors. As of June 2014, the company employed 675 employees. When fully operational, the company will employ approximately 1,400 people. The Oconee County Industrial Development Authority issued revenue bonds in the amount of \$10,380,000 for site and infrastructure development. The County is responsible for debt service bond payments. Beginning in FY13, the Industrial Development Authority was presented within the County's Financial Statements as a blended component unit. The economy in Oconee County is returning to normal levels faster than neighboring counties in the region. Primary factors were low unemployment, new revenue sources through small business activity and an increase in new housing starts. Sales Tax revenue and economic activity has increased over the period slightly faster than projected. All of these factors enabled Oconee County to maintain the budget at current levels and even lower it in some cases. The millage rate was maintained while the property digest was increased slightly. The Transportation Improvement & Maintenance Program & Water and Sewer Improvement plans are funded through SPLOST funds and remain within budget for infrastructure improvements. SPLOST now funds debt repayment for the Jail Complex and Veteran's Park G.O bond repayment, as approved by a 2009 referendum. Oconee County's total assets exceeded total liabilities at June 30, 2014, by \$153,157,733. (Exb 1) Of this amount, \$9,597,340 (Exb 1) may be used to meet the county's ongoing obligations to citizens and creditors.

As a whole, the financial position of the Oconee County government improved as compared to recent years. At June 30, 2014, Oconee County's Governmental Fund Statement Report combined ending fund balances of \$18,248,068 (Exb 3) an increase of \$396,346. (Exb 4) Of this amount, \$7,949,648 (Exb 3) is restricted for Capital projects which commit the following funds: SPLOST 2004 - \$3,735,689 (Sch 6) SPLOST 2009 - \$3,049,206 (Exb 3) , Hotel Sales Tax - \$85,973 (Sch 5), Industrial Development Authority Projects - \$1,078,780 (Sch 6). General Fund has committed \$3,352,622 (Exb 3) to advance fund GDOT project SR53/Mars Hill Road. Reimbursement from the State of Georgia will encompass (3) drawdowns. The first drawdown was completed in FY12 and the second was completed in FY13. The third payment is expected to be finalized in FY15. Total reimbursement to date: \$5,017,185.

The General Fund reported an adequate unassigned fund balance of \$4,828,279. (Exb 3) During Fiscal Year 2014, the government in accordance with GASB statement number 45, accounting and financial reporting by employees for post-employment benefits other than pensions continued to remain in effect. The County implemented GASB 54 Fund Balance reporting and governmental fund type definitions in 2012. In 2013, the County implemented GASB 61. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. The amendments to the criteria for blending improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so

intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic. Oconee County and the Oconee County Industrial Development Authority were reported in FY13 as a blended component unit in accordance with GASB 61. The County also implemented GASB 63. This Statement provides guidance for deferred outflows and deferred inflows of resources and defines those elements which are distinct from assets and liabilities as a consumption or acquisition of net position that is applicable to future reporting periods and renames net assets to net position. The County further implemented GASB 65 in Fiscal year 2013.

### **Government – Wide Financial Analysis**

Table 1 & Table 2 depict comparative data for Oconee County, Georgia for the fiscal year ended June 30, 2013 and the fiscal year ended June 30, 2014. The comparative data highlights Government-wide net position (Table 1) and changes in net position (Table 2). Fiscal year ended 2014 shows an increase net position of \$7.78 million (Exb 2) over the previous fiscal year.

### **Budget Variations**

The original General Fund budget for the fiscal year end June 30, 2014, reflected anticipated revenues of \$20,750,015 and expenditures of \$19,383,138. The final budget for the fiscal year showed revenues of \$25,363,005 and expenditures of \$23,905,448, while the actual results for fiscal year ending June 30, 2014, indicated revenues of \$25,434,906 and expenditures of \$23,386,112. (Sch 3) The local economy improved in Oconee County. Primary factors were low unemployment, new revenue sources through small business activity and increased commercial site construction. Sales Tax revenue has increased over the period and economic activity has improved. The Epps Bridge Centre in Oconee County continues to grow with the additions of Best Buy and several restaurants which will generate sales tax and in turn boost the County's economy. Additionally, House Bill 386 was passed by the 2012 Georgia General Assembly and provided a new method of taxation for motor vehicles, commonly referred to as Title Ad Valorem Tax or TAVT. This bill became effective March 1, 2013. Vehicles purchased after March 1, 2013 are exempt from Sales Tax and the ad valorem tax (aka "birthday tax"). These taxes are replaced by a one-time tax that is imposed on the fair market value of the vehicle called the TAVT. This fee is calculated by multiplying the fair market value by 6.75% in 2014.

For a detailed overview of Oconee County's Capital Assets, the reader is referred to Notes to the Financial Statements, Note 3. For Long-term Debt Obligations, the reader is referred to Note 7. Additionally, Oconee County is utilizing Water and Sewer Revenue Bonds to supplement SPLOST funding as a means to assist in providing for future infrastructure, water sources and sewer needs.

## **Component Units**

Separately issued financial statements for the Oconee County Health Department, a discretely presented component unit of the County, provide more detailed information about the financial position and results of the Health Department. These statements can be obtained by contacting the Health Department at:

Oconee County Health Department  
160 Experiment Station Road  
Post Office Box 222  
Watkinsville, Georgia 30677

Separately issued financial statements for the Oconee County Industrial Development Authority, a blended component unit of the County, provide more detailed information about the financial position and the results of the Industrial Development Authority. These statements can be obtained by contacting the Industrial Development Authority at:

Oconee County Industrial Development Authority  
Post Office Box 145  
Watkinsville, Georgia 30677

**Oconee County, Georgia**  
**For the Year Ended June 30, 2014**

**Table 1**  
**Net Position**  
**(in Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
<b>Assets</b>						
Current & Other Assets	20.75	21.34	22.67	24.42	43.42	45.76
Capital Assets, Net	91.23	91.55	78.83	83.87	170.06	175.42
<b>Total Assets</b>	<b>111.98</b>	<b>112.89</b>	<b>101.50</b>	<b>108.29</b>	<b>213.48</b>	<b>221.18</b>
<b>Deferred Outflows of Resources</b>						
Deferred Amount on Debt Refunding	0.78	0.74	0.47	0.39	1.25	1.13
<b>Total Assets and Deferred Outflows</b>	<b>112.76</b>	<b>113.63</b>	<b>101.97</b>	<b>108.68</b>	<b>214.73</b>	<b>222.31</b>
<b>Liabilities</b>						
Current & Other Liabilities	1.96	2.46	1.30	2.20	3.26	4.66
Long-Term Liabilities						
Due Within One Year	1.78	1.61	1.14	1.68	2.92	3.29
Due in More Than One Year	23.35	21.74	39.82	39.45	63.17	61.19
<b>Total Liabilities</b>	<b>27.09</b>	<b>25.81</b>	<b>42.26</b>	<b>43.33</b>	<b>69.35</b>	<b>69.14</b>
<b>Net Position</b>						
Net Investment in Capital Assets	77.13	79.93	49.26	52.38	126.39	132.31
Restricted						
Capital Projects	8.13	7.95	0.00	0.00	8.13	7.95
Judicial	0.09	0.09	0.00	0.00	0.09	0.09
Public Safety	0.14	0.16	0.00	0.00	0.14	0.16
Debt Service	0.00	0.00	2.19	2.84	2.19	2.84
Other Purposes	0.20	0.21	0.00	0.00	0.20	0.21
Unrestricted	(0.03)	(0.53)	8.26	10.13	8.23	9.60
<b>Total Net Position</b>	<b>85.66</b>	<b>87.81</b>	<b>59.71</b>	<b>65.35</b>	<b>145.37</b>	<b>153.16</b>



**Oconee County, Georgia**  
**For the Year Ended June 30, 2014**

**Table 2**  
**Changes in Net Position**  
**(in Millions)**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	2013	2014	2013	2014	2013	2014
<b>Revenue</b>						
<b>Program Revenues:</b>						
Charges for Services	4.56	4.65	8.15	9.43	12.71	14.08
Operating Grants & Contributions	0.61	0.66	0.01	0.01	0.62	0.67
Capital Grants & Contributions	17.83	3.76	0.35	2.22	18.18	5.98
<b>General Revenues:</b>						
Property Taxes	10.07	10.95			10.07	10.95
Sales Taxes	10.93	11.69			10.93	11.69
Intangible Taxes	0.51	0.42			0.51	0.42
Business Taxes	1.36	1.41			1.36	1.41
Franchise Fees	0.25	0.27			0.25	0.27
Other Taxes	0.18	0.17			0.18	0.17
Investment Earnings	0.02	0.02	0.04	0.02	0.06	0.04
Gain on Disposal of Capital Asset	0.09	0.19	0.00	0.00	0.09	0.19
<b>Total Revenues</b>	<b>46.42</b>	<b>34.19</b>	<b>8.55</b>	<b>11.68</b>	<b>54.97</b>	<b>45.87</b>
<b>Program Expenses</b>						
General Government	5.75	5.84			5.75	5.84
Judicial	2.02	2.04			2.02	2.04
Public Safety	8.39	9.37			8.39	9.37
Public Works	7.15	7.31			7.15	7.31
Health & Welfare	0.71	0.70			0.71	0.70
Culture & Recreation	3.42	3.57			3.42	3.57
Housing & Development	18.50	1.29			18.50	1.29
Interest & Fiscal Charges	0.89	0.77			0.89	0.77
Water & Sewer			6.04	6.15	6.04	6.15
Solid Waste			0.38	0.38	0.38	0.38
Special Facilities			0.68	0.66	0.68	0.66
<b>Total Expenses</b>	<b>46.83</b>	<b>30.90</b>	<b>7.10</b>	<b>7.19</b>	<b>53.93</b>	<b>38.09</b>
<b>Excess (Deficiency) Before</b>						
Transfers & Contributions	(0.41)	3.29	1.45	4.49	1.04	7.78
<b>Total Transfers</b>	<b>(1.45)</b>	<b>(1.14)</b>	<b>1.45</b>	<b>1.14</b>	<b>0.00</b>	<b>0.00</b>
<b>Changes in Net Position</b>	<b>(1.86)</b>	<b>2.15</b>	<b>2.90</b>	<b>5.63</b>	<b>1.04</b>	<b>7.78</b>
<b>Net Position, Beginning</b>	<b>81.31</b>	<b>85.66</b>	<b>57.53</b>	<b>59.71</b>	<b>138.84</b>	<b>145.37</b>
Prior Period Adj-Implementation GASB 65	(0.44)	0.00	(0.72)	0.00	(1.16)	0.00
Prior Period Adj-Implementation GASB 61	6.65	0.00	0.00	0.00	6.65	0.00
<b>Net Position, Beginning, as Restated</b>	<b>87.52</b>	<b>85.66</b>	<b>56.81</b>	<b>59.71</b>	<b>144.33</b>	<b>145.37</b>
<b>Net Position, Ending</b>	<b>85.66</b>	<b>87.81</b>	<b>59.71</b>	<b>65.35</b>	<b>145.37</b>	<b>153.16</b>

# **Basic Financial Statements**

**Oconee County, Georgia**  
**Statement of Net Position**  
**June 30, 2014**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Health Department</b>
<b>ASSETS</b>				
Cash (Note 2)	\$ 5,461,716	\$ 4,879,727	\$ 10,341,443	\$ 480,121
Investments, plus accrued interest (Note 2)	13,105,848	2,251,761	15,357,609	-
Accounts receivable, net	289,173	993,858	1,283,031	32,259
Taxes receivable, net	232,665	-	232,665	-
Internal balances (Note 4)	(56,572)	56,572	-	-
Due from other governments	1,442,204	11,471	1,453,675	-
Prepaid expenses	205,343	13,630	218,973	-
Restricted cash (Note 2)	219,493	1,114,705	1,334,198	-
Restricted investments (Note 2)	-	4,213,590	4,213,590	-
Net pension benefit (Note 9)	361,515	44,216	405,731	-
OPEB benefit (Note 10)	85,952	-	85,952	-
Investment - UOBWA, net (Note 5)	-	10,837,506	10,837,506	-
Capital assets (Note 3)				
Capital assets not being depreciated	20,402,099	28,938,929	49,341,028	-
Capital assets, net of accumulated depreciation	71,146,434	54,927,334	126,073,768	11,271
<b>Total assets</b>	<b>112,895,870</b>	<b>108,283,299</b>	<b>221,179,169</b>	<b>523,651</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on debt refunding	738,731	393,510	1,132,241	-
<b>Total assets and deferred outflows</b>	<b>113,634,601</b>	<b>108,676,809</b>	<b>222,311,410</b>	<b>523,651</b>
<b>LIABILITIES</b>				
Accounts payable	1,776,448	158,423	1,934,871	19,411
Accounts payable from restricted assets	13,340	521,832	535,172	-
Retainage payable	118,586	319,018	437,604	-
Salaries and benefits payable	224,048	28,368	252,416	-
Customer deposits	-	622,943	622,943	-
Accrued interest	328,860	555,030	883,890	-
Long-term liabilities: (Note 7)				
Portion due or payable within one year:				
Bonds, notes, leases, and contracts payable	1,615,945	1,678,334	3,294,279	-
Compensated absences	-	-	-	7,154
Portion due or payable after one year:				
Bonds, notes, leases, and contracts payable, net	21,110,302	39,326,801	60,437,103	-
Compensated absences	637,679	117,720	755,399	27,186
<b>Total liabilities</b>	<b>25,825,208</b>	<b>43,328,469</b>	<b>69,153,677</b>	<b>53,751</b>
<b>NET POSITION</b>				
Net investment in capital assets	79,930,398	52,379,938	132,310,336	11,271
Restricted for:				
Capital projects	7,949,648	-	7,949,648	-
Judicial	92,736	-	92,736	-
Public safety	162,482	-	162,482	-
Debt service	-	2,839,327	2,839,327	-
Other purposes	205,864	-	205,864	-
Unrestricted	(531,735)	10,129,075	9,597,340	458,629
<b>Total net position</b>	<b>\$ 87,809,393</b>	<b>\$ 65,348,340</b>	<b>\$ 153,157,733</b>	<b>\$ 469,900</b>

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

**Oconee County, Georgia**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2014**

Activities:	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Health Department
	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Governmental:</b>							
General government	\$ 5,842,841	\$ 879,474	\$ -	\$ (4,963,367)	\$ -	\$ (4,963,367)	
Judicial	2,042,828	730,570	297,752	(1,014,506)		(1,014,506)	
Public safety	9,373,562	957,743	13,827	(8,297,946)		(8,297,946)	
Public works	7,313,274	22,146	3,747,423	(3,543,560)		(3,543,560)	
Health and welfare	696,381	-	212,160	(484,221)		(484,221)	
Culture and recreation	3,565,481	1,126,627	45,209	(2,393,645)		(2,393,645)	
Housing and development	1,289,329	933,162	-	(356,167)		(356,167)	
Interest and fiscal charges	774,656	-	-	(774,656)		(774,656)	
<b>Total governmental activities</b>	<b>30,898,352</b>	<b>4,649,722</b>	<b>3,761,250</b>	<b>(21,828,068)</b>		<b>(21,828,068)</b>	
<b>Business-type:</b>							
Water and sewer	6,153,294	9,032,461	2,216,006		\$ 5,095,173	5,095,173	
Solid waste	376,659	201,281	-		(175,378)	(175,378)	
Special facilities	661,248	195,143	10,000		(456,105)	(456,105)	
<b>Total business-type activities</b>	<b>7,191,201</b>	<b>9,428,885</b>	<b>2,216,006</b>		<b>4,463,690</b>	<b>4,463,690</b>	
<b>Component units:</b>							
Oconee County Health Department	741,103	380,502	357,852				\$ (2,749)
<b>Total Oconee County</b>	<b>\$ 38,830,656</b>	<b>\$ 14,459,109</b>	<b>\$ 1,027,164</b>	<b>(21,828,068)</b>	<b>4,463,690</b>	<b>(17,364,378)</b>	
General revenues:							
Taxes							
Property taxes, levied for general purposes				10,950,548	-	10,950,548	-
Sales tax				11,689,332	-	11,689,332	-
Intangible tax				422,899	-	422,899	-
Business taxes				1,410,339	-	1,410,339	-
Franchise taxes				270,330	-	270,330	-
Other taxes				174,417	-	174,417	-
Investment earnings				15,223	24,336	39,559	1,945
Gain on disposal of capital assets				188,220	-	188,220	-
Transfers				(1,142,444)	1,142,444	-	-
Total general revenues and transfers				23,978,864	1,166,780	25,145,644	1,945
<b>Change in net position</b>				<b>2,150,796</b>	<b>5,630,470</b>	<b>7,781,266</b>	<b>(804)</b>
<b>Net position - beginning</b>				<b>85,658,597</b>	<b>59,717,870</b>	<b>145,376,467</b>	<b>470,704</b>
<b>Net position - ending</b>				<b>\$ 87,809,393</b>	<b>\$ 65,348,340</b>	<b>\$ 153,157,733</b>	<b>\$ 469,900</b>

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

**Oconee County, Georgia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	<b>General Fund</b>	<b>SPLOST 2009 Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash (Note 2)	\$ 364,749	\$ 3,083,217	\$ 2,219,903	\$ 5,667,869
Investments (Note 2)	9,442,978	-	3,662,870	13,105,848
Accounts receivable, net	145,101	-	161,711	306,812
Taxes receivable, net	211,426	-	3,600	215,026
Internal balances (Note 4)	279,796	-	287,235	567,031
Due from other governments	834,793	505,420	101,991	1,442,204
Prepaid items	198,677	-	6,666	205,343
Restricted cash (Note 2)	13,340	-	-	13,340
<b>Total assets</b>	<b>\$ 11,490,860</b>	<b>\$ 3,588,637</b>	<b>\$ 6,443,976</b>	<b>\$ 21,523,473</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,173,325	\$ 419,669	\$ 178,315	\$ 1,771,309
Retainage payable	-	118,586	-	118,586
Internal balances (Note 4)	421,273	1,176	201,154	623,603
Salaries and benefits payable	210,280	-	18,907	229,187
Bonds and deposits payable from restricted cash	13,340	-	-	13,340
<b>Total liabilities</b>	<b>1,818,218</b>	<b>539,431</b>	<b>398,376</b>	<b>2,756,025</b>
Deferred inflows of resources:				
Unavailable property taxes	203,680	-	3,540	207,220
Unavailable grant reimbursements	312,160	-	-	312,160
<b>Total deferred inflows</b>	<b>515,840</b>	<b>-</b>	<b>3,540</b>	<b>519,380</b>
Fund balances:				
Nonspendable	198,677	-	6,666	205,343
Restricted				
Capital projects	-	3,049,206	4,900,442	7,949,648
Judicial	-	-	92,736	92,736
Public safety	-	-	162,482	162,482
Culture and recreation	-	-	52,794	52,794
Housing and development	-	-	153,070	153,070
Committed				
Public works	3,352,622	-	-	3,352,622
Assigned				
Subsequent years' budget	777,224	-	-	777,224
Health and welfare	-	-	82,025	82,025
Housing and development	-	-	597,644	597,644
Unassigned	4,828,279	-	(5,799)	4,822,480
<b>Total fund balances</b>	<b>9,156,802</b>	<b>3,049,206</b>	<b>6,042,060</b>	<b>18,248,068</b>
<b>Total liabilities, deferred inflows, and fund balances</b>	<b>\$ 11,490,860</b>	<b>\$ 3,588,637</b>	<b>\$ 6,443,976</b>	<b>\$ 21,523,473</b>

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

**Oconee County, Georgia**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2014**

Total *fund* balances for governmental funds (Exhibit 3) \$ 18,248,068

Total *net position* reported for governmental activities in the Statement of Net Position is different because:

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

Capital assets not being depreciated	20,402,099	
Capital assets, net of depreciation	71,146,434	
Total capital assets		91,548,533

Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable property taxes in the funds. 207,220

Grant reimbursements are recorded as revenue once the costs for the grant are incurred under the accrual basis of accounting used on the Statement of Net Position. The reimbursements must be received in time to liquidate current obligations to be considered available and reported as revenue in the funds. This adjustment represents revenue not received in time to be considered available. 312,160

The net pension benefit is not recorded on the fund level balance sheet as it does represent a current financial resource. 361,515

The County has made payments of current financial resources for its other postemployment benefits that exceed the normal cost and amortized past service cost of the benefits calculated under the full accrual method of accounting. The total excess payments are reported as an asset on the government wide statements. 85,952

Gains and losses on the refunding of debt issuances are amortized into income during the shorter of the remaining life of the refunded debt or the life of the new debt issuance. The unamortized loss is reported as a deferred outflow of resources. 738,731

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Position. Balances at year-end are:

Accrued interest	\$ (328,860)	
Bonds, notes, and capital leases payable	(22,726,247)	
Compensated absences - long-term	(637,679)	
Total long-term liabilities		(23,692,786)

Total net position of governmental activities (Exhibit 1) \$ 87,809,393

**Oconee County, Georgia**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<u>General Fund</u>	<u>SPLOST 2009 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 18,610,224	\$ 5,953,996	\$ 131,232	\$ 24,695,452
Licenses and permits	797,567	-	-	797,567
Intergovernmental revenue	3,127,964	-	526,750	3,654,714
Charges for services	2,450,784	-	1,069,526	3,520,310
Fines and forfeitures	351,954	-	71,174	423,128
Investment income	13,278	5,374	6,541	25,193
Contributions and donations	-	-	79,133	79,133
Miscellaneous	83,135	-	18,057	101,192
<b>Total revenues</b>	<u>25,434,906</u>	<u>5,959,370</u>	<u>1,902,413</u>	<u>33,296,689</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,788,803	-	4,558	4,793,361
Judicial	1,599,955	-	438,937	2,038,892
Public safety	6,989,536	-	1,517,073	8,506,609
Public works	5,886,693	-	217,161	6,103,854
Health and welfare	236,056	-	432,172	668,228
Culture and recreation	2,888,058	-	32,550	2,920,608
Housing and development	997,011	-	259,881	1,256,892
Debt service:				
Principal payments	-	1,781,500	-	1,781,500
Interest and fiscal charges	-	504,404	292,112	796,516
Capital outlay:				
General government	-	-	38,051	38,051
Public safety	-	143,968	126,751	270,719
Public works	-	1,800,808	-	1,800,808
Culture and recreation	-	76,620	-	76,620
Housing and development	-	87,500	86,895	174,395
Intergovernmental	-	846,063	-	846,063
<b>Total expenditures</b>	<u>23,386,112</u>	<u>5,240,863</u>	<u>3,446,141</u>	<u>32,073,116</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>2,048,794</u>	<u>718,507</u>	<u>(1,543,728)</u>	<u>1,223,573</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	22,998	-	292,220	315,218
Transfers in	83,287	-	1,295,222	1,378,509
Transfers (out)	<u>(1,893,707)</u>	<u>(115,514)</u>	<u>(511,733)</u>	<u>(2,520,954)</u>
<b>Total other financing sources (uses)</b>	<u>(1,787,422)</u>	<u>(115,514)</u>	<u>1,075,709</u>	<u>(827,227)</u>
<b>Net change in fund balances</b>	261,372	602,993	(468,019)	396,346
<b>Fund balances - beginning</b>	8,895,430	2,446,213	6,510,079	17,851,722
<b>Fund balances - ending</b>	<u>\$ 9,156,802</u>	<u>\$ 3,049,206</u>	<u>\$ 6,042,060</u>	<u>\$ 18,248,068</u>

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

**Oconee County, Georgia**  
**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, 2014**

Net change in *fund* balances - total governmental funds (Exhibit 4) \$ 396,346

The change in *net position* reported for governmental activities in the Statement of Activities is 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. This is the amount by which capital outlay (\$3,974,531) is exceeded by depreciation (\$4,804,819) in the current period. (830,288)

In the Statement of Activities, only the loss on the sale/disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold/disposed (net of accumulated depreciation). (126,998)

Changes in the net pension benefit (obligation) are not reported in the funds because they do not represent the receipt or consumption of current financial assets. In the Statement of Activities, the change in the net pension benefit is reported as an increase or decrease in expense. 169,002

Under the full accrual method, postemployment benefits expenses are recorded as the benefits are earned. These benefits are recognized as expenditures in the funds as they become a claim on current financial resources. The County accrued the increase in the OPEB obligation which represents the difference between the actuarially determined OPEB costs and the current payment of financial resources. 56,494

Governmental funds do not recognize all tax revenues not collected within 60 days of year end. However, the Statement of Activities uses the accrual basis and, thus, the entire amount is recognized as revenue, regardless of the collection date. This is the net difference in revenue between the accrual basis used in the government-wide statements and the modified accrual basis used in the funds. 47,989

Governmental funds do not recognize certain other revenues not collected within 60 days of year end. However, the Statement of Activities uses the accrual basis, and, thus, the entire amount is recognized as revenue, regardless of the collection date. This is the net difference in revenue between the accrual basis used in the government-wide statements and the modified accrual basis used in the funds. (614,299)



**Oconee County, Georgia**  
**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, 2014**

Contributions of assets that do not constitute financial resources are not reported as revenue in the funds, but are reported as capital grants and contributions in the government-wide Statement of Activities because this statement reports revenue on the full accrual basis. This adjustment represents the estimated fair market value of assets contributed to the County. 1,272,989

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. Also, 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. Additionally, interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The amounts of the items that comprise these differences in the treatment of long-term debt and related items are:

Principal repayment	1,781,500	
Accrued interest on debt	40,866	
Amortization of deferred amount on bond refunding	(38,881)	
Amortization of bond premiums and discounts	19,878	
		1,803,363

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net change of the compensated absences account. (23,802)

Change in net position of governmental activities (Exhibit 2) \$ 2,150,796

**Oconee County, Georgia**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

ASSETS	Enterprise Funds		Total
	Water and Sewer Fund	Other Enterprise Funds	
Current assets:			
Cash (Note 2)	\$ 4,870,783	\$ 8,944	\$ 4,879,727
Investments, plus accrued interest (Note 2)	2,251,761	-	2,251,761
Accounts receivable, less allowance of \$101,383	981,362	12,496	993,858
Internal balances (Note 4)	1,176	163,960	165,136
Due from other governments	7,435	4,036	11,471
Prepaid items	8,864	4,766	13,630
Total current assets	8,121,381	194,202	8,315,583
Noncurrent assets:			
Restricted cash (Note 2)	1,114,705	-	1,114,705
Restricted investments (Note 2)	4,213,590	-	4,213,590
Investment - UOBWA, net (Note 5)	10,837,506	-	10,837,506
Net pension asset (Note 9)	30,105	14,111	44,216
Capital assets (Note 3)			
Capital assets not being depreciated	28,788,929	150,000	28,938,929
Capital assets, net of accumulated depreciation	53,187,574	1,739,760	54,927,334
Total capital assets	81,976,503	1,889,760	83,866,263
Total noncurrent assets	98,172,409	1,903,871	100,076,280
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on debt refunding	393,510	-	393,510
<b>Total assets and deferred outflows</b>	106,687,300	2,098,073	108,785,373
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	129,629	28,794	158,423
Accounts payable-construction from restricted investments	521,832	-	521,832
Retainage payable	319,018	-	319,018
Internal balances (Note 4)	108,564	-	108,564
Salaries and benefits payable	18,798	9,570	28,368
Customer deposits-payable from restricted cash	622,943	-	622,943
Accrued interest	555,030	-	555,030
Bonds, notes and contracts payable (Note 7)	1,678,334	-	1,678,334
Total current liabilities	3,954,148	38,364	3,992,512
Noncurrent liabilities:			
Bonds, notes and contracts payable, net (Note 7)	39,326,801	-	39,326,801
Compensated absences (Note 7)	76,212	41,508	117,720
Total noncurrent liabilities	39,403,013	41,508	39,444,521
<b>Total liabilities</b>	43,357,161	79,872	43,437,033
<b>NET POSITION</b>			
Net investment in capital assets	50,490,178	1,889,760	52,379,938
Restricted for debt service	2,839,327	-	2,839,327
Unrestricted	10,000,634	128,441	10,129,075
<b>Total net position</b>	\$ 63,330,139	\$ 2,018,201	\$ 65,348,340

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

**Oconee County, Georgia**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

	Enterprise Funds		Total
	Water and Sewer Fund	Other Enterprise Funds	
<b>OPERATING REVENUES</b>			
Charges for services	\$ 6,902,292	\$ 266,116	\$ 7,168,408
Licenses and permits	-	7,000	7,000
Rents and royalties	-	119,723	119,723
Miscellaneous	245,272	13,590	258,862
<b>Total operating revenues</b>	<u>7,147,564</u>	<u>406,429</u>	<u>7,553,993</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	1,265,331	578,173	1,843,504
Other contracted services	77,168	173,168	250,336
Water purchase and treatment costs	1,293,365	-	1,293,365
Supplies and materials	70,926	43,105	114,031
Repairs and maintenance	443,596	27,608	471,204
Utilities	381,417	69,241	450,658
Insurance	9,860	8,217	18,077
Depreciation	1,514,280	83,671	1,597,951
Other charges	95,230	54,724	149,954
<b>Total operating expenses</b>	<u>5,151,173</u>	<u>1,037,907</u>	<u>6,189,080</u>
<b>Operating income (loss)</b>	<u>1,996,391</u>	<u>(631,478)</u>	<u>1,364,913</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	24,327	-	24,327
Water availability fees	1,036,765	-	1,036,765
Sewer capacity fees	619,485	-	619,485
Sewer connection fees	228,650	-	228,650
Amortization expense - UOBWA	(167,378)	-	(167,378)
Interest expense	(834,743)	-	(834,743)
<b>Total nonoperating revenue (expenses)</b>	<u>907,106</u>	<u>-</u>	<u>907,106</u>
<b>Income (loss) before contributions and transfers</b>	2,903,497	(631,478)	2,272,019
Capital contributions	2,216,006	-	2,216,006
Transfers in	510,967	631,478	1,142,445
<b>Change in net position</b>	5,630,470	-	5,630,470
<b>Total net position - beginning, as originally reported</b>	57,699,669	2,018,201	59,717,870
<b>Total net position - ending</b>	<u>\$ 63,330,139</u>	<u>\$ 2,018,201</u>	<u>\$ 65,348,340</u>

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

**Oconee County, Georgia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<b>Enterprise Funds</b>		<b>Total</b>
	<b>Water and Sewer Fund</b>	<b>Other Enterprise Funds</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 6,590,819	\$ 397,096	\$ 6,987,915
Payments to suppliers	(2,288,494)	(407,567)	(2,696,061)
Payments to employees	(1,270,078)	(583,301)	(1,853,379)
Receipts from others	245,266	1,368	246,634
Net cash provided (used) by operating activities	<u>3,277,513</u>	<u>(592,404)</u>	<u>2,685,109</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	-	631,478	631,478
Interfund loans - proceeds and collections	17,193	(19,527)	(2,334)
Net cash provided by noncapital financing activities	<u>17,193</u>	<u>611,951</u>	<u>629,144</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(4,917,404)	(12,036)	(4,929,440)
Transfers in used for construction of capital assets	510,965	-	510,965
Proceeds from issuance of debt	2,673,627	-	2,673,627
Principal payments on debt	(1,135,796)	-	(1,135,796)
Interest payments on debt	(894,947)	-	(894,947)
Sewer capacity and connection fees from customers	1,884,900	-	1,884,900
Net cash used for capital and related financing activities	<u>(1,878,655)</u>	<u>(12,036)</u>	<u>(1,890,691)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	24,327	-	24,327
Purchase of investments	(345,127)	-	(345,127)
Proceeds from sale of investments	480,673	-	480,673
Net cash provided by investing activities	<u>159,873</u>	<u>-</u>	<u>159,873</u>
Net change in cash	1,575,924	7,511	1,583,435
Cash - beginning	4,409,564	1,433	4,410,997
Cash - end	<u>\$ 5,985,488</u>	<u>\$ 8,944</u>	<u>\$ 5,994,432</u>
Displayed as:			
Cash	\$ 4,870,783	\$ 8,944	\$ 4,879,727
Restricted cash - noncurrent	1,114,705	-	1,114,705
	<u>\$ 5,985,488</u>	<u>\$ 8,944</u>	<u>\$ 5,994,432</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 1,996,391	\$ (631,478)	\$ 1,364,913
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,514,280	83,671	1,597,951
Change in assets and liabilities:			
Receivables, net	(417,634)	(9,333)	(426,967)
Prepaid items	(750)	(899)	(1,649)
Due from other governments	3,845	1,368	5,213
Net pension asset	(14,179)	(6,525)	(20,704)
Accounts payable	83,821	(30,605)	53,216
Accrued expenses	2,975	(4,074)	(1,099)
Customer deposits	102,307	-	102,307
Compensated absences	6,457	5,471	11,928
Net cash provided (used) by operating activities	<u>\$ 3,277,513</u>	<u>\$ (592,404)</u>	<u>\$ 2,685,109</u>
<b>Non-cash investing, capital and financing activities:</b>			
Discount on GEFA note	\$ 1,253,965	\$ -	\$ 1,253,965
Contribution of water system assets	962,041	-	962,041

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

**Oconee County, Georgia**  
**Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**June 30, 2014**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 654,195
<b>Total assets</b>	<u>654,195</u>
 <b>LIABILITIES</b>	
Due to others	654,195
<b>Total liabilities</b>	<u>654,195</u>
<b>NET POSITION</b>	<u><u>\$ -</u></u>

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

## **Notes to Financial Statements**

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 1: Summary of Significant Accounting Policies**

**A. Reporting Entity**

Oconee County was incorporated under the laws of the State of Georgia in 1875. The County is governed by a five-member Board of Commissioners. Each commissioner is elected to a four-year term. The Chairman serves as the full-time Chief Executive Officer and the other four commissioners serve on a part-time basis. The Chairman is responsible for the daily operations of the County.

The financial statements of Oconee County, Georgia (the County) have been prepared in conformity with generally accepted accounting principles (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.

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, the financial statements of the reporting entity include those of Oconee County (the primary government) and its component units. The County implemented the guidance of GASB Statement No. 61 *The Financial Reporting Entity: Omnibus*, which amends some of the provisions of Statement 14, as of July 1, 2012. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- \* the organization is legally separate (can sue and be sued in its own name)
- \* the County holds the corporate powers of the organization
- \* the County appoints a voting majority of the organization's board
- \* the County is able to impose its will on the organization
- \* the organization has the potential to impose a financial benefit/burden on the County
- \* there is fiscal dependency by the organization on the County

*Discretely Presented Component Units* – The component unit columns in the government-wide financial statements include the financial data of the County's component units. They are included because, if excluded, the County's financial statements would be misleading. They are reported in separate columns in the government-wide financial statements to emphasize their legal separation from the County. The following component units are included in the statements:

Oconee County Health Department - The Health Department was created by state legislative act in 1964 to provide various health related programs such as immunization, family planning, and nutrition services. It operates under an Executive Officer and a seven member board comprised of the following: the Chairman of the Board of Commissioners, the Oconee County School Superintendent, and the Mayor of the City of Watkinsville, three at-large members appointed by the County, and one at-large member appointed by the City of Watkinsville. Because the County appoints a majority of the Health Department's board and provides funding in support of the Health Department, it is reported as discretely presented component unit of the County.

The County made appropriations to the Health Department totaling \$90,175 during the year.

The Health Department issues its own financial statements and it has a June 30 fiscal year end. Complete financial statements of the individual component units can be obtained its administrative offices at:

Oconee County Health Department  
160 Experiment Station Road  
Post Office Box 222  
Watkinsville, Georgia 30677

*Blended Component Units* - Based on the GASB criteria, the Oconee County Industrial Development Authority (OCIDA) qualifies as a blended component unit.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 1: Summary of Significant Accounting Policies, continued**

Oconee County Industrial Development Authority - The financial operations of OCIDA are presented in its stand-alone statements as governmental activities. The five voting members of the OCIDA include the Chairman of the Board of Commissioners, the President of the Oconee County Chamber of Commerce, the Mayor of the City of Watkinsville, and two at-large members appointed by the County Board of Commissioners. Substantially all of the financial operations of the Authority are subject to the prior approval of the Board of Commissioners. The OCIDA issued its Series 2012 Industrial Revenue Bonds which are payable only from payments by Oconee County pursuant to an intergovernmental agreement. Because substantially all of the debt of the OCIDA will be paid by resources of the County, the OCIDA is reported as a blended component unit.

The OCIDA issues its own financial statements and has a June 30 year end. Complete financial statements of the OCIDA can be obtained from its administrative offices at:

Oconee County Industrial Development Authority  
Post Office Box 145  
Watkinsville, Georgia 30677

**B. Basis of Presentation, Basis of Accounting**

**Basis of Presentation**

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

The County reports the following major governmental funds:

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

*SPLOST 2009* – This is a capital projects fund established to account for all special local option sales tax revenues collected as a result of the County's 2009 SPLOST referendum as well as the specifically identified projects for which the SPLOST tax was established.



**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 1: Summary of Significant Accounting Policies, continued**

The County reports the following major enterprise fund:

*Water and Sewer Fund* – This fund accounts for the operation, maintenance and development of the County’s water and sewer system.

The County reports the following fiduciary fund type:

*Agency Funds* – These funds account for monies held by the County in a trustee capacity or as an agent on behalf of individuals, private organizations, other governments and/or other funds. Following are the agency funds of the County at June 30, 2014: Tax Commissioner, Sheriff, Superior Court, Probate Court, Magistrate Court and Juvenile Court.

**Measurement Focus, Basis of Accounting**

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

*Governmental Fund Financial Statements* – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be *available* if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**C. Budgets and Budgetary Accounting**

The County follows these procedures in establishing budgetary data reflected in the financial statements:

1. Prior to the May Commissioners’ meeting, department heads must submit their requests for budgets for the coming year.
2. The Board of Commissioners meets with each department head to discuss their requests and make necessary adjustments.
3. The revised requests are reviewed at the May Commissioners’ meeting.
4. The final budget is approved at the June Commissioners’ meeting.
5. Department heads may make lateral changes to the budget within their department. Any increase in total departmental budgets, however, must be approved by the Board of Commissioners.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 1: Summary of Significant Accounting Policies, continued**

6. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles, but is adopted at the department level and presented as such in the financials. A reconciliation from the department level to current expenditures, debt service expenditures and transfers out is provided. An annual budget is adopted for the General Fund, Special Revenue Funds and Capital Projects Funds. An operating budget is prepared for each Enterprise Fund for planning, control, cost allocation, and evaluation purposes. Budgetary amounts are not formally integrated into the Enterprise Fund general ledgers.

**D. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of money are recorded in order to reserve that portion of the applicable appropriation, is used by the County. There were no outstanding encumbrances at June 30, 2014.

**E. Deposits and Investments**

Cash consists of demand and interest-bearing deposits held in banks. All bank deposits must be collateralized by an amount equal to 110% of uninsured deposits of the State of Georgia or U.S. obligations or direct loans to the County. General Fund cash balances in excess of amounts required for the County's daily operating activities were invested in either the State of Georgia Local Government Investment Pool or Certificates of Deposit during the fiscal year.

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments that represent certificates of deposits with an original maturity greater than 90 days are recorded at cost plus accrued interest, which approximates market value. Investments with quoted market prices, such as obligations of the federal government, are reported at the quoted market price.

**F. Receivables and Payables**

All trade and property tax receivables are shown net of an allowance for uncollectibles, when material. Water and Sewer Fund allowances for uncollectible accounts, netted with accounts receivable, were \$101,383 for the year ended June 30, 2014.

**G. Property Tax Calendar**

Property taxes attach as an enforceable lien on property as of January 1. The County bills and collects its own property taxes as well as the taxes for the County School District and several cities within the County. County property tax revenues are recognized when levied to the extent that they result in current receivables.

Property taxes were levied on August 27, 2013. The collection period for property taxes was September 10, 2013 through November 15, 2013. Taxes receivable at June 30, 2014 amounted to \$215,026 while unavailable property taxes totaled \$207,220.

**H. Prepaid Items**

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

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 1: Summary of Significant Accounting Policies, continued**

**I. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant and equipment with initial, individual costs that equal or exceed \$5,000 are recorded as capital assets. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, net of related interest earned, is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	15-50
Building and improvements	10-50
Water and sewer distribution system	20-50
Vehicles	4-20
Furniture, fixtures and equipment	5-10

Pursuant to GASB Statement No. 34, the County has retroactively identified all infrastructure assets placed in service prior to July 1, 2002 and has recorded those assets which fall within the County's capitalization policy.

**J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts**

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation and comp time balances. The liability has been calculated using the vesting method, in which leave amounts for employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments upon termination are included. In accordance with the provisions of GASB Statement 16, concerning Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Compensated absence balances related to governmental activities are liquidated through the General Fund.

**K. Restricted Assets**

Restricted assets consist of restricted cash and investments. These resources have been set aside for customer deposits, debt service reserves for the water and sewerage revenue bonds, construction of the Hard Labor Creek Reservoir, and the repayment of the contract payable with WCWSA.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 1: Summary of Significant Accounting Policies, continued**

**L. Fund Equity**

As of June 30, 2011, the County adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* in an effort to improve the consistency in reporting fund balance components, enhance fund balance presentation, improve the usefulness of fund balance information, and clarify the definitions of the governmental fund types. As a result of the implementation, the governmental funds now report the following five categories of fund balance: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

**Nonspendable** – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**Committed** – amounts that can be used only for specific purposes determined by a formal action of Board of Commissioners. Oconee County Board of Commissioners is the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Oconee County Board of Commissioners.

**Assigned** – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Through board action, the Board of Commissioners has authorized the Finance Director to assign fund balances.

**Unassigned** – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance or net position is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the County has provided otherwise in its commitment or assignment actions.

**Note 2: Deposits and Investments**

**Custodial Credit Risk-Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy regarding custodial credit risk is to comply with the state law requiring collateralization of uninsured deposits up to 110% of the value of the deposits. As of June 30, 2014, none of the County's deposits was exposed to custodial credit risk.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 2: Deposits and Investments, continued**

**Investments**

**Credit Risk**

Georgia law authorizes local governments to invest in the following types of obligations:

- Obligations of the State of Georgia or any other states;
- Obligations issued by the United States;
- Obligations fully insured or guaranteed by the United States government or governmental agency;
- Obligations of any corporation of the United States Government;
- Prime bankers' acceptances;
- The State of Georgia Local Government Investment Pool;
- Repurchase agreements; and
- Obligations of other political subdivisions of the State of Georgia.

The County has no investment policy that would further limit its investment choices. As of June 30, 2014, the County had \$17,645,640 invested in Georgia Fund 1. Georgia Fund 1, created by *O.C.G.A. 36-83-8*, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool is managed by the Office of the State Treasurer. Its primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

**Interest Rate Risk**

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

**Concentration of Credit Risk**

The County places no limit on the amount the County may invest in any one issuer. GASB Statement 40 requires disclosure when the percent is 5% or more in any one issuer. The County had no investments that met this requirement at year-end.

**Foreign Currency Risk**

The County is not exposed to foreign currency risks as all deposits and investments are denominated in US dollars.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 2: Deposits and Investments, continued**

As of June 30, 2014, the County had the following investments:

<u>Type of Investment</u>	<u>Credit Risk</u>	<u>Maturities</u>	<u>Fair Value</u>
Unrestricted:			
<u>Water and Sewer Fund</u>			
Georgia Fund 1	AAAf	62 days	329,467
Certificates of deposit		12 month	1,922,294
<u>General Fund</u>			
Georgia Fund 1	AAAf	62 days	9,442,978
<u>SPLOST 2004 Fund</u>			
Georgia Fund 1	AAAf	62 days	3,662,870
Restricted:			
<u>Water and Sewer Fund</u>			
Georgia Fund 1	AAAf	62 days	4,210,325
Fidelity Treasury Money Market Shares	AAAm	53 days	3,265
	Total restricted		<u>4,213,590</u>
	Total investments		<u>\$ 19,571,199</u>

The maturities of the County's investments in Georgia Fund 1 and the Fidelity Treasury Money Market Shares is calculated based on a weighted average maturity of the investments held in the respective funds.

**Custodial Credit Risk-Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the investments held by the County are either insured or registered in the name of the County. The County has no policy on custodial credit risk for investments.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 2: Deposits and Investments, continued**

**Restricted Cash and Investments**

As of June 30, 2014, the County had the following restricted assets:

Purpose	Balance
<b>General Fund</b>	
Liability bonds payable	\$ 13,340
<b>Water and Sewer Fund</b>	
Debt service reserve 2009 bonds	739,530
Debt service reserve 2012 bonds	101,667
Construction proceeds - WCWSA 2012 GEFA	273,508
Restricted cash - noncurrent	1,114,705
<b>Water and Sewer Fund</b>	
Construction proceeds 2008 WCWSA Contract Payable	1,594,283
Debt service reserve 2008 WCWSA Contract Payable	1,994,865
Debt service reserve 2003 bonds	3,265
Customer deposits	621,177
Restricted investments - noncurrent	\$ 4,213,590

**Note 3: Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

<b>Primary Government</b>	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,709,663	\$ 177,273	\$ 126,998	\$ 11,759,938
Construction in progress	5,682,741	3,049,649	90,229	8,642,161
Total capital assets not being depreciated	17,392,404	3,226,922	217,227	20,402,099
<i>Capital assets being depreciated:</i>				
Infrastructure	105,505,526	1,597,065	-	107,102,591
Buildings and improvements	43,556,018	96,215	-	43,652,233
Equipment, furniture and vehicles	14,489,971	417,547	66,788	14,840,730
Total capital assets being depreciated	163,551,515	2,110,827	66,788	165,595,554
Less accumulated depreciation for:				
Infrastructure	68,931,596	2,617,840	-	71,549,436
Buildings and improvements	10,261,595	1,370,783	-	11,632,378
Equipment, furniture and vehicles	10,517,898	816,196	66,788	11,267,306
Total accumulated depreciation	89,711,089	4,804,819	66,788	94,449,120
Total capital assets being depreciated, net	73,840,426	(2,693,992)	-	71,146,434
Governmental activity capital assets, net	\$ 91,232,830	\$ 532,930	\$ 217,227	\$ 91,548,533

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 3: Capital Assets, continued**

General government	\$ 308,553
Judicial	21,934
Public safety	991,945
Public works	2,727,416
Health and welfare	32,403
Culture and recreation	663,768
Housing and development	58,800
Total governmental activities depreciation expense	\$ 4,804,819

Total interest cost incurred for governmental activities was \$774,656. All of the interest cost incurred for governmental activities was expensed.

**Business-type Activities:**

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Water and Sewer Fund:</b>				
Capital assets not being depreciated:				
Land	\$ 3,442,714	\$ -	\$ -	\$ 3,442,714
Construction in progress	20,210,834	5,637,703	560,617	25,287,920
Intangibles	58,296	-	-	58,296
Total capital assets not being depreciated	23,711,844	5,637,703	560,617	28,788,930
Capital assets being depreciated:				
Treatment and distribution system	72,330,522	1,522,657	-	73,853,179
Buildings and improvements	296,136	-	-	296,136
Equipment, furniture and vehicles	988,791	19,062	-	1,007,853
Total capital assets being depreciated	73,615,449	1,541,719	-	75,157,168
Less accumulated depreciation for:				
Treatment and distribution system	19,500,941	1,461,870	-	20,962,811
Buildings and improvements	105,135	9,533	-	114,668
Equipment, furniture and vehicles	849,239	42,877	-	892,116
Total accumulated depreciation	20,455,315	1,514,280	-	21,969,595
Capital assets being depreciated, net	53,160,134	27,439	-	53,187,573
Water and sewer capital assets, net	76,871,978	5,665,142	560,617	81,976,503



**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 3: Capital Assets, continued**

**Total Non-major Business-type Activities**

Capital assets not being depreciated:

Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Total capital assets not being depreciated	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Capital assets being depreciated:				
Land improvements	44,865	-	-	44,865
Buildings and improvements	2,836,369	-	-	2,836,369
Equipment, furniture and vehicles	276,178	12,036	9,236	278,978
Total capital assets being depreciated	<u>3,157,412</u>	<u>12,036</u>	<u>9,236</u>	<u>3,160,212</u>
Less accumulated depreciation for:				
Land improvements	28,990	2,244	-	31,234
Buildings and improvements	1,123,717	63,063	-	1,186,780
Equipment, furniture and vehicles	193,310	18,364	9,236	202,438
Total accumulated depreciation	<u>1,346,017</u>	<u>83,671</u>	<u>9,236</u>	<u>1,420,452</u>
Capital assets being depreciated, net	<u>1,811,395</u>	<u>(71,635)</u>	<u>-</u>	<u>1,739,760</u>
Total non-major business-type activities, net	<u>1,961,395</u>	<u>(71,635)</u>	<u>-</u>	<u>1,889,760</u>
Business-type activities capital assets, net	<u>\$ 78,833,373</u>	<u>\$ 5,593,507</u>	<u>\$ 560,617</u>	<u>\$ 83,866,263</u>

**Note 4: Interfund Balances and Activity**

**Interfund balances**

Interfund balances at June 30, 2014 consist of the following:

<u>Due to:</u>	<u>Due from:</u>				<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Gov't Funds</u>	<u>Water &amp; Sewer Fund</u>	
<u>Governmental funds</u>					
General Fund	\$ -	\$ -	\$ 171,232	\$ 108,564	\$ 279,796
Non-major Gov't Funds	257,313	-	29,922	-	287,235
<u>Enterprise funds</u>					
Water and Sewer Fund	-	1,176	-	-	1,176
Non-major Enterprise Funds	163,960	-	-	-	163,960
	<u>\$ 421,273</u>	<u>\$ 1,176</u>	<u>\$ 201,154</u>	<u>\$ 108,564</u>	<u>\$ 732,167</u>

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed or are the result of the General Fund maintaining the cash for another fund. Balances that are the result transactions between funds are the result of current transactions and will be settled within the next year. Balances in which the General Fund is the custodian for cash belonging to another fund will be settled when the resources are expended by the fund that has the economic claim on the cash. The County expects that all but \$227,284 of the funds held by the General Fund for a non-major governmental fund will be repaid during the coming year.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 4: Interfund Balances and Activity, continued**

**Transfers to/from Other Funds**

<u>Transfers Out:</u>	Transfers in:				<u>Total</u>
	General Fund	Nonmajor Gov't Funds	Water and Sewer Fund	Nonmajor Enterprise Funds	
<u>Governmental funds</u>					
General Fund	\$ -	\$ 1,277,229	\$ -	\$ 616,478	\$ 1,893,707
SPLOST 2009	-	-	115,514	-	115,514
Non-major Gov't Funds	83,287	17,993	395,453	15,000	511,733
	\$ 83,287	\$ 1,295,222	\$ 510,967	\$ 631,478	\$ 2,520,954

The General Fund transferred out \$1,277,229 to nonmajor gov't funds and \$616,478 to nonmajor enterprise funds to assist in the daily fund operations and to fund capital projects. Included in the transfers from the General Fund to the nonmajor gov't funds are transfers to the E-911 fund used to supplement the E-911. The nonmajor gov't funds and the SPLOST 2009 Fund transferred \$395,453 and \$115,514, respectively, to the Water and Sewer Fund to assist with capital projects as was approved by the voters in SPLOST referendums. Transfers from nonmajor governmental funds to the General Fund and other nonmajor governmental funds were made to allow for a project to be accounted for within a single fund or to allow resources to be spent within funds that are required to spend certain funds. The nonmajor funds transferred \$75,674 of proceeds from a land sale to the General Fund to improve infrastructure.

**Note 5: Other Assets**

**Investment in Upper Oconee Basin Water Authority**

The County, along with three other counties, is a member of the Upper Oconee Basin Water Authority (UOBWA). The purpose of this venture was to construct a reservoir and water treatment plant that would provide water for the counties involved. Each government is responsible for a pro-rata share of the costs based on population.

In March 2005, the UOBWA issued \$48,155,000 of Water Revenue Refunding Bonds, Series 2005. The proceeds of the bonds were used to advance refund the Series 1997 Bonds maturing in the years 2009 and thereafter and to pay certain expenses incident to the issuance of the bonds. The County's share of the bond debt is 20.929%. An Investment in UOBWA and an offsetting Contract Payable have been recorded in the Oconee County Water and Sewer Fund to recognize this investment and obligation.

The investment costs are amortized over the useful lives of the underlying assets of the investment. Approximately 10% of the total investment costs represent the investment into the land, 50% represent the investment into the reservoir, which has a useful life of 100 years, and 40% represent the investment into the treatment plant, which has a useful life of 50 years.

Investment in UOBWA at year-end consisted of the following:

Initial cash costs	\$ 70,221
Contract payable for 20.959% of revenue bond liability	12,733,127
Additional cash investments	41,250
	12,844,598
Accumulated amortization	(2,007,092)
Investment in UOBWA, net	\$ 10,837,506

Financial statements for the Upper Oconee Basin Water Authority can be obtained at the following address: Northeast Georgia Regional Commission, 305 Research Drive, Athens, Georgia 30605-2795.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 6: Unavailable Grant Reimbursement**

The County received a grant from the Georgia Department of Transportation (GDOT) to assist in funding the widening of Mars Hill Road. One of the requirements for receiving reimbursement under that grant is that the grant reimbursements be of sufficient size before they are submitted to the GDOT. The County accumulated \$312,160 of unreimbursed cost as of June 30. Because the reimbursement of costs incurred through June 30 was not received by the County soon enough to be considered "available", the County did not report revenue under the modified accrual basis of accounting in the general fund. Revenue was reported in the governmental activities on the statement of activities because there is no requirement that the funds be "available" under the accrual basis of accounting.

**Note 7: Long-term Obligations**

*Governmental Activities*

**Categories of Debt**

**General Obligation Bonds**

In March 2003, the County issued Series 2003 Oconee County, Georgia General Obligation Bonds in the amount of \$11,780,000, with interest rates ranging from 1.5% to 5.5%. The bonds are being repaid through revenues from the SPLOST 2009 Fund, in principal installments of \$225,000 to \$725,000. The proceeds were used for a recreation project which consists of the acquisition, development and equipping of a new park.

In September 2011, the County issued \$10,095,000 of Series 2011 Oconee County, Georgia General Obligation Bonds with coupon rates ranging from 1.5% to 5.5%. The proceeds were used to advance refund the remaining outstanding balance of \$9,805,000 of the Series 2003 Oconee County, Georgia General Obligation Bonds. The Series 2011 bonds were issued at a premium of \$428,875 and had issuance costs of \$211,235. The County had net proceeds of \$10,312,550 most of which was deposited into an irrevocable escrow account to pay the required principal and interest payments on the Series 2003 bonds as they come due. Because the County has placed an amount sufficient to retire the Series 2003 bonds in an irrevocable escrow, these bonds are considered defeased. Consequently, the Series 2003 bonds have been removed from the Statement of Net Position. The Series 2003 bonds had a net carrying value of \$9,766,627 at the time that they were defeased by placing \$10,311,448 into the irrevocable escrow account. The \$544,491 difference has been included netted against the Series 2011 bonds and is being amortized over the life of the new debt. The County will save \$745,129 of debt service costs over the 22 years that the new debt is outstanding. The savings have a net present value of \$695,597.

**Contract Payable - OCIDA**

During March 2012, the Oconee County Industrial Development Authority issued \$10,380,000 of Series 2012 Revenue Bonds with coupon rates ranging from 2% to 4%. The proceeds from these bonds were used to provide incentives for a large private employer to locate a factory within the county. The bonds are repayable solely through the proceeds of an intergovernmental contract which calls for the County to make all of the required debt service payments on the bonds. Pursuant to this contract, the County has agreed to assess property taxes sufficient to make all of the required debt service payments provided that the necessary taxes will not exceed one mill per dollar of assessed value. Because the County is unconditionally liable for the payment of the debt, a contract payable for the entire present value of the debt is reported on the Statement of Net Position. Because the OCIDA is only responsible for repayment of the bonds to the extent it receives payment under the intergovernmental agreement, the bonds are not reported as a liability of the OCIDA.

**Installment Note**

On June 29, 2006, the County and the Association County Commissioners of Georgia (ACCG) entered into a \$9,000,000 Installment Sale Agreement with Wells Fargo for financing of a 130 bed jail in Oconee County, as authorized by *O.C.G.A. 36-60-13*. The Installment Sale Agreement includes interest payments at a rate of 3.85% per annum, is renewable annually and originally called for the principal and interest to be payable in 120 monthly installments of approximately \$90,737. During fiscal year 2008, Amendment One to the Installment Sale Agreement was executed as a result of a \$1.1 million principal pre-payment.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 7: Long-term Obligations, continued**

**Installment Note, continued**

As a result of this pre-payment, the monthly installments dropped to \$90,116 and are expected to be repaid by February 2015. ACCG will transfer certain of its interest in the Installment Sale Agreement under the terms of the transfer agreement by and between ACCG and Wells Fargo and will secure such assignment and stated obligations under the Installment Sale agreement with security title to the transferred property pursuant to a deed to secure debt from ACCG to Wells Fargo.

**Capital Leases**

On May 5, 2010, the County entered into a \$3,200,000 lease-purchase agreement for establishing a new 700/800 MHz regional radio communication system. The lease is for a period of six years at an interest rate of 3.65% and will be liquidated by payments from the SPLOST 2009 Capital Projects Fund. The lease is payable in six annual payments. The lease qualifies as a capital lease for accounting purposes and has been recorded at the present value of future minimum lease payments at the date of inception. The assets received under the lease are depreciated under the County's capital asset depreciation policy and the resulting expense is reported as a component of depreciation expense.

	<b>Historical Cost</b>	<b>Accumulated Depreciation</b>
Radio Communication System	\$ 3,205,700	57,088

Future minimum lease payments at June 30, 2014:

	<b>Governmental Activities</b>
<b>Year Ending June, 30</b>	
2015	500,000
2016	700,000
2017	400,545
Minimum lease payments	1,600,545
Less: Interest	(106,883)
Net present value of minimum lease payments	\$ 1,493,662

**Conduit Debt**

The Oconee County Industrial Development Authority (OCIDA), a blended component unit of the County, has issued several industrial revenue bonds that were used to finance the cost of the acquisition, equipping and improvement of certain land and buildings located in Oconee County, Georgia. The total amount of industrial revenue bonds outstanding at year end was \$23,685,000, made up of three issues. The Authority receives an annual administrative fee of \$10,000 in connection with the issuance of the Series 2012 Bonds. This fee is reported as other income in the financial statements. Although this debt bear's the name of the Oconee County Industrial Development Authority, the Authority has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf the debt was issued. Therefore, no liability has been reflected in the financial statements for this debt.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 7: Long-term Obligations, continued**

**Conduit Debt, continued**

OCIDA also issued \$10,380,000 of Series 2012 Industrial Revenue Bonds. The proceeds from these bonds were used to provide incentives for a large private employer to locate with Oconee County. All of the bonds were outstanding at year end. The County has agreed to pay all of the debt service costs associated with this bond issuance as part of intergovernmental agreement between OCIDA and the County. The Series 2012 bonds provide that the only source of repayment is the payments made by the County pursuant to the intergovernmental agreement. The County reports a long term liability in its governmental activities for these bonds. Further disclosure related to these bonds is located in the "Contract Payable - OCIDA" section of this note disclosure.

***Business-type Activities***

**Revenue Bonds**

*Series 2003 Bonds*

In July 2003, the County issued Series 2003 Water and Sewerage Revenue Bonds in the amount of \$9,375,000, with interest rates ranging from 1.35% to 4.5%. The bonds are being repaid through operating revenues of the Water and Sewer Enterprise Fund, in principal installments of \$215,000 to \$1,480,000. The proceeds of the issue have been used to purchase the land on which the LAS site is located (the County was previously leasing this property), to refinance the GEFA loan, to pay the premium for a surety bond that will fund the debt service reserve, to pay the premium for a municipal bond new issue insurance policy and to pay the costs of issuing the Series 2003 Bonds. The remaining proceeds were used to finance additions, improvements, extensions and expansions of the water and sewer system of the County. The majority of the Series 2003 bonds were advance refunded by the County's issuance of the Series 2012 bonds. At year-end, the Series 2003 Bonds had an outstanding balance of \$100,000. Interest of 4% is due semiannually on the outstanding balance until September 2024 when the outstanding interest and principal are due.

*Series 2009 Bonds*

In September 2009, the County issued \$7,095,000 of its Series 2009 Water and Sewerage Revenue Bonds with an average interest cost of 3.18%. These bonds consist of serial bonds bearing various fixed rates ranging from 2% to 4% with annual maturities from September 2011 through September 2019. The net proceeds of \$7,129,309 (\$7,095,000 face value plus \$227,288 issuance premium less \$192,980 in issuance costs) were used to complete a current refunding of the Series 1998 Water and Sewerage Revenue Bonds with a total principal amount outstanding of \$7,470,000 and an average interest rate of 4.75%.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference amounted to \$557,730 and is being charged to interest expense through the year 2020 using the straight-line method.

*Series 2012 Bonds*

During July 2012, the County issued \$6,740,000 of Series 2012 Oconee County, Georgia Water and Sewerage Refunding Revenue Bonds with coupon rates ranging from 2% to 5%. The bonds were issued at a premium of \$1,295,000 with issuance costs of \$177,500 which yielded net proceeds of \$7,857,500. The proceeds of these bonds were used to advance refund \$7,390,000 of the remaining outstanding balance of the Series 2003 Oconee County, Georgia Water and Sewerage Revenue Bonds. Assets sufficient to pay the \$7,390,000 of Series 2003 Bonds were placed in escrow upon the closing of the Series 2012 Bonds. These assets were paid out of escrow and the \$7,390,000 of Series 2003 Bonds were retired during September 2012. After the refunding, the Series 2003 bonds had a remaining outstanding balance of \$360,000. As of June 30, the Series 2003 Water and Sewer Revenue Bonds had an outstanding balance of \$100,000.

Prior to the refunding, the total cash flows required to retire the refunded portion of the Series 2003 Bonds was \$10,223,233. The total cash flows required to retire the Series 2012 Bonds is \$9,529,903. The economic gain on refunding is calculated by discounting the total cash flow savings to their present value using the average yield of the Series 2012 Bonds as the discount rate. The economic gain on refunding is \$671,223. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference amounted to \$557,730 and is being charged to interest expense through the year 2020 using the straight-line method.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 7: Long-term Obligations, continued**

**Contract Payable- UOBWA**

In November 1997, Oconee County entered into a supplemental contract with the Upper Oconee Basin Water Authority. This contract indicated that the UOBWA would issue Revenue Bonds, Series 1997 totaling \$60,770,000. By signing the contract, Oconee County agreed to pay the Issuer amounts sufficient to pay 20.959% of the debt service of the Series 1997 Bonds, totaling \$12,677,837.

In March 2005, Oconee County entered into an additional supplemental contract with the Upper Oconee Basin Water Authority (UOBWA). This contract indicated that the UOBWA would issue Revenue Refunding Bonds, Series 2005, in the principal amount of \$48,155,000 in order to advance refund the UOBWA's Series 1997 Bonds maturing in the years 2009 and thereafter and to pay certain expenses incident to the issuance of the Bonds. Again, by signing the contract, Oconee County agreed to pay the Issuer amounts sufficient to pay 20.959% of the debt service of the Series 2005 Bonds as well as the Series 1997 Bonds maturing in years 2005-2008. Interest payments were funded through July 1, 2005 from the proceeds of the Series 2005 Bond. The County is making monthly payments covering annual debt service requirements from \$562,679 to \$901,289, with a coupon interest rate varying from 2.00% to 5.125%. The contract matures on July 1, 2027. This advanced refunding of the 1997 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference amounted to \$618,294 and is being amortized over the remaining life of the new debt.

**Contract Payable – WCWSA**

In October 2007, Oconee County entered into an Intergovernmental Contract-Reservoir Project with Walton County and the Walton County Water and Sewerage Authority (WCWSA). This contract indicated that WCWSA would issue the Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008 totaling \$19,535,000. The proceeds from the Series 2008 Bonds will be used by the Authority for the purpose of financing or refinancing all or a portion of the cost of acquiring, constructing, installing and equipping a reservoir and related treatment and transmission facilities, paying capitalized interest on the Series 2008 Bonds, funding a debt service reserve and paying the costs of issuing the Series 2008 Bonds.

Under the terms of the Contract, the County has agreed to pay the Authority amounts sufficient to pay the debt service on the Series 2008 Bonds. The County intends to make the Contract Payments with moneys derived from its water and sewerage system. However, the County System Revenues have not been pledged as security for the Contract Payments or the Series 2008 Bonds. In the event that the County System Revenues are insufficient to make the Contract Payments, the County has agreed to levy an ad valorem property tax, unlimited as to rate or amount, on all property in the County subject to taxation for such purposes in order to make the Contract Payments. The County will make semiannual payments over to the Authority, ranging from \$309,486 to \$1,228,500 over the life of the contract. The contract matures on February 1, 2038.

WCWSA and the County agreed that based on the a reevaluation of the costs that each had incurred on the HLC project that the County would make payments that would satisfy the debt service requirements for \$18,822,851 of the total Series 2008 bonds. The reduction in the amount that the contract requires the County to make also resulted in a reduction in the County's claim on the unspent proceeds of the Series 2008 bonds. Accordingly, the change did not affect the net position of the Water and Sewer Fund. The beginning balance of the contract payable was restated to reflect this agreement.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 7: Long-term Obligations, continued**

**Note Payable – GEFA**

The Walton County Water and Sewer Authority entered into a note payable with the Georgia Environmental Finance Authority (GEFA) during 2013. Oconee County is obligated to pay 28.8% of the amounts payable under that note pursuant to the intergovernmental agreement that establishes the Hard Labor Creek Reservoir Project (HLC). The note allows for up to \$20,000,000 of borrowing, of which the County's share would be \$5,760,000. At year-end, the total borrowed to date was \$10,194,076, of which the County is responsible for paying \$2,935,894. The note calls for no interest to be paid during the construction period, which continues until September 2015. During the repayment period, interest will accrue on the outstanding principal balance at 1%. Interest only payments will be made annually. All remaining outstanding interest and the outstanding principal will be paid in one payment on December 31, 2052. Because the note bears interest at a rate that differs substantially from the market interest rate available to the County, the accounting standards required that the County discount the required debt service payments using the County's market yield on debt with similar terms. The County estimated that the market yield that it would be required to pay would be 3% and used this rate to calculate the discount on this debt. This discount will be amortized to interest expense over the life of the loan.

Changes in long-term obligations for the year ended June 30, 2014 are as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
<b>Governmental activities:</b>					
Contract payable - OCIDA	\$ 10,380,000	\$ -	\$ -	\$ 10,380,000	\$ 410,000
Less: discount	(11,159)	-	(540)	(10,619)	-
Net contract payable	10,368,841	-	(540)	10,369,381	410,000
General obligation bonds	10,095,000	-	320,000	9,775,000	50,000
Issuance premiums	398,158	-	20,418	377,740	-
Total bonds payable	10,493,158	-	340,418	10,152,740	50,000
Compensated absences	613,877	381,864	358,062	637,679	-
Capital Leases	1,923,456	-	429,794	1,493,662	445,481
Installment note payable	1,742,170	-	1,031,706	710,464	710,464
Total governmental activities	<u>\$ 25,141,502</u>	<u>\$ 381,864</u>	<u>\$ 2,159,440</u>	<u>\$ 23,363,926</u>	<u>\$ 1,615,945</u>

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 7: Long-term Obligations, continued**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
<b>Business-type activities:</b>					
Note payable - GEFA	\$ 262,267	\$ 2,673,627	\$ -	\$ 2,935,894	\$ -
Less: discount on GEFA note	(127,508)	(1,253,965)	-	(1,381,473)	-
Total note payable	<u>134,759</u>	<u>1,419,662</u>	<u>-</u>	<u>1,554,421</u>	<u>-</u>
Contracts payable					
UOBWA Contract payable	8,051,399	-	410,796	7,640,603	425,468
WCWSA Contract payable	18,822,852	-	-	18,822,852	452,866
Less: issuance discount	(114,169)	-	(4,612)	(109,557)	-
Total contracts payable	<u>26,760,082</u>	<u>-</u>	<u>406,184</u>	<u>26,353,898</u>	<u>878,334</u>
Bonds payable:					
Revenue bonds	12,635,000	-	725,000	11,910,000	800,000
Deferred amounts:					
Issuance discounts	(2,232)	-	(223)	(2,009)	-
Issuance premiums	1,328,433	-	139,608	1,188,825	-
Total bonds payable	<u>13,961,201</u>	<u>-</u>	<u>864,385</u>	<u>13,096,816</u>	<u>800,000</u>
Compensated absences - Water	69,755	23,874	17,417	76,212	-
Compensated absences - Nonmajor	36,037	16,087	12,115	40,009	-
Total Business-type activities	<u>\$ 40,961,834</u>	<u>\$ 1,459,623</u>	<u>\$ 1,300,101</u>	<u>\$ 41,121,356</u>	<u>\$ 1,678,334</u>

The business-type bonds payable amounts reported above consist of the following individual revenue bond issues:

	2003 Series	2009 Series	2012 Series	Total
Outstanding bond payable	\$ 100,000	\$ 5,070,000	\$ 6,740,000	\$ 11,910,000
Unamortized discount	(2,009)	-	-	(2,009)
Unamortized premium	-	117,432	1,071,393	1,188,825
Net total	<u>\$ 97,991</u>	<u>\$ 5,187,432</u>	<u>\$ 7,811,393</u>	<u>\$ 13,096,816</u>

All business-type notes, contracts and bonds payable presented above represent liabilities of the Water and Sewer Fund.



**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 7: Long-term Obligations, continued**

**Debt Service Requirements**

Debt service requirements on long-term debt at June 30, 2014 are as follows:

*Governmental activities*

Year Ending June 30,	Installment Note		General Obligation Bonds		Contract Payable - OCIDA	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 710,464	\$ 9,648	\$ 50,000	\$ 381,200	\$ 410,000	\$ 292,112
2016	-	-	390,000	380,380	415,000	283,912
2017	-	-	400,000	371,235	425,000	273,862
2018	-	-	415,000	351,235	440,000	261,112
2019	-	-	435,000	330,485	445,000	252,312
2020 - 2024	-	-	2,415,000	1,357,600	2,380,000	1,111,494
2025 - 2029	-	-	2,920,000	819,403	2,710,000	784,352
2030 - 2034	-	-	2,750,000	263,903	3,155,000	340,776
	<u>\$ 710,464</u>	<u>\$ 9,648</u>	<u>\$ 9,775,000</u>	<u>\$ 4,255,441</u>	<u>\$ 10,380,000</u>	<u>\$ 3,599,932</u>

*Business-type activities*

Year Ending June 30,	Water and Sewer Fund					
	2003 Revenue Bonds		2009 Revenue Bonds		2012 Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ -	\$ 4,500	\$ 800,000	\$ 175,263	\$ -	\$ 305,000
2016	-	4,500	820,000	152,963	230,000	302,700
2017	-	4,500	845,000	126,931	240,000	298,000
2018	-	4,500	870,000	95,800	250,000	291,850
2019	-	4,500	900,000	55,900	265,000	284,125
2020 - 2024	100,000	20,250	835,000	16,700	5,755,000	821,075
	<u>\$ 100,000</u>	<u>\$ 42,750</u>	<u>\$ 5,070,000</u>	<u>\$ 623,557</u>	<u>\$ 6,740,000</u>	<u>\$ 2,302,750</u>

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 7: Long-term Obligations, continued**

Year Ending June 30,	Contract Payable - UOBWA		Contract Payable - WCWSA		Note Payable - GEFA	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 425,468	\$ 375,740	\$ 452,866	\$ 902,131	\$ -	\$ -
2016	447,475	353,935	467,319	884,016	-	7,312
2017	469,482	331,561	486,590	865,324	-	29,494
2018	492,537	308,087	505,861	845,860	-	29,494
2019	517,687	283,460	525,132	825,626	-	29,494
2020 - 2024	2,999,233	1,006,797	2,991,807	3,772,459	-	147,469
2025 - 2029	2,288,721	221,275	3,772,279	2,989,158	-	147,469
2030 - 2034	-	-	4,822,543	1,946,602	-	147,469
2035 - 2039	-	-	4,798,455	614,260	-	147,469
2040 - 2044	-	-	-	-	-	147,469
2045 - 2049	-	-	-	-	-	147,469
2050 - 2053	-	-	-	-	2,935,894	117,976
	<u>\$ 7,640,603</u>	<u>\$ 2,880,855</u>	<u>\$ 18,822,852</u>	<u>\$ 13,645,436</u>	<u>\$ 2,935,894</u>	<u>\$ 1,098,584</u>

**Debt Covenants**

The bond and note indentures contain significant limitations and restrictions on annual debt service requirements, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage ratios. Management believes the County is in compliance with all such significant financial limitations and restrictions.

**Capitalization of Interest**

Interest costs incurred in the Water and Sewer Enterprise Fund during construction are capitalized, net of interest income from the proceeds of related tax-exempt debt, as part of the cost of the related assets of the Water and Sewer Enterprise Fund.

Business-type activities:	Total interest costs incurred	Interest costs capitalized	Interest expensed
Water and Sewer Fund	<u>\$ 1,736,168</u>	<u>\$ 901,425</u>	<u>\$ 834,743</u>

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 8: Net Position Restricted By Enabling Legislation**

In 2003 and 2009, referendums were passed providing for a 1% sales tax to be used by the County for various construction projects.

Additionally, the County maintains several special revenue funds to account for activities that are required by Georgia law.

The County reports restrictions on the use of the remaining fund balance in the funds as follows:

Capital projects	\$ 6,870,862
Judicial	84,131
Public safety	100,740
Housing and Development	153,076
	<u>\$ 7,208,809</u>

**Note 9: Retirement Benefits**

**Defined Benefit Pension Plan**

During the fiscal year ending June 30, 1990, the County began a Defined Benefit Pension Plan for full-time employees employed for three years or more. The plan is reported on a calendar year basis.

**Plan Description**

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Oconee County Employees (The Plan), which is a defined benefit pension plan.

The Plan provides retirement, disability, and death benefits to plan participants and beneficiaries. The Plan, through execution of the adoption agreement, is affiliated with the Association County Commissioners of Georgia Third Restated Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan, administered by GEBCorp. The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of the ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific benefit provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document.

Complete financial statements for The Plan can be obtained directly from the plan administrator:

GEBCorp  
1100 Circle 75 Parkway, Suite 300  
Atlanta, Georgia 30339

**Funding Policy**

The County is required to contribute an actuarially determined amount annually to the Plan's trust. The contribution amount is determined using actuarial methods and assumptions approved by the ACCG Plan trustees and must satisfy the minimum contribution requirement contained in the State of Georgia statutes.

The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend from time to time, the contribution rates for the employer and its plan members.

County employees are not required to contribute to the Plan. The County contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 9: Retirement Benefits, continued**

The County's payroll for employees participating in the Plan as of January 1, 2013 (the most recent actuarial valuation date) was \$8,606,230 (based on W-2 earnings for the preceding year). Covered payroll refers to all compensation paid by the County to active employees covered by The Plan on which contributions to the pension plan are based. The required contribution for the 2014 plan year was \$932,130. The recommended contribution for the 2014 plan year was \$1,754,892, which represents 20.9% of covered payroll.

**Plan Membership**

Retirees and beneficiaries receiving benefits	73
Terminated plan members entitled to but not receiving benefits	92
Disabled in pay status	4
Active plan members	202
Total	371

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits are fully vested after ten years of service. Participants employed before August 2010 become eligible to retire at age 65 with 3 years of participation in the Plan. Employees hired after August 2010 must have 10 years of service to be eligible to retire with benefits from the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount of the greater of: a) 1.0% of average annual compensation up to \$6,600 plus 2% of average of the highest two years' annual compensation in excess of \$6,600 plus \$36 for each year of service prior to January 1, 1990 or b) 0.5% of average annual compensation up to \$6,600 plus 1% of average annual compensation in excess of \$6,600 plus \$36 multiplied by years of service to a maximum of 35 years, payable as a life annuity. Average annual compensation is based on the highest average of the Participant's compensation over five consecutive plan years during the ten plan years preceding the Participant's date of retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

**Plan Asset Matter and Accounting Policies**

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and increments in cash value of death benefits.

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 60% equities and 40% fixed income securities. Plan assets do not include any loans, notes, bonds, or other instruments or securities of the County or related parties.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 9: Retirement Benefits, continued**

**Derivation of Net Pension Obligation**

Net Pension Obligation (Asset) as of the Beginning of Prior Year	\$ (216,542)
Annual Pension Cost for Prior Year	1,510,811
Actual Contributions to Plan for Prior Year	1,700,000
Change in Net Pension Obligation	<u>(189,189)</u>
Net Pension Obligation (Assset) as of Ending of Prior Year	<u>\$ (405,731)</u>

**Derivation of Annual Pension Cost**

Annual Required Contribution	\$ 1,603,961
Interest on Net Pension Obligation	(30,430)
Amortization of Net Pension Obligation	<u>33,054</u>
Annual Pension Cost	<u>\$ 1,606,585</u>

**Basis of Valuation**

Current Valuation Date	January 1, 2014
Annual Return on Invested Plan Assets	7.50%
Projected Annual Salary Increases	4.0% - 6.5%
Expected Annual Inflation	3.00%
Actuarial Value of Assets	Market Value
Actuarial Funding Method	Projected Unit Credit
Amortization method	Level Percent of Pay (Closed)
Amortization period	10 years

**Trend Information for the Plan**

Actuarial Valuation Date	Annual Pension Cost	Actual County Contribution	Percentage of APC Contributed	Net Pension Obligation
1/1/2014	\$ 1,606,585	N/A	N/A	\$ (405,731)
1/1/2013	1,510,811	1,700,000	113%	(216,542)
1/1/2012	1,414,267	1,497,442	106%	(133,367)
1/1/2011	1,378,005	1,473,193	107%	(38,179)

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 9: Retirement Benefits, continued**

Information about the funding status of the plan as of the most recent valuation date is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	\$ 12,044,748	\$ 17,313,298	\$ 5,268,550	69.6%	\$ 8,606,230	61.2%

The required supplementary information containing multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability directly follows the footnotes.

**Deferred Compensation Plan**

The County offers employees the Oconee County Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan is administered by an independent third party plan administrator. As a result, the assets and liabilities of the plan are not recorded on the County's financial statements. All contributions to this plan are voluntary employee contributions.

**Defined Contribution Plan**

The County has also established the Oconee County 401(a) Defined Contribution Plan through adoption of the ACCG 401(a) Defined Contribution Program. The plan was established to provide benefits at retirement to Oconee County employees. There are no employee or employer contributions at this time. The County has delegated certain administrative responsibilities to ACCG, or its designee. Plan provisions are established and may be amended by the Board of Commissioners.

In addition, the following pension and retirement plans are in effect, but are not under the direct control of the County:

**Extension Service Employees Retirement Plan**

Employees of the Oconee County Agricultural Extension Service are covered under the Teachers Retirement System of Georgia. The General Fund contributes 9.24% of these employees' compensation to their pension fund.

**Probate Judge's Retirement Fund of Georgia**

The Probate Judge is covered under a pension plan that requires that certain sums from marriage licenses and fines or forfeitures be remitted to the pension plan before the payment of any costs or other claims.

**Clerk of Superior Court Retirement Fund**

The Clerk of Superior Court is covered under a pension plan which requires that certain sums from fees and fines or forfeitures be remitted to the pension plan before the payment of any costs or other claims.

**Sheriff's Retirement Fund/Peace Officer's Annuity and Benefit Fund**

The Sheriff and sheriff deputies are covered under separate pension plans which require that certain sums from fines or bond forfeitures be remitted by the Probate Judge or Clerk of Superior Court to the pension plans before the payment of any costs or other claims.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 10: Other Postemployment Benefits (OPEB)**

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the recognition of certain postemployment obligations in the accrual basis financial statements of state and local governments. The purpose of the statement is to require local governments to recognize the cost of promised postemployment benefits as those benefits are earned by employees. Consequently, the expense recorded in the accrual basis statements of the County reports the actuarially determined cost of benefits earned this year plus an amortization component of benefits earned in previous years. The actuarial valuation of the County’s postemployment benefits amortizes the cost of the previously earned benefits over 25 years

The County provides postretirement health care benefits under the Oconee County Health Care Plan to all former employees who have already retired or current employees who retired in 2010 or 2011 from the County after providing at least 5 years of service. The plan is a single employer plan, and it does not issue a separately available financial report. The County contributes toward retiree health costs on the authority of a resolution by the Board of Commissioners. Any plan amendments would similarly be approved by a resolution of the Board of Commissioners. During the years ended June 30, 2011 and 2010, the Board of Commissioners adopted changes to the plan which limited eligibility for the plan to former employees who had already retired from service with the County as well as those who retired during 2011 and 2010.

The County contributes towards a retiree’s Medicare supplement premium. Dependent cost is the responsibility of the retiree. The County allows retirees under age 65 to continue in the health plan the County maintains for its active employees. The County contributes an amount equal to the cost of a Medicare Supplement Premium towards the retiree’s health benefit. During the fiscal year, expenditures of \$164,229 were recognized for retiree health care and Medicare supplements. The County has the following participants in its plan:

Retired participants	51
Active participants	-
Total participants	51

The Actuarial Accrued Liability and the Unfunded Actuarial Accrued Liability for the County’s OPEB are calculated as follows:

Retired participants	\$ 2,307,688
Active participants	-
Actuarial Accrued Liability (AAL)	2,307,688
Less: Present value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$ 2,307,688

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 10: Other Postemployment Benefits (OPEB), continued**

The County finances its postemployment benefits on a pay-as-you-go basis. The County's cumulative expenditures on a pay-as-you-go basis were greater than the Annual Required Contribution (ARC) as determined by the actuarial valuation. This results in the County reporting a Net OPEB benefit. The ARC and the Net OPEB benefit are calculated as follows:

Normal cost (current service cost)	\$ -
Amortization of UAAL (share of past service cost)	<u>107,540</u>
Annual Required Contribution (ARC)	107,540
Interest on Net OPEB Obligation	(1,178)
Adjustment to Annual Required Contribution	<u>1,373</u>
Annual OPEB Cost	107,735
OPEB costs paid during year	<u>(164,229)</u>
Change in Net OPEB Obligation	(56,494)
Net OPEB Obligation/(Asset), beginning	<u>(29,458)</u>
Net OPEB Obligation/(Asset), ending	<u>\$ (85,952)</u>
Percentage of ARC contributed	153%

The County finances its postemployment benefits on a pay-as-you-go basis resulting in the County having no present value of plan assets. Consequently, all of the actuarial accrued liability is unfunded. A three year history of funding information for Other Postemployment Benefits is presented in the required supplementary information immediately following the footnotes. The following contains summary information about the County's funding progress for its OPEB obligation:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2013	\$ -	\$ 2,307,688	\$ 2,307,688	0%	\$ -	0%
7/1/2011	\$ -	\$ 2,790,731	\$ 2,790,731	0%	\$ -	0%
1/1/2009	\$ -	\$ 1,510,025	\$ 1,510,025	0%	\$ 9,248,619	16%

The valuation dates in 2011 and 2013 report no covered payroll because all of the covered beneficiaries on those dates were retirees. As mentioned earlier in this note, the County has limited participation in this program to former employees who retired by 2011.



**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 10: Other Postemployment Benefits (OPEB), continued**

**Trend Information**

Year Ended	OPEB Cost	OPEB Cost Contributed	% of ARC Contributed	OPEB Obligation/(Asset)
6/30/2014	\$ 107,735	\$ 164,229	152%	\$ (85,952)
6/30/2013	\$ 121,696	\$ 153,889	126%	\$ (29,458)
6/30/2012	\$ 121,696	\$ 164,201	135%	\$ 2,735
6/30/2011	\$ 70,324	\$ 90,488	129%	\$ 45,240

**Actuarial Assumptions and Methods**

The actuary performed his valuation based on the benefits offered under the plan as explained by the County. The actuarial valuation of the plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial valuation projects the costs of the benefits provided based on the substantive plan currently in place and the relative cost sharing of the plan between the County and the retired employees. The actuarial calculations reflect a long-term perspective, consistent with that perspective the methods and assumption used include techniques designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The following table contains the significant methods used and assumptions made by the actuary for purposes of the actuarial valuation:

Valuation date	06/30/14
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	25 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return (includes 3% inflation)	4%
Medical cost trend rate	5% premium increase annually

The actuarial valuation used the same medical cost trend rate for all years.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 11: Risk Management**

The County is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Government has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of these risk pools, the County is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The County is also to allow the pool's agents and attorneys to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

**Note 12: Landfill Costs**

The Oconee County landfill received no solid waste after October 8, 1993. It currently operates only as a transfer station and was officially declared closed by the EPD in 1996. Thus, the County is only responsible for minor monitoring of the closed facility and is not subject to GASB 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs," which is based on the EPA rule that establishes thirty-year postclosure care requirements for landfills that accept solid waste after October 9, 1993.

**Note 13: Contingencies and Commitments**

**Contingent Liabilities**

The County participates in a number of federal and state assisted grant programs. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. The amount, if any, of disallowed expenditures discovered in future audits is expected to be immaterial.

**Litigation**

The County is a defendant in several lawsuits, which arose in the ordinary course of its activities. The County records liabilities resulting from such claims and litigation only when they become probable and measurable. No liability has been recorded for any of the lawsuits currently in process. However, the County attorney and the County's management believes that damages, if any, that are to be paid by the County in excess of insurance coverage will not be material to the financial statements.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2014**

**Note 14: Joint Ventures**

**Northeast Georgia Regional Commission (RC)**

Oconee County, Georgia, along with cities and counties in the 12 county Northeast Georgia area is a member of the Northeast Georgia Regional Commission (RC). Membership in an RC is automatic for each municipality and county in the state. The Official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the RCs. Each county and municipality in the state is required by law to pay minimum annual dues to the RC. The Board is comprised of not less than two (2) or more than five (5) representatives of each member county served by the RC. The manner of selecting such representatives from each member county is as follows:

- \* The chief elected official or the chair of the board of commissioners of each county served by the Center shall be a member (or a designated government official).
- \* One elected or appointed municipal government official from each county served by the Center. The mayors of the municipalities in such county shall select the municipal representative of that county.
- \* Not less than ten (10) or more than twenty (20) public members.
- \* A minority representation, the percentage of which is at least equal to the minority population of the geographical region served by the Board, as established by the latest United States Census.

The Georgia Planning Act of 1989 (*O.C.G.A. 50-8-34*) defines RCs as “public agencies and instrumentalities of their members”. Georgia laws also provide that the member governments are liable for any debts or obligations of an RC beyond its resources. (*O.C.G.A. 50-8-39.1*) Complete financial statements of the Northeast Georgia Regional Commission can be obtained directly from the RC’s administrative office at 305 Research Drive, Athens, Georgia 30605.

**Note 15: Hotel Motel Lodging Tax**

Oconee County, Georgia has levied a 6% lodging tax. During the year ended June 30, 2014, the County received \$131,232 in hotel motel tax revenue of this amount, 60% must be spent in accordance with O.C.G.A 48-13-51(a) (4). During the current fiscal year, the Hotel Motel Tax fund had \$148,418 in expenditures. Of these expenditures, \$70,400 was spent from the restricted portion of fund balance and \$78,018 was spent from the unrestricted portion of the tax (40%). At June 30, 2014, \$239,043 was the balance of restricted fund balance and restricted net position. This amount represents the restricted portion of the tax (60%) and will be spent in accordance with O.C.G.A 48-13-51(a) (4).

**Note 16: Subsequent Event**

Subsequent to year-end, the Walton County Water and Sewerage Authority (WCWSA) entered into a construction loan agreement with the Georgia Environmental Finance Authority (GEFA) with a total available credit line of \$12 million for the purpose of continuing the construction work on the Hard Labor Creek reservoir. The loan bears no interest for the first three years following the first advance on the loan, bears 1% interest until the loan has been fully disbursed, and bears 2% interest thereafter until the loan matures. Once the loan begins bearing interest, the interest only will be payable monthly for five years. After those five years, interest and principal will be payable monthly for 35 years. The County has an intergovernmental agreement with WCWSA that requires that the County pay the interest and principal payments for 28.8% of any funds advanced to WCWSA through this loan.

## **Required Supplementary Information**

**Oconee County, Georgia**  
**Required Supplemental Information**  
**Retirement Plan - Schedule of Funding Progress**  
**June 30, 2014**

**RETIREMENT PLAN**  
Schedule of Funding Progress

Actuarial Valuation Date	(a)		(b)		Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	(c) Covered Payroll	UAAL as a percentage of covered payroll (b - a) / c
	Actuarial Value of Assets	Actuarial Liability (AAL) Projected Unit Credit	Actuarial Accrued Liability (AAL) Projected Unit Credit	Actuarial Projected Unit Credit				
1/1/2014	12,044,748	17,313,298	17,313,298	5,268,550	69.6%	8,606,230	61.2%	
1/1/2013	10,195,073	15,955,259	15,955,259	5,760,186	63.9%	\$ 8,779,600	65.6%	
1/1/2012	9,005,571	14,519,069	14,519,069	5,513,498	62.0%	8,692,728	63.4%	
1/1/2011	7,814,017	13,621,164	13,621,164	5,807,147	57.4%	8,132,027	71.4%	
1/1/2010	6,646,600	12,007,784	12,007,784	5,361,184	55.4%	8,136,636	65.9%	
1/1/2009	5,858,023	8,381,636	8,381,636	2,523,613	69.9%	7,455,563	33.8%	
1/1/2008	5,326,928	7,509,236	7,509,236	2,182,308	70.9%	6,603,361	33.0%	
1/1/2007	4,361,585	6,309,382	6,309,382	1,947,797	69.1%	5,832,064	33.4%	

**Oconee County, Georgia**  
**Required Supplemental Information**  
**Other Postemployment Benefits - Schedule of Funding Progress**  
**June 30, 2014**

**OTHER POSTEMPLOYMENT BENEFITS**  
Schedule of Funding Progress

Actuarial Valuation Date	(a)	(b)	Unfunded AAL (UAAL)		(c)	UAAL as a percentage of covered payroll (b - a) / c
	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll	
7/1/2013	\$ -	\$ 2,307,688	\$ 2,307,688	0.0%	\$ -	0.0%
7/1/2011	-	2,790,731	2,790,731	0.0%	-	0.0%
1/1/2009	-	1,510,025	1,510,025	0.0%	9,248,619	16.3%

**Schedule of Employer Contributions**

Fiscal Year Ended	Annual Required Contribution		Amount Contributed		Percentage Contributed
	Contribution	Contribution	Contribution	Contribution	
6/30/14	\$ 107,735	\$ 164,229	\$ 164,229		152.4%
6/30/13	121,537	153,889	153,889		126.6%
6/30/12	121,537	164,201	164,201		135.1%
6/30/11	70,324	90,488	90,488		128.7%
6/30/10	57,702	25,000	25,000		43.3%
6/30/09	640,255	25,000	25,000		3.9%

**Oconee County, Georgia**  
**Required Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (by Department) and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2014**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Taxes	\$ 17,457,000	\$ 18,648,600	\$ 18,610,224	\$ (38,376)
Licenses and permits	405,350	705,350	797,567	92,217
Intergovernmental revenue	35,000	3,127,590	3,127,964	374
Charges for services	2,450,165	2,450,165	2,450,784	619
Fines and forfeitures	362,500	362,500	351,954	(10,546)
Investment income	13,000	13,000	13,278	278
Miscellaneous	27,000	55,800	83,135	27,335
<b>Total revenues</b>	<u>20,750,015</u>	<u>25,363,005</u>	<u>25,434,906</u>	<u>71,901</u>
<b>EXPENDITURES</b>				
<b>Department level:</b>				
Commission	381,779	399,648	388,781	10,867
Administration	407,028	429,850	421,113	8,737
Human resources	435,466	451,372	449,575	1,797
Finance	593,465	549,150	532,988	16,162
Law enforcement	3,243,195	3,470,736	3,401,658	69,078
Jail	2,404,015	2,448,593	2,402,387	46,206
Tax commissioner	389,886	478,115	471,860	6,255
Probate court	420,594	432,087	425,912	6,175
Clerk of courts	621,390	696,145	690,848	5,297
Juvenile court	77,002	84,741	78,030	6,711
Superior court	360,722	342,121	308,675	33,446
District attorney	22,675	22,675	21,695	980
Magistrate court	71,429	81,073	79,320	1,753
Coroner	26,025	30,928	29,763	1,165
Tax assessor	541,519	563,419	548,351	15,068
Board of elections	161,895	189,988	183,803	6,185
Public works	2,219,121	5,514,394	5,450,712	63,682
Parks and recreation	2,200,890	2,494,263	2,433,150	61,113
Operations	1,533,958	1,600,676	1,559,071	41,605
Public safety	1,108,679	1,238,401	1,155,728	82,673
Planning	182,245	182,244	178,491	3,753
Code enforcement	645,482	676,856	661,659	15,197
Information technology	505,399	669,060	664,717	4,343
Joint governmental programs	829,279	858,913	847,825	11,088
<b>Total expenditures</b>	<u>19,383,138</u>	<u>23,905,448</u>	<u>23,386,112</u>	<u>519,336</u>
Excess of revenues over expenditures	1,366,877	1,457,557	2,048,794	591,237
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of capital asset dispositions	-	20,000	22,998	2,998
Transfers in	8,500	84,174	83,287	(887)
Transfers (out)	(2,003,013)	(2,047,361)	(1,893,707)	153,654
<b>Total other financing sources (uses)</b>	<u>(1,994,513)</u>	<u>(1,943,187)</u>	<u>(1,787,422)</u>	<u>155,765</u>
<b>Net change in fund balances</b>	(627,636)	(485,630)	261,372	747,002
<b>Fund balance - beginning</b>	8,895,430	8,895,430	8,895,430	-
<b>Fund balances - ending</b>	<u>\$ 8,267,794</u>	<u>\$ 8,409,800</u>	<u>\$ 9,156,802</u>	<u>\$ 747,002</u>

**Oconee County, Georgia**  
**Reconciliation of Budget Expenditures by Department to**  
**GAAP Basis Budget - General Fund**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Current:				
General government:				
Commission	\$ 381,779	\$ 399,648	\$ 388,781	\$ 10,867
Administration	407,028	429,850	421,113	8,737
Human resources	435,466	451,372	449,575	1,797
Finance	593,465	549,150	532,988	16,162
Board of elections	161,895	189,988	183,803	6,185
Information technology	505,399	669,060	664,717	4,343
Tax commissioner	389,886	478,115	471,860	6,255
Tax assessor	541,519	563,419	548,351	15,068
Operations	1,120,750	1,158,450	1,123,090	35,360
Superior court - Board of equalization	3,690	5,690	4,525	1,165
Judicial:				
Superior court	357,032	336,431	304,150	32,281
Clerk of courts	621,390	696,145	690,848	5,297
District attorney	22,675	22,675	21,695	980
Magistrate court	71,429	81,073	79,320	1,753
Probate court	420,594	432,087	425,912	6,175
Juvenile court	77,002	84,741	78,030	6,711
Public safety:				
Law enforcement	3,243,195	3,470,736	3,401,658	69,078
Jail	2,404,015	2,448,593	2,402,387	46,206
Public safety	1,108,679	1,238,401	1,155,728	82,673
Coroner	26,025	30,928	29,763	1,165
Public works:				
Public works	2,219,121	5,514,394	5,450,712	63,682
County facilities	413,208	442,226	435,981	6,245
Health and welfare:				
Joint gov't programs-health and welfare	234,785	236,260	236,056	204
Culture and recreation:				
Parks and recreation	2,200,890	2,494,263	2,433,150	61,113
Joint gov't program-library	436,175	456,500	454,908	1,592
Housing and development:				
Joint gov't program-development	158,319	166,153	156,861	9,292
Code enforcement	645,482	676,856	661,659	15,197
Planning	182,245	182,244	178,491	3,753
Total expenditures by department	<u>\$ 19,383,138</u>	<u>\$ 23,905,448</u>	<u>\$ 23,386,112</u>	<u>\$ 519,336</u>



**Oconee County, Georgia**  
**Notes to Required Supplementary Information**  
**June 30, 2014**

**NOTE A: BASIS OF PRESENTATION**

The budget is prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).

## **Supplementary Information**

## **Governmental funds**

# Nonmajor Governmental Funds

## SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues from specific taxes or other earmarked revenue sources which, by law, are designated to finance particular functions or activities of government.

**Council on Aging**- The Council on Aging Fund accounts for the activity relating to the County's senior center.

**Law Library** - The Law Library Fund accounts for the funds used for the purpose of providing a law library for use by the County courts.

**Special Revenue Fund** - The Special Revenue Fund accounts for the receipt of donations to the County for various uses and projects, as well as other funding paid to the County with specified purposes set forth for the funding.

**Confiscated Assets** - The Confiscated Assets Fund accounts for the cash received either from a cash confiscation or cash received from a sale of capital assets acquired from a drug raid.

**Victims Services** - The Victims Services and Forfeited Property Fund accounts for the receipt of the additional court costs assessed for the purpose of assisting victims and to cover the related salary costs.

**Special Lighting District** - The Special Lighting Districts Fund accounts for the fiscal activity relating to the providing of street lighting services within the County.

**E-911 Emergency Telephone System** - The E-911 Fund accounts for the fiscal activity related to the imposition, collection and uses of the E-911 emergency telephone number system fees.

**Multiple Grant Fund** - The Multiple Grant Fund accounts for the fiscal activity related to various small grants awarded to the County.

**Hotel/Motel Tax Fund** - The Hotel/Motel Tax Fund accounts for the hotel/motel taxes collected as required by general law that are legally restricted for promotion of trade and tourism in the County.

**Industrial Development Authority**- This fund accounts for the General Fund of the Oconee County Industrial Development Authority, which meets the criteria of a blended component unit, and is included in Oconee County's report as though it were not a separate legal entity.

## CAPITAL PROJECTS FUNDS

Capital Projects Funds account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

**SPLOST 2004 Fund** - This fund accounts for capital projects financed from SPLOST funds.

**Local Resources Fund** - This fund accounts for the acquisition of capital facilities.

**Industrial Development Capital Projects Fund**- This fund accounts for all of the funds received and expended related to the Authority's issuance of its Series 2012 revenue bonds.

**Oconee County, Georgia**  
**All Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2014**

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash	\$ 1,068,304	\$ 1,151,599	\$ 2,219,903
Investments, plus accrued interest	-	3,662,870	3,662,870
Accounts receivable, net	161,711	-	161,711
Taxes receivable, net	3,600	-	3,600
Internal balances	287,235	-	287,235
Due from other governments	101,991	-	101,991
Prepaid items	6,666	-	6,666
<b>Total assets</b>	<b>\$ 1,629,507</b>	<b>\$ 4,814,469</b>	<b>\$ 6,443,976</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 178,315	\$ -	\$ 178,315
Internal balances	201,154	-	201,154
Salaries and benefits payable	18,907	-	18,907
<b>Total liabilities</b>	<b>398,376</b>	<b>-</b>	<b>398,376</b>
Deferred inflows of resources:			
Unavailable property taxes	3,540	-	3,540
<b>Total deferred inflows</b>	<b>3,540</b>	<b>-</b>	<b>3,540</b>
Fund balances:			
Nonspendable	6,666	-	6,666
Restricted			
Capital projects	85,973	4,814,469	4,900,442
Judicial	92,736	-	92,736
Public safety	162,482	-	162,482
Culture and recreation	52,794	-	52,794
Housing and development	153,070	-	153,070
Assigned			
Health and welfare	82,025	-	82,025
Housing and development	597,644	-	597,644
Unassigned	(5,799)	-	(5,799)
<b>Total fund balances</b>	<b>1,227,591</b>	<b>4,814,469</b>	<b>6,042,060</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 1,629,507</b>	<b>\$ 4,814,469</b>	<b>\$ 6,443,976</b>

Oconee County, Georgia  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2014

	Council on Aging	Law Library	Confiscated Assets	Special Revenue Fund	Victims Services and Forfeited Property	E-911	Multiple Grant Fund	Special Lighting District	Hotel/Motel Tax	Industrial Development Authority	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>											
Cash	\$ 55,196	\$ 83,476	\$ 34,379	\$ 196,132	\$ 25,306	\$ -	\$ -	\$ 263	\$ -	\$ 673,552	\$ 1,068,304
Accounts receivable, net	52,772	-	-	5,150	-	91,300	-	-	12,489	-	161,711
Taxes receivable, net	-	-	-	-	-	-	-	3,600	-	-	3,600
Internal balances	-	-	-	15,867	9,911	-	16,101	18,072	227,284	-	287,235
Due from other governments	-	-	-	-	71,650	-	30,341	-	-	-	101,991
Prepaid items	867	-	-	-	-	5,451	-	-	348	-	6,666
<b>Total assets</b>	<b>\$ 108,835</b>	<b>\$ 83,476</b>	<b>\$ 34,379</b>	<b>\$ 217,149</b>	<b>\$ 106,867</b>	<b>\$ 96,751</b>	<b>\$ 46,442</b>	<b>\$ 21,935</b>	<b>\$ 240,121</b>	<b>\$ 673,552</b>	<b>\$ 1,629,507</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Accounts payable	\$ 5,600	\$ -	\$ -	\$ 2,039	\$ 106,212	\$ 14,783	\$ 30,575	\$ 18,395	\$ 477	\$ 234	\$ 178,315
Internal balances	15,274	-	1,106	24,502	-	68,731	15,867	-	-	75,674	201,154
Salaries and benefits payable	5,069	-	-	-	-	13,237	-	-	601	-	18,907
<b>Total liabilities</b>	<b>25,943</b>	<b>-</b>	<b>1,106</b>	<b>26,541</b>	<b>106,212</b>	<b>96,751</b>	<b>46,442</b>	<b>18,395</b>	<b>1,078</b>	<b>75,908</b>	<b>398,376</b>
Deferred inflows of resources:											
Unavailable property taxes	-	-	-	-	-	-	-	3,540	-	-	3,540
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,540</b>	<b>-</b>	<b>-</b>	<b>3,540</b>
<b>Fund balances:</b>											
Nonspendable	867	-	-	-	-	5,451	-	-	348	-	6,666
Restricted	-	-	-	-	-	-	-	-	85,973	-	85,973
Capital Projects	-	83,476	-	8,605	655	-	-	-	-	-	92,736
Judicial	-	-	-	129,209	-	-	-	-	-	-	162,482
Public safety	-	-	33,273	52,794	-	-	-	-	-	-	52,794
Culture and recreation	-	-	-	-	-	-	-	-	-	-	-
Housing and development	-	-	-	-	-	-	-	-	153,070	-	153,070
Assigned	-	-	-	-	-	-	-	-	-	-	-
Health and welfare	82,025	-	-	-	-	-	-	-	-	-	82,025
Housing and development	-	-	-	-	-	-	-	-	-	597,644	597,644
Unassigned	-	-	-	-	-	(5,451)	-	-	(348)	-	(5,799)
<b>Total fund balances</b>	<b>82,892</b>	<b>83,476</b>	<b>33,273</b>	<b>190,608</b>	<b>655</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>239,043</b>	<b>597,644</b>	<b>1,227,591</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 108,835</b>	<b>\$ 83,476</b>	<b>\$ 34,379</b>	<b>\$ 217,149</b>	<b>\$ 106,867</b>	<b>\$ 96,751</b>	<b>\$ 46,442</b>	<b>\$ 21,935</b>	<b>\$ 240,121</b>	<b>\$ 673,552</b>	<b>\$ 1,629,507</b>

**Oconee County, Georgia**  
**Nonmajor Governmental Funds - Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2014**

	<b>SPLOST 2004 Fund</b>	<b>Local Resources Capital Projects Fund</b>	<b>Industrial Development Authority Projects Fund</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>ASSETS</b>				
Cash	\$ 72,819	\$ -	1,078,780	\$ 1,151,599
Investments	3,662,870	-	-	3,662,870
<b>Total assets</b>	<b>\$ 3,735,689</b>	<b>\$ -</b>	<b>\$ 1,078,780</b>	<b>\$ 4,814,469</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:				
Restricted				
Capital projects	3,735,689	-	1,078,780	4,814,469
<b>Total fund balances</b>	<b>3,735,689</b>	<b>-</b>	<b>1,078,780</b>	<b>4,814,469</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,735,689</b>	<b>\$ -</b>	<b>\$ 1,078,780</b>	<b>\$ 4,814,469</b>

**Oconee County, Georgia**  
**All Nonmajor Governmental Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2014**

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>			
Taxes	\$ 131,232	\$ -	\$ 131,232
Intergovernmental revenue	526,750	-	526,750
Charges for services	1,069,526	-	1,069,526
Fines and forfeitures	71,174	-	71,174
Investment income	1,945	4,596	6,541
Contributions and donations	79,133	-	79,133
Miscellaneous	18,057	-	18,057
<b>Total revenues</b>	<u>1,897,817</u>	<u>4,596</u>	<u>1,902,413</u>
<b>EXPENDITURES</b>			
Current:			
General government	4,558	-	4,558
Judicial	438,937	-	438,937
Public safety	1,517,073	-	1,517,073
Public works	217,161	-	217,161
Health and welfare	432,172	-	432,172
Culture and recreation	32,550	-	32,550
Housing and development	259,881	-	259,881
Debt service:			
Interest and fiscal charges	-	292,112	292,112
Capital outlay			
General government	-	38,051	38,051
Public safety	-	126,751	126,751
Housing and development	-	86,895	86,895
<b>Total expenditures</b>	<u>2,902,332</u>	<u>543,809</u>	<u>3,446,141</u>
Deficiency of revenues under expenditures	<u>(1,004,515)</u>	<u>(539,213)</u>	<u>(1,543,728)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Proceeds from sale of capital assets	292,220	-	292,220
Transfers in	1,168,471	126,751	1,295,222
Transfers (out)	(116,280)	(395,453)	(511,733)
<b>Total other financing sources (uses)</b>	<u>1,344,411</u>	<u>(268,702)</u>	<u>1,075,709</u>
<b>Change in fund balances</b>	339,896	(807,915)	(468,019)
<b>Fund balances - beginning</b>	<u>887,695</u>	<u>5,622,384</u>	<u>6,510,079</u>
<b>Fund balances - ending</b>	<u>\$ 1,227,591</u>	<u>\$ 4,814,469</u>	<u>\$ 6,042,060</u>



**Oconee County, Georgia**  
**Nonmajor Governmental Funds - Special Revenue Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2014**

	Council on Aging	Law Library	Confiscated Assets	Special Revenue Fund	Victims Services and Forfeited Property	E-911	Multiple Grant Fund	Special Lighting District	Hotel/Motel Tax	Industrial Development Authority	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 131,232	\$ -	\$ 131,232
Intergovernmental revenue	149,248	-	-	3,751	261,464	-	112,287	-	-	-	526,750
Charges for services	-	-	-	36,905	-	703,731	-	174,418	-	154,472	1,069,526
Fines and forfeitures	-	8,512	16,733	21,551	24,378	-	-	-	-	-	71,174
Investment income	90	82	33	354	-	-	-	-	-	1,386	1,945
Contributions and donations	-	-	2,455	76,678	-	-	-	-	-	-	79,133
Miscellaneous	17,912	-	-	145	-	-	-	-	-	-	18,057
<b>Total revenues</b>	<u>167,250</u>	<u>8,594</u>	<u>19,221</u>	<u>139,384</u>	<u>285,842</u>	<u>703,731</u>	<u>112,287</u>	<u>174,418</u>	<u>131,232</u>	<u>155,858</u>	<u>1,897,817</u>
<b>EXPENDITURES</b>											
Current:											
General government	-	-	-	4,558	-	-	-	-	-	-	4,558
Judicial	-	6,080	-	1,652	430,291	-	914	-	-	-	438,937
Public safety	-	-	6,115	40,652	-	1,387,311	82,995	-	-	-	1,517,073
Public works	-	-	-	-	-	-	-	217,161	-	-	217,161
Health and welfare	387,172	-	-	-	-	-	45,000	-	-	-	432,172
Culture and recreation	-	-	-	32,550	-	-	-	-	-	-	32,550
Housing and development	-	-	-	-	-	-	-	-	148,418	111,463	259,881
<b>Total expenditures</b>	<u>387,172</u>	<u>6,080</u>	<u>6,115</u>	<u>79,412</u>	<u>430,291</u>	<u>1,387,311</u>	<u>128,909</u>	<u>217,161</u>	<u>148,418</u>	<u>111,463</u>	<u>2,902,332</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(219,922)</u>	<u>2,514</u>	<u>13,106</u>	<u>59,972</u>	<u>(144,449)</u>	<u>(683,580)</u>	<u>(16,622)</u>	<u>(42,743)</u>	<u>(17,186)</u>	<u>44,395</u>	<u>(1,004,515)</u>
<b>OTHER FINANCING SOURCES (USES)</b>											
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	292,220	292,220
Transfers in	260,884	-	-	7,700	144,451	683,580	3,588	42,743	25,525	-	1,168,471
Transfers (out)	-	-	-	(25,606)	-	-	-	-	-	(90,674)	(116,280)
<b>Total other financing sources (uses)</b>	<u>260,884</u>	<u>-</u>	<u>-</u>	<u>(17,906)</u>	<u>144,451</u>	<u>683,580</u>	<u>3,588</u>	<u>42,743</u>	<u>25,525</u>	<u>201,546</u>	<u>1,344,411</u>
<b>Net change in fund balances</b>	<u>40,962</u>	<u>2,514</u>	<u>13,106</u>	<u>42,066</u>	<u>2</u>	<u>-</u>	<u>(13,034)</u>	<u>-</u>	<u>8,339</u>	<u>245,941</u>	<u>339,896</u>
<b>Fund balances - beginning</b>	<u>41,930</u>	<u>80,962</u>	<u>20,167</u>	<u>148,542</u>	<u>653</u>	<u>-</u>	<u>13,034</u>	<u>-</u>	<u>230,704</u>	<u>351,703</u>	<u>887,695</u>
<b>Fund balances - ending</b>	<u>\$ 82,892</u>	<u>\$ 83,476</u>	<u>\$ 33,273</u>	<u>\$ 190,608</u>	<u>\$ 655</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,043</u>	<u>\$ 597,644</u>	<u>\$ 1,227,591</u>

**Oconee County, Georgia**  
**Nonmajor Governmental Funds - Capital Projects Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2014**

	<b>SPLOST 2004 Fund</b>	<b>Local Resources Capital Projects Fund</b>	<b>Industrial Development Authority Projects Fund</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>REVENUES</b>				
Investment income	\$ 4,596	\$ -	\$ -	\$ 4,596
<b>Total revenues</b>	<u>4,596</u>	<u>-</u>	<u>-</u>	<u>4,596</u>
<b>EXPENDITURES</b>				
Debt service:				
Interest and fiscal charges	-	-	292,112	292,112
Capital outlay				
General government	38,051	-	-	38,051
Public safety	-	126,751	-	126,751
Housing and development	-	-	86,895	86,895
<b>Total expenditures</b>	<u>38,051</u>	<u>126,751</u>	<u>379,007</u>	<u>543,809</u>
Deficiency of revenues under expenditures	<u>(33,455)</u>	<u>(126,751)</u>	<u>(379,007)</u>	<u>(539,213)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	126,751	-	126,751
Transfers (out)	(395,453)	-	-	(395,453)
<b>Total other financing sources (uses)</b>	<u>(395,453)</u>	<u>126,751</u>	<u>-</u>	<u>(268,702)</u>
<b>Net change in fund balances</b>	(428,908)	-	(379,007)	(807,915)
<b>Fund balances - beginning</b>	<u>4,164,597</u>	<u>-</u>	<u>1,457,787</u>	<u>5,622,384</u>
<b>Fund balances - ending</b>	<u>\$ 3,735,689</u>	<u>\$ -</u>	<u>\$ 1,078,780</u>	<u>\$ 4,814,469</u>

# **Nonmajor Proprietary Funds**

## **Enterprise Funds**

**Solid Waste Fund** - The Solid Waste Fund accounts for the operation and maintenance of the County's landfill disposal sites and recycling.

**Special Facilities Fund** - The Special Facilities Fund accounts for the operation, maintenance and development of the County's Civic Center, William Daniell House and the Eagle Tavern Museum, as well as economic development and tourism.

**Oconee County, Georgia**  
**Nonmajor Proprietary Funds**  
**Combining Schedule of Net Position**  
**June 30, 2014**

	<b>Solid Waste Fund</b>	<b>Special Facilities Fund</b>	<b>Total Nonmajor Proprietary Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 2,291	\$ 6,653	\$ 8,944
Accounts receivable, net	2,435	10,061	12,496
Internal balances	32,013	131,947	163,960
Due from other governments	-	4,036	4,036
Prepaid items	1,430	3,336	4,766
<b>Total current assets</b>	<b>38,169</b>	<b>156,033</b>	<b>194,202</b>
Noncurrent assets:			
Net pension asset	4,713	9,398	14,111
Capital assets not being depreciated	125,000	25,000	150,000
Capital assets, net of depreciation	56,168	1,683,592	1,739,760
<b>Total capital assets</b>	<b>181,168</b>	<b>1,708,592</b>	<b>1,889,760</b>
<b>Total assets</b>	<b>224,050</b>	<b>1,874,023</b>	<b>2,098,073</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	18,541	10,253	28,794
Salaries and benefits payable	3,298	6,272	9,570
<b>Total current liabilities</b>	<b>21,839</b>	<b>16,525</b>	<b>38,364</b>
Noncurrent liabilities:			
Compensated absences	8,409	33,099	41,508
<b>Total noncurrent liabilities</b>	<b>8,409</b>	<b>33,099</b>	<b>41,508</b>
<b>Total liabilities</b>	<b>30,248</b>	<b>49,624</b>	<b>79,872</b>
<b>NET POSITION</b>			
Net investment in capital assets	181,168	1,708,592	1,889,760
Unrestricted	12,634	115,807	128,441
<b>Total net position</b>	<b>\$ 193,802</b>	<b>\$ 1,824,399</b>	<b>\$ 2,018,201</b>

**Oconee County, Georgia**  
**Combining Schedule of Revenues, Expenses and Changes in Fund Net Position**  
**Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<b>Solid Waste Fund</b>	<b>Special Facilities Fund</b>	<b>Total Nonmajor Proprietary Funds</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 194,281	\$ 71,835	\$ 266,116
Licenses and permits	7,000	-	7,000
Rents and royalties	-	119,723	119,723
Miscellaneous	-	13,590	13,590
<b>Total operating revenues</b>	<b>201,281</b>	<b>205,148</b>	<b>406,429</b>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	159,336	418,837	578,173
Other contracted services	167,282	5,886	173,168
Supplies and materials	13,696	29,409	43,105
Repairs and maintenance	3,581	24,027	27,608
Utilities	10,353	58,888	69,241
Insurance	3,834	4,383	8,217
Depreciation and amortization	6,318	77,353	83,671
Other charges	12,259	42,465	54,724
<b>Total operating expenses</b>	<b>376,659</b>	<b>661,248</b>	<b>1,037,907</b>
<b>Operating loss</b>	<b>(175,378)</b>	<b>(456,100)</b>	<b>(631,478)</b>
<b>Loss before contributions and transfers</b>	<b>(175,378)</b>	<b>(456,100)</b>	<b>(631,478)</b>
Transfers in	175,378	456,100	631,478
<b>Change in net position</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total net position - beginning</b>	<b>193,802</b>	<b>1,824,399</b>	<b>2,018,201</b>
<b>Total net position - ending</b>	<b>\$ 193,802</b>	<b>\$ 1,824,399</b>	<b>\$ 2,018,201</b>

**Oconee County, Georgia**  
**Combining Schedule of Cash Flows**  
**Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<b>Solid Waste Fund</b>	<b>Special Facilities Fund</b>	<b>Total Nonmajor Proprietary Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 200,066	\$ 197,030	\$ 397,096
Payments to suppliers	(222,405)	(185,162)	(407,567)
Payments to employees	(161,821)	(421,480)	(583,301)
Receipts from others	-	1,368	1,368
Net cash (used) by operating activities	<u>(184,160)</u>	<u>(408,244)</u>	<u>(592,404)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	175,378	456,100	631,478
Interfund loans - proceeds and collections	<u>10,277</u>	<u>(29,804)</u>	<u>(19,527)</u>
Net cash provided by noncapital financing activities	<u>185,655</u>	<u>426,296</u>	<u>611,951</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	-	(12,036)	(12,036)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(12,036)</u>	<u>(12,036)</u>
Net change in cash and cash equivalents	1,495	6,016	7,511
Cash - beginning of the year	796	637	1,433
Cash - end of the year	<u>\$ 2,291</u>	<u>\$ 6,653</u>	<u>\$ 8,944</u>

**Oconee County, Georgia**  
**Combining Schedule of Cash Flows**  
**Nonmajor Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Solid Waste Fund</u>	<u>Special Facilities Fund</u>	<u>Total</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>			
Operating loss	\$ (175,378)	\$ (456,100)	\$ (631,478)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation and amortization expense	6,318	77,353	83,671
Change in assets and liabilities:			
Receivables, net	(1,215)	(8,118)	(9,333)
Prepaid items	(464)	(435)	(899)
Due from other governments	-	1,368	1,368
Net pension asset	(2,227)	(4,298)	(6,525)
Accounts payable	(10,936)	(19,669)	(30,605)
Accrued expenses	262	(4,336)	(4,074)
Compensated absences	(520)	5,991	5,471
Net cash (used) by operating activities	<u>\$ (184,160)</u>	<u>\$ (408,244)</u>	<u>\$ (592,404)</u>

# **Fiduciary Funds**

Agency funds are custodial in nature (assets equal liabilities) and thus do not represent the measurement or results of operations.



Oconee County, Georgia  
Fiduciary Funds  
Combining Schedule of Fiduciary Assets and Liabilities  
June 30, 2014

	Tax Commissioner	Sheriff	Superior Court	Probate Court	Magistrate Court	Juvenile Court	Total Fiduciary Funds
<b>ASSETS</b>							
Cash	\$ 35,921	\$ 9,591	\$ 491,268	\$ 55,588	\$ 61,523	\$ 304	\$ 654,195
<b>Total Assets</b>	<u>\$ 35,921</u>	<u>\$ 9,591</u>	<u>\$ 491,268</u>	<u>\$ 55,588</u>	<u>\$ 61,523</u>	<u>\$ 304</u>	<u>\$ 654,195</u>
<b>LIABILITIES</b>							
Due to others	\$ 35,921	\$ 9,591	\$ 491,268	\$ 55,588	\$ 61,523	\$ 304	\$ 654,195
<b>Total Liabilities</b>	<u>\$ 35,921</u>	<u>\$ 9,591</u>	<u>\$ 491,268</u>	<u>\$ 55,588</u>	<u>\$ 61,523</u>	<u>\$ 304</u>	<u>\$ 654,195</u>

**Oconee County, Georgia**  
**Fiduciary Funds**  
**Combining Schedule of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Balance</u> <u>6/30/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2014</u>
<b>TAX COMMISSIONER</b>				
Assets				
Cash	\$ 35,951	\$ 42,991,480	\$ 42,991,510	\$ 35,921
	<u>35,951</u>	<u>42,991,480</u>	<u>42,991,510</u>	<u>35,921</u>
Liabilities				
Due to others	35,951	42,991,480	42,991,510	35,921
	<u>35,951</u>	<u>42,991,480</u>	<u>42,991,510</u>	<u>35,921</u>
<b>SHERIFF</b>				
Assets				
Cash	8,257	64,717	63,383	9,591
	<u>8,257</u>	<u>64,717</u>	<u>63,383</u>	<u>9,591</u>
Liabilities				
Due to others	8,257	64,717	63,383	9,591
	<u>8,257</u>	<u>64,717</u>	<u>63,383</u>	<u>9,591</u>
<b>SUPERIOR COURT</b>				
Assets				
Cash	496,399	1,931,361	1,936,492	491,268
	<u>496,399</u>	<u>1,931,361</u>	<u>1,936,492</u>	<u>491,268</u>
Liabilities				
Due to others	496,399	1,931,361	1,936,492	491,268
	<u>\$ 496,399</u>	<u>\$ 1,931,361</u>	<u>\$ 1,936,492</u>	<u>\$ 491,268</u>

**Oconee County, Georgia**  
**Fiduciary Funds**  
**Combining Schedule of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Balance</u> <u>6/30/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2014</u>
<b>PROBATE COURT</b>				
Assets				
Cash	\$ 49,968	\$ 573,135	\$ 567,515	\$ 55,588
	<u>49,968</u>	<u>573,135</u>	<u>567,515</u>	<u>55,588</u>
Liabilities				
Due to others	49,968	573,135	567,515	55,588
	<u>49,968</u>	<u>573,135</u>	<u>567,515</u>	<u>55,588</u>
<b>MAGISTRATE COURT</b>				
Assets				
Cash	67,778	248,880	255,135	61,523
	<u>67,778</u>	<u>248,880</u>	<u>255,135</u>	<u>61,523</u>
Liabilities				
Due to others	67,778	248,880	255,135	61,523
	<u>67,778</u>	<u>248,880</u>	<u>255,135</u>	<u>61,523</u>
<b>JUVENILE COURT</b>				
Assets				
Cash	338	11,462	11,496	304
	<u>338</u>	<u>11,462</u>	<u>11,496</u>	<u>304</u>
Liabilities				
Due to others	338	11,462	11,496	304
	<u>338</u>	<u>11,462</u>	<u>11,496</u>	<u>304</u>
<b>TOTALS</b>				
Assets				
Cash	658,691	45,821,035	45,825,531	654,195
	<u>658,691</u>	<u>45,821,035</u>	<u>45,825,531</u>	<u>654,195</u>
Liabilities				
Due to others	658,691	45,821,035	45,825,531	654,195
	<u>\$ 658,691</u>	<u>\$ 45,821,035</u>	<u>\$ 45,825,531</u>	<u>\$ 654,195</u>

## **Other Supplementary Information**

## **Bond Disclosures**

**Oconee County, Georgia**  
**Water and Sewer Fund**  
**Bond Disclosures**  
**System Customers**  
**June 30, 2014**

Set forth below are the total number of customers for the last five years.

<b><u>Water Customers</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Residential	7,880	7,967	8,056	8,279	8,633
Commercial/Industrial	658	661	747	814	958
Total	<u>8,538</u>	<u>8,628</u>	<u>8,803</u>	<u>9,093</u>	<u>9,591</u>

<b><u>Sewer Customers</u></b>					
Residential	1,126	1,137	1,152	1,192	1,440
Commercial/Industrial	296	300	382	441	519
Total	<u>1,422</u>	<u>1,437</u>	<u>1,534</u>	<u>1,633</u>	<u>1,959</u>

**Oconee County, Georgia**  
**Water and Sewer Fund**  
**Bond Disclosures**  
**Largest Customers**  
**June 30, 2014**

## TEN LARGEST WATER CUSTOMERS

<u>Customer</u>	<u>Business/Product</u>	<u>Total Water Billings FY 2014</u>	<u>Percentage of System Revenues</u> <sup>1</sup>
Oconee County Board of Education	Education	\$ 94,651	1.69%
Walton County Water and Sewer Authority	Retail Water Supply	70,853	1.27%
Piedmont Water	Private Water Supply	42,369	< 1.0
Ameripride	Linen Supply	36,900	< 1.0
Georgia General Kipling	Mobile Home Park	35,998	< 1.0
Family Life Enrichment Center	Nursing Home	31,103	< 1.0
Highland Hills Village	Nursing Home	28,586	< 1.0
Oconee County Board of Commissioners	Local Government	28,003	< 1.0
Athens Academy	Private Education	25,541	< 1.0
Kroger	Grocery	16,830	< 1.0
Total		\$ 410,834	7.34%

<sup>1</sup> Total water sales of the Water System for the fiscal year ended June 30, 2014 were \$5,594,926  
Water sales does not include other ancillary charges such as late charges and meter fees.

## TEN LARGEST SEWER CUSTOMERS

<u>Customer</u>	<u>Business/Product</u>	<u>Total Sewer Billings FY 2014</u>	<u>Percentage of System Revenues</u> <sup>1</sup>
Ameripride	Linen Supply	\$ 87,455	7.32%
Oconee County Board of Education	Education	49,518	4.14%
Benson's, Inc.	Food Processing	33,061	2.77%
Georgia General Kipling	Mobile Home Park	28,785	2.41%
Oconee County Board of Commissioners	Local Government	15,851	1.33%
Kroger	Grocery	12,322	1.03%
Walmart	Retail	12,202	1.02%
Home Depot	Retail	11,845	< 1.0
Athens Academy	Private Education	9,074	< 1.0
Ryan's Buffets, Inc.	Restaurant	8,818	< 1.0
Total		\$ 268,931	22.50%

<sup>1</sup> Total sewer sales of the Sewer System for the fiscal year ended June 30, 2014 were \$1,195,331  
Sewer sales does not include other ancillary charges such as late charges and meter fees.

**Oconee County, Georgia**  
**Water and Sewer Fund**  
**Bond Disclosures**  
**Five Year Operating History**  
**June 30, 2014**

Set forth below is a historical, comparative summary of the revenues and expenses of the System for the past five fiscal years.

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 5,367,287	\$ 6,063,055	\$ 6,678,469	\$ 6,389,969	\$ 6,902,292
Miscellaneous	150,150	207,788	160,058	236,948	245,272
<b>Total operating revenues</b>	<u>5,517,437</u>	<u>6,270,843</u>	<u>6,838,527</u>	<u>6,626,917</u>	<u>7,147,564</u>
<b>OPERATING EXPENSES</b>					
Salaries and benefits	1,122,116	1,096,991	1,136,458	1,192,213	1,265,331
Other contracted services	42,185	72,853	87,814	90,756	77,168
Water purchase and treatment costs	1,089,535	1,098,991	1,056,457	1,157,868	1,293,365
Supplies and materials	58,527	50,105	61,989	44,899	70,926
Repairs and maintenance	163,031	189,139	323,991	562,441	443,596
Utilities	290,920	326,491	335,581	348,414	381,417
Insurance	6,182	12,254	11,085	11,969	9,860
Depreciation	1,492,273	1,483,658	1,467,400	1,445,624	1,514,280
Other charges	62,838	70,638	89,037	105,476	95,230
<b>Total operating expenses</b>	<u>4,327,607</u>	<u>4,401,120</u>	<u>4,569,812</u>	<u>4,959,660</u>	<u>5,151,173</u>
<b>Operating income (loss)</b>	<u>1,189,830</u>	<u>1,869,723</u>	<u>2,268,715</u>	<u>1,667,257</u>	<u>1,996,391</u>
<b>NONOPERATING REVENUES</b>					
<b>(EXPENSES)</b>					
Investment earnings	84,866	51,436	34,908	39,732	24,327
Water availability fees	60,892	140,721	225,941	696,241	1,036,765
Sewer capacity fees	-	78,716	167,494	389,490	619,485
Sewer connection fees	16,000	8,000	20,800	54,250	228,650
Gain (loss) on disposal of assets	-	6,292	(31,873)	1,279	-
Amortization expense - UOBWA	(167,378)	(167,378)	(167,378)	(167,378)	(167,378)
Interest expense	<u>(1,193,623)</u>	<u>(1,087,539)</u>	<u>(1,056,702)</u>	<u>(913,457)</u>	<u>(834,743)</u>
<b>Total nonoperating revenue (expenses)</b>	<u>(1,199,243)</u>	<u>(969,752)</u>	<u>(806,810)</u>	<u>100,157</u>	<u>907,106</u>
<b>Income (loss) before contributions and transfers</b>	<u>(9,413)</u>	<u>899,971</u>	<u>1,461,905</u>	<u>1,767,414</u>	<u>2,903,497</u>
Capital contributions	874,932	398,119	279,627	352,208	2,216,006
Transfers in	<u>979,050</u>	<u>590,283</u>	<u>658,276</u>	<u>785,668</u>	<u>510,967</u>
<b>Change in net position</b>	<u>1,844,569</u>	<u>1,888,373</u>	<u>2,399,808</u>	<u>2,905,290</u>	<u>5,630,470</u>
<b>Total net position - beginning</b>	49,379,542	51,224,111	53,112,484	55,512,292	57,699,669
<b>Change in accounting principle</b>	-	-	-	(717,913)	-
<b>Total net position - beginning, as restated</b>	<u>49,379,542</u>	<u>51,224,111</u>	<u>53,112,484</u>	<u>54,794,379</u>	<u>57,699,669</u>
<b>Total net position - ending</b>	<u>\$ 51,224,111</u>	<u>\$ 53,112,484</u>	<u>\$ 55,512,292</u>	<u>\$ 57,699,669</u>	<u>\$ 63,330,139</u>



**Oconee County, Georgia**  
**Water and Sewer Fund**  
**Bond Disclosures**  
**Historical Debt Service Coverage Ratios**  
**June 30, 2014**

Set forth below are the System's historical debt service coverage ratios for the past five fiscal years.

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Historical Net Revenues Available for Debt Service (1)	\$ 3,822,911	\$ 4,228,829	\$ 4,811,661	\$ 6,217,440	\$ 5,930,865
Historical Debt Service on Revenue Bonds (2)	1,567,993	815,358	1,416,614	1,227,419	1,227,419
Historical Debt Service Coverage Ratio	2.44	5.19	3.40	5.07	4.83

---

1 Consists of: (i) Change in net position, plus Depreciation, plus Amortization - UOBWA(amortization of the investment cost in the Upper Oconee Basin Water Authority), plus Interest expense; minus (ii) capital contributions. Includes water availability, sewer capacity fees and connection fees in fiscal years 2014, 2013, 2012, 2011 and 2010 of \$1,884,900; \$1,113,981; \$414,235; \$227,437; \$76,892.

2 Excludes debt service on the loan payable to GEFA because the loan was secured by a subordinate lien on the Net Revenues of the System. Also excludes the Upper Oconee Debt Service Payment made pursuant to the Upper Oconee Agreements and Supplemental Contract and the Walton Authority Debt Service Payments made pursuant to the Walton Contracts because these obligations are subordinate to the obligations with respect to the Series 2003, Series 2009 and Series 2012 Bonds.

# **Compliance**

# Treadwell, Tamplin & Co.

Certified Public Accountants  
A Limited Liability Partnership

157 West Jefferson Street  
Madison, Georgia 30650

Ph: 706-342-1040  
Fax: 706-342-1041

## **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***

To the Honorable Commissioners of  
Oconee County, Georgia

We have audited, in accordance with the 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, Georgia as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Oconee County, Georgia's basic financial statements and have issued our report thereon dated December 31, 2014. Our report includes a reference to other auditors who audited the financial statements of the Oconee County Health Department, as described in our report on Oconee County, Georgia'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 of the financial statements, we considered Oconee County, Georgia'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, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oconee County, Georgia's internal control over financial reporting.

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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. 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, Georgia's financial statements are free from 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 is required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of Oconee County, Georgia in a separate letter dated December 31, 2014.

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.

*Dreadwell, Sampson & Co.*

*Madison, Georgia*  
December 31, 2014

## **Other Schedules - Governmental Funds**

**Oconee County, Georgia**  
**Schedule of Special Purpose Local Option Sales Tax**  
**For the Fiscal Year Ended June 30, 2014**

	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentages of Completion
			Prior Years	Current Year	Total	
<b>2004 Referendum***</b>						
Water & Sewer improvements	\$ 6,000,000	\$ 6,970,000	\$ 6,574,547	395,453	\$ 6,970,000	100.00%
Recreation & cultural facilities	5,000,000	5,031,350	5,031,350	-	5,031,350	100.00%
Roads	6,000,000	6,276,265	6,276,264	-	6,276,264	100.00%
Jail expansion	1,300,000	1,319,670	1,319,670	-	1,319,670	100.00%
Emergency operations center	600,000	681,721	681,721	-	681,721	100.00%
Fire station project	1,500,000	1,500,000	1,500,000	-	1,500,000	100.00%
County facilities expansion and renovation	<u>4,600,000</u>	<u>4,600,000</u>	<u>972,803</u>	<u>38,051</u>	<u>1,010,854</u>	21.98%
<b>Totals</b>	<u>\$ 25,000,000</u>	<u>\$ 26,379,006</u>	<u>\$ 22,356,355</u>	<u>\$ 433,504</u>	<u>\$ 22,789,859</u>	
<b>2009 Referendum***</b>						
Recreation facilities	\$ 4,847,985	\$ 4,847,985	\$ 2,527,752	\$ 704,720	\$ 3,232,472	66.68%
County Jail and Emergency Operation Center-911 Building	6,059,981	6,059,981	4,055,444	1,081,184	5,136,628	84.76%
Water & Sewer facilities	6,884,176	6,884,176	14,800	115,514	130,314	1.89%
Roads, Streets & Bridges	8,080,020	8,080,020	4,454,792	1,800,808	6,255,600	77.42%
Recreational, Historic and Scenic Facilities	1,110,999	1,110,999	164,488	76,620	241,108	21.70%
Fire Station Facilities and Equipment	3,939,014	3,939,014	1,766,640	143,968	1,910,608	48.50%
Communication Facilities	3,232,001	3,508,604	3,330,212	70,206	3,400,418	96.92%
Farmland Protection	504,984	504,984	111,000	87,500	198,500	39.31%
Payment to Cities						
City of Watkinsville	3,227,960	3,227,960	1,576,020	475,724	2,051,744	63.56%
Town of Bogart	1,616,000	1,616,000	788,996	238,160	1,027,156	63.56%
Town of North High Shoals	674,680	674,680	329,406	99,432	428,838	63.56%
Town of Bishop	<u>222,200</u>	<u>222,200</u>	<u>108,487</u>	<u>32,747</u>	<u>141,234</u>	63.56%
<b>Totals</b>	<u>\$ 40,400,000</u>	<u>\$ 40,676,603</u>	<u>\$ 19,228,037</u>	4,926,583	<u>\$ 24,154,620</u>	
Principal payment on Communication Facility purchased using capital lease				<u>429,794</u>		
Total expenditures and transfers reported in the SPLOST 2009 fund				<u>\$ 5,356,377</u>		

\*\*\*The Original Estimated Cost of each project may change as actual costs are incurred.

**Oconee County, Georgia**  
**Schedule of State Contractual Assistance**  
**For the Fiscal Year Ended June 30, 2014**

<u>State Program Name</u>	<u>Contract Number</u>	<u>Actual Revenue Received</u>	<u>Current Expenditures</u>	<u>Amount Due To/From State</u>
Family Connection	93-1414000-96	\$ 33,750	\$ 45,000	\$ 11,250

**This page intentionally left blank.**



Oconee County Board of Commissioners  
 Certification of 9-1-1 Expenditures

For the Year Ended June 30, 2014

Line No.	O.C.G.A. Reference:	
1		Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one): <input checked="" type="checkbox"/> Special Revenue Fund <input type="checkbox"/> Enterprise Fund
2	46-5-134(e)	Expenditures (UCOA Activity 3800) Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)
		UMB Wholesale Bank (Sprint/Nextel) <span style="float: right;">\$ 1,104.30</span>
		AT&T Mobility <span style="float: right;">\$ 50,854.50</span>
3		Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system.
3a	46-5-134(f)(1)(A)	Lease costs <span style="float: right;">\$ _____</span>
3b	46-5-134(f)(1)(A)	Purchase costs <span style="float: right;">\$ _____</span>
3c	46-5-134(f)(1)(A)	Maintenance costs <span style="float: right;">\$ _____</span>
4	46-5-134(f)(1)(B)	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges <span style="float: right;">\$ 181,492.82</span>
5		Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2
5a	46-5-134(f)(1)(C)	Salaries and wages <span style="float: right;">\$ 547,930.27</span>
5b	46-5-134(f)(1)(C)	Employee benefits <span style="float: right;">\$ 255,246.44</span>
6	46-5-134(f)(1)(D)	Cost of training of employees who work as dispatchers or directors <span style="float: right;">\$ 6,098.22</span>
7	46-5-134(f)(1)(E)	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services <span style="float: right;">\$ 5,108.07</span>
8		Building used as a public safety answering point:
8a	46-5-134(f)(1)(F)	Lease costs <span style="float: right;">\$ _____</span>
8b	46-5-134(f)(1)(F)	Purchase costs <span style="float: right;">\$ _____</span>
9		Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:
9a	46-5-134(f)(1)(G)	Lease costs <span style="float: right;">\$ _____</span>
9b	46-5-134(f)(1)(G)	Purchase costs <span style="float: right;">\$ _____</span>
9c	46-5-134(f)(1)(G)	Maintenance costs <span style="float: right;">\$ _____</span>
10	46-5-134(f)(1)(H)	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials <span style="float: right;">\$ _____</span>
11		Logging recorders used at a public safety answering point to record telephone and radio traffic:
11a	46-5-134(f)(1)(I)	Lease costs <span style="float: right;">\$ _____</span>

Oconee County Board of Commissioners  
 Certification of 9-1-1 Expenditures

For the Year Ended June 30, 2014

Line No.		O.C.G.A. Reference:	
11b	Purchase costs	46-5-134(f)(1)(I)	\$ _____
11c	Maintenance costs	46-5-134(f)(1)(I)	\$ _____
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i)	\$ _____
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center		
13a	Lease costs	46-5-134(f)(2)(B)(ii)	\$ _____
13b	Purchase costs	46-5-134(f)(2)(B)(ii)	\$ _____
13c	Maintenance costs	46-5-134(f)(2)(B)(ii)	\$ _____
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	\$ 92,956.33
15	Mobile public safety voice and data equipment, geo-targeted test messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations		
15a	Lease costs	46-5-134(f)(2)(B)(iv)	\$ 2,400.00
15b	Purchase costs	46-5-134(f)(2)(B)(iv)	\$ _____
15c	Maintenance costs	46-5-134(f)(2)(B)(iv)	\$ 244,210.25
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems		
16a	Lease costs	46-5-134(f)(2)(B)(v)	\$ _____
16b	Purchase costs	46-5-134(f)(2)(B)(v)	\$ _____
16c	Maintenance costs	46-5-134(f)(2)(B)(v)	\$ _____
17	Other expenditures not included in Lines 2 through 16 above. Identify by object and purpose.		\$ _____
			\$ _____
			\$ _____
			\$ _____
			\$ _____
			\$ _____
			\$ _____
18	Total Expenditures (total of all amounts reported on Lines 2 through 17 above)		\$ 1,387,311.20

Oconee County Board of Commissioners  
Certification of 9-1-1 Expenditures

For the Year Ended June 30, 2014

**Certification of Local Government Officials**

I have reviewed the information presented in this report and certify that it is accurate and correct. I further certify that the 9-1-1 funds were expended in compliance with the expenditure requirements specified in the Official Code of Georgia Annotated (OCGA), Section 46-5-134. I understand that, in accordance with OCGA Section 46-5-134(m)(2), any local government which makes expenditures not in compliance with this Code section may be held liable for pro rata reimbursement to telephone and wireless telecommunications subscribers of amounts improperly expended. Further, the noncompliant local government shall be solely financially responsible for the reimbursement and for any costs associated with the reimbursement. Such reimbursement shall be accomplished by the service providers abating the imposition of the 9-1-1 charges and 9-1-1 wireless enhanced charges until such abatement equals the total amount of the rebate.

Signature of Chief Elected Official  Date 12/23/14

Print Name of Chief Elected Official Melvin Davis

Title of Chief Elected Official Chairman, Oconee County Board of Commissioners

Signature of Chief Financial Officer  Date 23 Dec 14

Print Name of Chief Financial Officer Wes Geddings

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

## **APPENDIX B**

SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

## **SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS**

The following are summaries of the Trust Indenture, the Second Supplemental Indenture and the Contract. The statements made herein relating to such documents are summaries and do not purport to be complete. Copies of the Trust Indenture, the Second Supplemental Indenture and the Contract are on file at the Principal corporate trust office of the Trustee. The following summaries are qualified in their entirety by express reference to such documents.

### **DEFINITIONS**

Set forth below is a summary of certain of the defined terms used in the Trust Indenture, the Second Supplemental Indenture and the Contract and in this summary of the provisions thereof. Reference is made to such documents for the full definition of all terms and for the definition of capitalized terms used herein but not defined herein.

“Accountant” means a person or firm who or which is appointed (i) by the Authority for the purpose of examining and reporting on or passing on questions relating to the financial statements of the Authority, has all certifications necessary for the performance of such services, and, in the opinion of the Authority, has a favorable reputation for skill and experience in performing similar services in respect of entities of a comparable size and nature. If any Accountant’s report or opinion is required to be given with respect to matters partly within and partly without the expertise of such Accountant, such Accountant may rely upon the report or opinion of another Accountant, which other Accountant shall be reasonably satisfactory to the relying Accountant and the Authority.

“Additional Indebtedness” means any Indebtedness (including all Obligations) incurred by the Authority subsequent to its entering into the Trust Indenture and secured under the Trust Indenture. “Additional Indebtedness” does not include other obligations of the Authority which are not secured under the Trust Indenture.

“Audited Financial Statements” means the annual financial statements of the Authority, delivered to the Trustee in accordance with the Trust Indenture.

“Authority” means the Walton County Water and Sewerage Authority, and its successors and assigns.

“Authorized Authority Representative” means the Chairman or Vice Chairman of the Authority, or the person or persons designated by the Authority to the Trustee from time to time by a certificate signed by the Chairman or Vice Chairman of the Authority, to serve as Authorized Authority Representative under the Indenture.

“Bonds” means any bonds issued by the Authority pursuant to and secured under the Trust Indenture which are not subordinate obligations.

“Business Day” means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange is closed or on which banks are authorized or required to be closed in the City of Atlanta, Georgia or any other municipality in which the principal offices of the Trustee are located.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto and any regulations applicable thereto. As to any series of Bonds, the term “Code” shall only include those provisions of the Internal Revenue Code or Treasury Regulations applicable to such Bonds.

“Construction Fund” means the Walton County Water and Sewerage Construction Fund created under the Trust Indenture.

“Counsel” means a lawyer or firm of lawyers selected by the Authority who or which is duly admitted to practice law before the highest court of any state in the United States of America or the District of Columbia.

“County” means Oconee County, Georgia.

“Credit or Liquidity Facility” means any letter of credit, line of credit, insurance policy, guaranty or other agreement constituting a credit enhancement or liquidity facility which is issued by a bank, trust company, savings and loan association or other institutional lender, insurance company or surety company for the benefit of the holder of any Indebtedness in order to provide a source of funds for the payment of all or any portion of the Authority’s payment obligations under such Indebtedness or the purchase price of Indebtedness which has provisions permitting or requiring the holder thereof to tender such Indebtedness prior to its maturity.

“Debt Holder” means a holder of Obligations that constitute Indebtedness.

“Debt Service Account” means the Debt Service Account created within the Sinking Fund to pay principal of, redemption premium, if any, and interest on the Bonds and certain other charges as provided in the Trust Indenture.

“Debt Service Reserve Fund” means the Debt Service Reserve Fund created under the Trust Indenture.

“Escrow Deposit” means a segregated escrow fund or other similar fund, account or deposit in trust, of cash in an amount (or Government Obligations, the principal of and interest on which when payable will be in an amount), and under terms, sufficient, without further reinvestment, to pay all or a portion of the principal of, and premium, if any, and interest on, the Indebtedness secured by such escrow fund or other similar fund, account or deposit as the same shall become due or payable upon redemption.

“Event of Default” shall mean any event of default under the Trust Indenture.

“First Supplemental Indenture” means the First Supplemental Trust Indenture dated as of February 1, 2008, between the Authority and the Trustee.

“First Supplement to Contract” means the First Supplement to Intergovernmental Contract-Reservoir Project, dated as of February 1, 2008, between the Authority and the County.

“Fiscal Year” means a period of 12 consecutive months ending on June 30 of each year or on such other date as may be specified in an Officer’s Certificate of the Authority executed and delivered to the Trustee.

“Funds” means the Construction Fund and the Sinking Fund and any other fund created from time to time under a Supplemental Indenture.

“Government Obligations” means (a) obligations of the United States and of its agencies and instrumentalities, (b) obligations fully insured or guaranteed by the United States or any agency thereof, (c) obligations of any corporation of the United States (including any obligations described in (a), (b) or (c) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or (d) tax exempt municipal obligations that have been defeased with obligations described in (a), (b) or (c), which obligations, in any case, are rated in the highest rating category by Moody’s Investors Service, Inc. and Standard & Poor’s Rating Services, a Division of the McGraw-Hill Companies.

“Hedge Agreement” means an interest rate swap, cap, collar, floor, forward, option, put, call or other agreement, arrangement or security, however denominated, entered into in order to hedge interest rate fluctuations on all or a portion of any Indebtedness or to change the payments to be made with respect to any Indebtedness from fixed to variable or from variable to fixed.

“Holder” means, as the context requires, the registered owner of any Bonds or the holder or beneficiary of any other type of Obligation. In the case of an Obligation issued to a trustee or other fiduciary acting on behalf of the holders of any bonds, notes or other similar obligations which are secured by such Obligation, including any registered securities depository then in the business of holding (for the benefit of beneficial owners whose interests may be evidenced by book-entry registration) substantial amounts of obligations of types comprising the Obligations, the term Holder shall mean the trustee or other fiduciary or, if so provided in a Supplemental Indenture, the holders of the series of Bonds issued under such Supplemental Indenture in proportion to their respective interests therein, including any registered securities depository then in the business of holding (for the benefit of



beneficial owners whose interests may be evidenced by book-entry registration) substantial amounts of obligations of types comprising the Obligations.

“Indebtedness” of the Authority means (i) all Bonds, (ii) all liabilities (exclusive of reserves) recorded as indebtedness on the audited financial statements of the Authority as of the end of the most recent Fiscal Year for which financial statements reported upon by an Accountant are available which are secured under the Trust Indenture, and (iii) all other obligations for borrowed money; provided that Indebtedness shall not include (1) Interest Rate Swap Obligations, Commitment Indebtedness or obligations under Hedge Agreements (whether or not secured by a Note), (2) any other Indebtedness of the Authority not secured under the Trust Indenture or (3) any other obligation which does not constitute indebtedness under generally accepted accounting principles.

“Indenture” means the Trust Indenture, First Supplemental Trust Indenture and the Second Supplemental Trust Indenture.

“Interest Payment Date” shall mean, as to the Series 2015 Bonds, each February 1 and August 1, commencing February 1, 2016.

“Interest Rate Swap Obligations” means obligations of the Authority secured under the Trust Indenture pursuant to any arrangement with any entity chosen by the Authority to serve as the swap counterparty whereby, directly or indirectly, the Authority is entitled to receive from time-to-time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such swap counterparty calculated by applying a fixed or a floating rate of interest on the same notional amount.

“Intergovernmental Contract” means the Intergovernmental Contract - Hard Labor Creek Reservoir Project, dated as of August 1, 2007, between the Authority and the County, as amended and supplemented from time to time.

“Majority” shall mean more than 50 percent of the aggregate principal amount of any series of Outstanding Obligations.

“Maturity Date” means February 1, 2035.

“Obligations” means all Bonds issued hereunder, any lease, contractual agreement to pay money or other obligations of the Authority issued or secured hereunder, any Hedge Agreement or Note relating thereto, any Interest Rate Swap Obligation or Note relating thereto and any additional forms of Obligations created pursuant to the Trust Indenture, but shall not include any obligation which is not payable from or secured by the Trust Estate created under the Trust Indenture.

“Officer’s Certificate” means a certificate signed by the Chairman or Vice Chairman of the Authority or by any other officer of the Authority. When an Officer’s Certificate is required to set forth matters relating to the Authority, such Officer’s Certificate may be given in reliance upon another certificate, or other certificates, and supporting materials, if any, provided by any duly authorized officer of the Authority.

“Opinion of Bond Counsel” means an opinion in writing signed by an attorney or firm of attorneys appointed by the Authority who or which is experienced in the field of municipal bonds.

“Outstanding” (a) when used with reference to Bonds, shall mean, as of any date of determination, all Bonds theretofore issued or incurred and not paid and discharged other than (i) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation, (ii) Bonds deemed paid and no longer Outstanding as provided in the Trust Indenture or for which an Escrow Deposit has been established, (iii) Bonds in lieu of which other Bonds have been authenticated and delivered or have been paid pursuant to the provisions of the Supplemental Indenture regarding mutilated, destroyed, lost or stolen Bonds unless proof satisfactory to the Trustee has been received that any such Note is held by a bona fide purchaser for value without notice, and (iv) any Note held by the Authority; or, (b) when referring to Obligations or other evidences of Indebtedness other than Bonds, shall mean, as of any date of determination, all Obligations or other evidences of Indebtedness theretofore issued or incurred other than (i) Obligations or other evidences of Indebtedness which have been paid, (ii) Obligations or other evidences of Indebtedness for which an opinion of Counsel stating that such Obligations or other evidences of Indebtedness have

been discharged has been provided to the Trustee, (iii) Obligations or other evidences of Indebtedness for which new Obligations or other evidences of Indebtedness have been substituted in a manner analogous to clause (a) (iii) above and (iv) any Obligations or other evidences of Indebtedness held by the Authority, provided that Obligations or evidences of Indebtedness held by the Authority may be deemed by the Authority to be continuously Outstanding if such Obligations or evidences of Indebtedness were acquired with an intent that they only be held temporarily in connection with an effort to remarket them to anyone other than the Authority. For purposes of determining consents, directions to the Trustee, approval of amendments or supplements and other similar purposes, Bonds or other similar Obligations incurred hereunder relating to Subordinated Indebtedness, Commitment Indebtedness, Interest Rate Swap Obligations or Hedge Agreements shall not be considered to be Outstanding.

“Paying Agent” means Regions Bank, Atlanta, Georgia, or any successor thereto or assignee thereof.

“Permitted Investments” means any of the following securities, if and to the extent the same are at the time legal for investment of Authority funds:

(a) the local government investment pool created in Chapter 83 of Title 36 of the Official Code of Georgia Annotated, as amended;

(b) bonds or obligations of the State of Georgia, or of other counties, municipal corporations, and political subdivisions of the State of Georgia;

(c) bonds or other obligations of the United States or of subsidiary corporations of the United States government which are fully guaranteed by such government;

(d) obligations of agencies of the United States government issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, and the Central Bank for Cooperatives;

(e) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(f) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any of the proceeds of the Certificates. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or of any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations referred to in paragraph (c) above, obligations of the agencies of the United States government referred to in paragraph (d) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities referred to in paragraph (e) above;

(g) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940, as from time to time

amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

- (i) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referred to in paragraph (c) above and repurchase agreements fully collateralized by any such obligations;
  - (ii) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;
  - (iii) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and
  - (iv) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State of Georgia; and
- (h) forward purchase and repurchase agreements with respect to (c) and (d) above; and
- (i) any other investments authorized by or under the laws of the State of Georgia from time to time for the type of moneys to be invested.

“Principal,” when used to refer to the amount of any Obligation, means (i) the principal amount of any Obligation that constitutes Indebtedness; (ii) with respect to an Interest Rate Swap Obligation, the “notional amount” of the Interest Rate Swap Obligation to the party to the swap transaction that is not the Authority; (iii) with respect to a Credit Facility, the amount disbursed by the issuer of the Credit Facility and not reimbursed on the date the principal amount is determined; and (iv) with respect to any other type of Obligation, the amount specified in the Supplemental Indenture creating such Obligation.

“Principal Office of the Trustee” means the office of the Trustee so designated by written notice to the Authority, which initially shall be as follows: Regions Bank, 1180 West Peachtree Street, Suite 1200, Atlanta, GA 30309, Attention: Corporate Trust Office.

“Projects” means any projects identified by the Authority to be financed with the proceeds of Indebtedness issued or incurred under the Trust Indenture.

“Rating Agency” means severally or collectively, if applicable (i) Standard & Poor’s, a division of the McGraw-Hill Companies, Inc. (“S&P”) and any successor thereto, if it has assigned a rating to any Obligation issued and Outstanding hereunder, (ii) Moody’s Investors Service, Inc. (“Moody’s”) and any successor thereto, if it has assigned a rating to any Obligation issued and Outstanding hereunder, and (iii) Fitch’s Investors Service (“Fitch”) and any successor thereto, if it has assigned a rating to any Obligation issued and outstanding hereunder. If any such Rating Agency shall no longer perform the functions of a securities rating service for whatever reason, the term “Rating Agency” shall thereafter be deemed to refer to the others, but if both of the others shall no longer perform the functions of a securities rating service for whatever reason, the term “Rating Agency” shall thereafter be deemed to refer to any other nationally recognized rating service or services as shall be designated in writing by the Authority to the Trustee; provided that such designee shall not be unsatisfactory to the Trustee.

“Reserve Requirement” shall mean, as of any date of calculation, an amount not less than the least of (a) 10% of the original outstanding principal amount of Bonds, (b) the maximum annual debt service on the Bonds payable in any Sinking Fund Year or (c) 125% of average annual debt service on the Bonds.

“Revenue Bond Law” means the Revenue Bond Law of the State of Georgia (O.C.G.A. Section 36-82-60 et seq.), as amended.

“Second Supplemental Indenture” means the Second Supplemental Trust Indenture dated as of July 1, 2015, between the Authority and the Trustee.

“Second Supplement to Contract” means the Second Supplement to Intergovernmental Contract-Reservoir Project, dated as of July 1, 2015, between the Authority and the County.

“Sinking Fund” means the Walton County Water and Sewerage Sinking Fund created in the Trust Indenture.

“Sinking Fund Custodian” means the commercial bank appointed by the Authority to maintain the Sinking Fund.

“Sinking Fund Investments” means (a) Government Obligations and forward purchase agreements and repurchase agreements with respect thereto, (b) demand deposits or certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured and (c) the local government investment pool created by O.C.G.A. Section 36-83-8.

“Sinking Fund Year” means the period commencing on the 2<sup>nd</sup> day of February in each year and extending through the 1<sup>st</sup> day of February in the next year.

“Supplemental Indenture” means an indenture supplemental to, and authorized and executed pursuant to, the terms of the Trust Indenture.

“System” means the Authority’s water and sewerage system, as now existent and as hereafter added to, extended, improved and equipped and any and all other systems, equipment or facilities operated in connection therewith.

“Tax” means an ad valorem tax on all property in the County subject to such tax, as may be necessary for the County to levy to provide funds in an amount sufficient to fulfill its payment obligations under the Intergovernmental Contract.

“Trust Estate” or “trust estate” has the meaning set forth in the granting and habendum clauses of the Trust Indenture.

“Trust Indenture” means the Trust Indenture, dated as of February 1, 2008, between the Authority and the Trustee.

“Trustee” means Regions Bank, an Alabama banking corporation, and any successors or assigns thereof.

“2015 Sinking Fund Account” shall mean the account in the Sinking Fund created III the Second Supplemental Indenture.

“Value,” when used in connection with any property, means either (a) Book Value, or (b) at the election of the Authority evidenced by an Officer’s Certificate delivered to the Trustee, the aggregate fair market value of such property, as reflected in the most recent written report of an appraiser selected by the Authority and, in the case of real property, who or which is a member of the American Institute of Real Estate Appraisers (MAI), delivered to the Trustee (which report shall be dated not more than three years prior to the date as of which value is to be calculated) increased the cost of any property acquired, or decreased by the fair market value of any property disposed of, since the date of such report.

## THE TRUST INDENTURE

### Establishment of Construction Fund

Under the Trust Indenture there is created and established with the Trustee a trust fund designated as the “Walton County Water and Sewerage Authority-Reservoir Construction Fund (Oconee).” The Trustee is authorized to deposit into the Construction Fund all moneys or investments received by the Trustee accompanied by instructions from the Authority to deposit the same into the Construction Fund. All moneys deposited into the Construction Fund shall be held in trust by the Trustee separate from other deposits of the Authority. The Authority may, from time to time, designate additional accounts within the Construction Fund.

As to any issue of Bonds or other Indebtedness providing Construction Fund moneys, the Authority shall establish a separate special account for the Construction Fund as shall be designated by the Authority in a Supplemental Indenture. Subject to subparagraph (b) below, the moneys credited to any such account shall be used and applied by the Authority for the purpose of paying the cost of the Projects to be paid from such Indebtedness and otherwise disbursed as herein provided. The Authority (and not the Trustee) shall be responsible for monitoring the use of moneys withdrawn from the Construction Fund.

(b) Upon completion of the Projects to be financed with such Indebtedness and after payment of all expenses with respect thereto, all moneys remaining on deposit in such account may, at the direction of the Authority, be (i) credited to any other account in the Construction Fund and used to complete the Project or Projects with respect to which such account was created or (ii) credited to the Sinking Fund and used to pay debt service on Indebtedness as shall be directed by the Authority. Prior to such application, the Authority shall receive an opinion of nationally recognized bond counsel to the effect that such application will not adversely effect the exclusion from gross income for federal income tax purposes of interest on the Obligations which are the source of such funds.

(c) All payments from the Construction Fund or reimbursements to the Authority for costs of Projects shall be made upon receipt by the Trustee of a requisition signed by an Authorized Authority Representative stating each amount to be paid, the name of the person, firm or corporation to whom payment thereof is due, and the account from which such amount is to be paid, which requisition shall state or contain certifications as follows:

(i) That an obligation in the stated amount has been incurred by the Authority, specifying the purpose and circumstances of such obligation in reasonable detail and that the same is a proper charge against the Construction Fund and has not been the subject of a previous requisition for payment, and that the bill or statement of account for such obligation is on file with the Authority;

(ii) That the Authority has no notice of any vendors, mechanic’s or other liens or rights to liens, chattel mortgages, conditional sales contracts or any security interest, which should be satisfied or discharged before such payment is made;

(iii) That such requisition contains no item representing payment on account or any retained percentages which the Authority is, at the date of such certificate, entitled to retain; and

(iv) That insofar as such obligation was incurred for work, materials, supplies or equipment in connection with a Project, such work was actually performed, or such materials, supplies or equipment were actually installed in or about the construction or delivered at the site of the work for that purpose.

The Trustee may conclusively rely upon any statements of fact or representations made in any requisition furnished to it by the Authority and shall have no duty or responsibility for investigating the truth and accuracy of statements made therein.

(d) The Authority will do all things, and take all reasonable and prudent measures, necessary to continue construction with due diligence and to expend the moneys credited to each account in the Construction Fund as expeditiously as possible in order to assure the completion of the Projects for which such accounts were

created, on the earliest practicable date, delays outside of the control of the Authority excepted, provided that the Authority shall not be required to continue or complete the construction or acquisition of any Project which the Authority shall determine is not in the best interest of the Authority to continue or complete.

(e) All requisitions and certificates required by the Trust Indenture shall be retained by the Trustee for so long as any of the Bonds are outstanding and for a period of three years thereafter, subject at all times to inspection by any officer of the Authority or the holder of any Indebtedness, upon reasonable request during normal business hours.

(f) In the event an Event of Default shall occur and be continuing under the Trust Indenture and a declaration of acceleration of the Obligations secured hereunder is made, the Trustee is hereby authorized and directed, without any further direction, to transfer all moneys in the Construction Fund to the Sinking Fund.

### **Establishment of Debt Service Reserve Fund**

Under the Trust Indenture there is created and established with the Trustee a trust fund designated as the "Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project) Debt Service Reserve Fund." The Debt Service Reserve Fund shall be funded in an amount equal to the Reserve Requirement on the date of issuance of any series of Bonds. On the date of issuance of any Additional Bonds, the Debt Service Reserve Fund shall be funded to equal the Reserve Requirement on all of the Bonds then outstanding, including such Additional Bonds. The Trustee shall deposit from time to time into the Debt Service Reserve Fund amounts paid by the Authority to the Trustee for such purposes. The Debt Service Reserve Fund shall be maintained in an amount equal to the Reserve Requirement.

Moneys in the Debt Service Reserve Fund will only be applied to the payment of principal of, redemption premium (if any) and interest on the Bonds, except as otherwise described in this Section. If, on any date on which payment of the principal, redemption premium (if any) or interest on and series of Bonds is due, whether at maturity, upon redemption prior to maturity, upon acceleration, or otherwise, and the amount on deposit in the Sinking Fund is insufficient to make such payment, the Trustee will transfer without any further instruction or direction from the Debt Service Reserve Fund to the Sinking Fund amounts sufficient to pay any such deficiency. The Trustee will notify the Insurer, the Authority and the County of any such transfer.

Moneys in the Debt Service Reserve Fund may be invested as provided in the Trust Indenture. Any investments in the Debt Service Reserve Fund shall be valued on the basis of their cost. Any earnings or other income from the investment of moneys in the Debt Service Reserve Fund shall be deposited in the Debt Service Reserve Fund, unless such deposit shall cause the moneys and the value of investments in the Debt Service Reserve Fund to exceed the Reserve Requirement, in which case such interest or other income shall be deposited in the Sinking Fund except as provided below. The moneys and investments in the Debt Service Reserve Fund shall be valued each January 15 and commencing January 15, 2009, at their fair market value. In the event that on any such valuation date, the moneys and the value of investments in the Debt Service Reserve Fund shall exceed the Reserve Requirement, the Trustee shall transfer to the Sinking Fund the amount of any such excess.

In the event there is a shortfall in the Debt Service Reserve Fund as a result of a transfer of amounts from the Debt Service Reserve Fund to the Sinking Fund to pay amounts due on any series of Bonds, the Authority shall make deposits to the Debt Service Reserve Fund in twelve equal monthly installments, such that the amounts so deposited, when added to the amounts on deposit in the Debt Service Reserve Fund will equal the Reserve Requirement. In addition, in connection with any redemption or defeasance, in whole or in part, of any series of Bonds, if, on the date of such redemption or defeasance, the moneys and value of investments in the Debt Service Reserve Fund exceeds the Reserve Requirement (taking into account such redemption or defeasance), such excess shall be transferred on the date of such redemption or defeasance at the direction of the Authority for any purpose for which the Authority shall have delivered to the Trustee a written direction. Upon an acceleration of the Bonds, the Trustee is hereby authorized and directed to transfer all moneys in the Debt Service Reserve Fund to the Sinking Fund.

**The Debt Service Reserve Fund will no longer be maintained and all references to the Debt Service Reserve Fund and the Reserve Requirement will be stricken once the Authority's Revenue Bonds (Oconee –**

**Hard Labor Creek Reservoir Project), Series 2008 are no longer Outstanding. The owners of the Series 2015 Bonds shall be deemed to consent to the abolition of the Debt Service Reserve Fund as described above by virtue of their purchase of the Series 2015 Bonds. All Supplemental Indentures entered into in connection with the issuance of Additional Indebtedness shall contain the provision.**

### **Establishment of Sinking Fund**

There is created under the Trust Indenture a special trust fund to be held by the Trustee and designated as the "Walton County Water and Sewerage Authority Sinking Fund". The Sinking Fund shall be kept by the Trustee as a trust fund separate and apart from other deposits of the Authority. Moneys in the Sinking Fund constitute part of the Trust Estate and shall be applied as provided herein. The Authority may, from time to time, designate additional accounts within the Sinking Fund. The Trustee is authorized to deposit into the Sinking Fund (and into any account therein) any moneys or securities transferred to it by, or at the direction of, the Authority which are accompanied by instructions that such moneys or securities are to be deposited into the Sinking Fund. The Trustee is further authorized to deposit into the Sinking Fund any moneys transferred from the Construction Fund to the Sinking Fund following the occurrence of an Event of Default hereunder or any other moneys received upon the exercise of any rights or remedies under the Trust Indenture following an Event of Default.

The Authority has agreed to deposit, or cause to be deposited, from time to time into the Sinking Fund, but solely from the Trust Estate, amounts sufficient to pay any Obligations secured under the Indenture.

Subject to the terms and conditions set forth in the Trust Indenture and any Supplemental Indenture, moneys in the Sinking Fund shall be disbursed by the Trustee for:

- (a) the payment of amounts due on Obligations secured hereby as such amounts become due and payable, either at maturity or by proceedings for redemption or acceleration;
- (b) the reimbursement to the provider of any Credit or Liquidity Facility for any draws thereon relating to the payment of amounts due on Obligations or fees for such Credit or Liquidity Facility, or to the provider of any Commitment Indebtedness or Hedge Agreement for amounts due thereunder;
- (c) the optional redemption or prepayment (including defeasance) of Obligations secured hereby before maturity at the price and under the conditions provided therefor in the Trust Indenture;
- (d) the purchase of Obligations in the open market for the purpose of cancelling the same; provided, however, the price paid for such Obligations shall not exceed the then authorized call price; or
- (e) to establish an Escrow for the payment of amounts due on any Obligations.

In connection with establishing any Escrow for all or a portion of any Obligations secured hereunder, the Authority may direct the Trustee to apply or deposit any funds on deposit in the Sinking Fund in such Escrow.

### **Investment of Money in Funds**

Moneys on deposit in any fund established from time to time under the Trust Indenture, including the Debt Service Reserve Fund and Construction Fund, may be invested by the Trustee from time to time in Permitted Investments upon instruction from an Authorized Authority Representative. Moneys on deposit in the Sinking Fund may be invested by the Trustee from time to time in Sinking Fund Investments. All such investments shall be held in the name of the Trustee. All gains or losses from such investment shall be credited or charged to the fund with respect to which such investment was made. The Trustee shall have no obligation to investment any money in any fund other than at the direction of the Authorized Authority Representative, and the Trustee shall have no obligation or liability for any loss resulting from any investment made at the direction of the Authorized Authority Representative. The Trustee agrees to provide the Authority on a monthly basis a statement of account showing the beginning and ending balances in each fund or account and the transactions for each fund or account created under the Trust Indenture. The Trustee is authorized in the absence of specific direction from the Authority to liquidate, without any further direction, any investment in the Sinking Fund or the Construction Fund required to make a

payment from such Fund to the extent that there are not moneys sufficient in such fund to make such payment when due, and shall have no liability to the Authority for any loss on such investment resulting therefrom.

### **Subordinate Debt**

So long as there is no default in the payment of any amount which is due on any Obligation secured under the Trust Indenture, the Trustee is authorized to pay from the Sinking Fund such payments as may be required to pay any amount due on any Subordinate Indebtedness.

### **Obligations not General Obligations**

The Obligations issued or secured under the Trust Indenture are not general obligations of the Authority, but special limited obligations of the Authority payable by the Authority solely from the Trust Estate created under the Trust Indenture.

### **No Lien on System Revenues or Other Contract Revenues**

The Obligations issued and secured under the Trust Indenture are secured only by the Trust Estate created hereunder, and shall not be secured by any lien on the revenues of the Authority's water and sewerage system or by any other revenues or moneys received by the Authority (including, but not limited to, any moneys or revenue the Authority might receive from its intergovernmental agreements with Oconee County, Georgia) unless the Authority shall supplement the Trust Indenture to expressly subject such revenues or moneys to the pledge and lien of the Trust Indenture.

### **Limitations on Additional Indebtedness**

The Authority agrees that it will not issue or incur any Additional Indebtedness unless the Trustee shall be provided with the following:

- (a) a resolution certified by the Secretary or Assistant Secretary or another officer of the Authority certifying the resolution authorizing the issuance of such Indebtedness and specifying or approving the terms thereof;
- (b) a supplement to the Trust Indenture, specifying the terms and form of the Obligations to be issued;
- (c) an amendment or supplement to the Intergovernmental Contract under which the County agrees to pay funds to the Authority (or to the Trustee for the benefit of the Authority) sufficient to pay amounts due on such Indebtedness;
- (d) a copy of the validation proceedings relating to such Indebtedness (or to the Obligations in anticipation of which such Indebtedness is being issued), or a certificate of the Authority to the effect that no such validation is required;
- (e) a certificate of the Authority, signed by the Chairman or Vice Chairman, to the effect that all conditions to the issuance of such Indebtedness have been satisfied;
- (f) an opinion of counsel that no registration of such Indebtedness, or qualification of the Trust Indenture or any Supplemental Indenture, is required in connection with the issuance of such Indebtedness, or if such registration is required, that such registration is in effect;
- (g) a certificate or letter of instruction from an officer of the Authority as to the disposition of the proceeds received upon the sale of such Indebtedness;



(h) an authentication order of the Authority authorizing the Trustee to authenticate such Indebtedness upon such conditions as may be specified by the Authority, including receipt by the Trustee of a specified sum from the purchaser of such Indebtedness if applicable;

(i) an opinion of Counsel to the County to the effect that the amendment to the Contract has been duly authorized, executed and delivered by the County, and the Contract, as so amended, is the legal, valid and binding obligation of the County (subject to customary conditions and qualifications); and

(j) an opinion of Bond Counselor Counsel to the Authority that such Indebtedness is a valid and binding obligation(s) of the Authority (subject to customary conditions and qualifications).

### **Payment of Obligations; Failure of Authority to Make Timely Deposits; Notice**

Under the Trust Indenture, the Authority has agreed to pay, but solely from the Trust Estate, amounts due from time to time on any Obligation issued or secured under the Trust Indenture when and as the same are due and payable at the places and in the manner provided therein. Pursuant to the Trust Indenture, the Authority has pledged the Trust Estate to pay, among other things, the amounts due on any Obligations issued or secured hereunder. If on or before the due date for the payment of any amount due on any Obligation issued or secured hereunder, the Authority fails to deposit or cause to be deposited with the Trustee amounts sufficient to enable the Trustee to make timely payment of the amount due on such Obligation, the Trustee is hereby directed to give immediate written notice of such failure to the Authority and the County.

Neither the State of Georgia nor any political subdivision thereof shall in any event be liable for the payment of the principal of or interest on, or other amounts due on, any Obligations issued or secured under the Trust Indenture, or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever that may be undertaken by the Authority, and none of the Obligations issued or secured hereunder shall be construed to constitute a debt or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including Oconee County, within the meaning of any constitutional or statutory provision whatsoever, and shall not directly, indirectly or contingently obligate the State of Georgia or any of its political subdivisions to levy or to pledge any form of taxation whatever therefor or to make any appropriation for the payment thereof; nor shall any breach of any such pledge, mortgage, obligation or agreement impose any pecuniary liability upon any member, officer, employee or agent of the Authority, or any charge upon the general credit of the Authority, or any pecuniary liability upon the Authority payable from any moneys, revenues, payments, and proceeds other than the Trust Estate. The Authority has no taxing power.

### **Events of Default**

(a) The term "Event of Default," as used herein, shall mean the occurrence of anyone or more of the following events:

(i) the Authority shall fail to make any payment when due under the terms of any Obligation and such failure continues to exist upon the expiration of any applicable grace period;

(ii) an order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver, or receivers, or trustee or trustees of the assets of the Authority, or of the revenues thereof, or any proceedings shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors, or for the purpose of adjusting claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable out of the Trust Estate, or if such order or decree, having been entered without the consent and acquiescence of the Authority, shall not be vacated or discharged or stayed on appeal within 60 days after entry thereof, or if such proceeding, having been instituted without the consent or acquiescence of the Authority, shall not be withdrawn, or any orders entered shall not be vacated, discharged or stayed on appeal, within 60 days after the institution of such proceedings, or the entry of such orders;

(iii) the Contract shall be determined by a court of competent jurisdiction to be invalid or unenforceable and any appeal from such determination has been exhausted; or

(iv) the Authority shall fail in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Obligations or the Trust Indenture, and such failure shall continue for a period of 60 days after written notice from the Trustee or from the Debt Holders of not less than 25% of the principal amount of the Debt Holders, specifying such failure; provided, however, that if such failure cannot be corrected within such 60 day period, no Event of Default shall be deemed to have occurred hereunder if the Authority shall institute corrective action within such 60 day period and diligently pursue it until the failure is corrected.

(b) Upon the occurrence of an Event of Default, then and in each and every such case, the Trustee may, by notice in writing to the Authority, declare the principal of all (but not less than all) Outstanding Obligations to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Trust Indenture or in such Outstanding Obligations contained to the contrary notwithstanding; provided that the Trustee shall be required to make such a declaration if the Trustee is requested to make such a declaration by the Holders of not less than 25% in aggregate principal amount of all Outstanding Obligations. Upon any such declaration of acceleration, the Trustee shall provide written notice thereof to the County, and to the extent any moneys remain in the Construction Fund, such moneys shall be transferred to the Sinking Fund for application as provided herein.

(c) Any declaration of acceleration pursuant to subsection (b) above shall be subject to the condition that if, at any time after the principal of all Outstanding Obligations shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided: (i) the Authority shall deposit or cause to be deposited with the Trustee an aggregate sum sufficient to pay (1) all sums due under any Obligations, other than by reason of acceleration, and (2) the expenses and fees of the Trustee; and (ii) any and all Events of Default under the Trust Indenture, other than the nonpayment of amounts due on Outstanding Obligations that shall have become due by acceleration, shall have been remedied, then and in every such case, the Trustee shall, if requested by the Debt Holders of 25% in aggregate principal amount of all Obligations then Outstanding, waive all Events of Default and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default.

Upon the continuance of an Event of Default, if so requested by a Majority in principal amount of the Holders and if satisfactory indemnity has been furnished to it, the Trustee shall exercise such of the lights and powers conferred by the Trust Indenture as the Trustee, being advised by counsel, shall deem most effective to enforce and protect the interests of the Holders.

No remedy under the Trust Indenture is intended to be exclusive, and to the extent permitted by law each remedy shall be cumulative and in addition to any other remedy hereunder or now or hereafter existing. No delay or omission to exercise any right or power shall impair such right or power or constitute a waiver of any default or Event of Default or acquiescence therein; and each such light and power may be exercised as often as deemed expedient. No waiver by the Trustee or the Holders of any default or Event of Default shall extend to any subsequent default or Event of Default.

A Majority in principal amount of the Holders shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Trust Indenture, or for the appointment of a receiver or any other proceedings hereunder or thereunder; provided that such direction shall be in accordance with applicable law and the Trust Indenture and, if applicable, the Intergovernmental Contract, and provided that the Trustee shall be indemnified to its satisfaction.

## **Payment of Obligations Upon Event of Default**

Upon the occurrence of an Event of Default and upon demand of the Trustee, the Authority will pay to the Trustee, for the benefit of the Holders of all Obligations then Outstanding, (a) the whole amount that then shall have become due and payable on all such Obligations for principal or interest, or both, and such other amounts as may be required to be paid on all such Obligations, with interest upon the overdue principal and installments of interest (to the extent permitted by law) at the respective rates of interest borne by such Obligations or as provided in the applicable Supplemental Indenture, and (b) such further amounts as shall be sufficient to cover the costs and expenses of collection, including a reasonable compensation to the Trustee, its agents, attorneys and counsel, and any expenses incurred by the Trustee other than as a result of its gross negligence or bad faith.

## **Suit for Moneys Due**

In case the Authority shall fail to pay the amounts due under the Trust Indenture upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may institute any action or proceedings for the collection of amount due under the Intergovernmental Contract, and may enforce any such judgment or final decree against the Authority or the County, and collect in the manner provided by law out of the Trust Estate the moneys adjudged or decreed to be payable.

## **Suit by Trustee**

All rights of action and rights to assert claims under any Obligation may be enforced by the Trustee without the possession of such Obligation on any trial or other proceedings instituted by the Trustee. In any proceedings brought by the Trustee, the Trustee shall be held to represent all the Holders of Obligations, and it shall not be necessary to make any Holders of Obligations parties to such proceedings.

## **Application of Moneys Collected**

All moneys received by the Trustee pursuant to any right given or action taken under the Trust Indenture shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances owing to or incurred or made by the Trustee, be deposited in the Sinking Fund and shall be applied as follows:

(a) Unless the principal of all Obligations shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of all installments of interest then due on the Obligations, in the order of the maturity of the installments of such interest (with interest on overdue installments of such interest, to the extent permitted by law, at the rate of interest borne by the Obligations or the rate for overdue payments provided for in the Supplemental Indenture relating to such Obligations) and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Obligations which shall have become due (other than Obligations matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Trust Indenture), (with interest on overdue installments of principal and premium, if any, to the extent permitted by law, at the rate of interest borne by the Obligations or the rate for overdue payments provided for in the Supplemental Indenture relating to such Obligations) and, if the amount available shall not be sufficient to pay in full all Obligations due on any particular date, then to the payment ratably according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD - To the payment to the persons entitled thereto as the same shall become due of the principal of and premium, if any, and interest on the Obligations which may thereafter become due and, if the amount available shall not be sufficient to pay in full Obligations due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of interest, principal and premium, if any, due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Obligations shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or privilege, with interest on overdue installments of interest or principal, to the extent permitted by law, at the rate of interest borne by the Obligations.

Whenever moneys are to be applied pursuant to the provisions of the Trust Indenture, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, that upon an acceleration of all Obligations pursuant to the Trust Indenture, interest shall cease to accrue on the Obligations on and after the date of such acceleration. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder until such Obligation shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

#### **Actions by Holders**

No Holder of an Obligation shall have any right by virtue of or by availing of any provision of the Trust Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to the Trust Indenture or for the appointment of a receiver or trustee, or any other remedy hereunder, unless (i) the Debt Holders of not less than 25% in aggregate principal amount of Obligations then Outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities which may be incurred therein or thereby, and (ii) the Trustee, for 30 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request shall have been given to the Trustee pursuant to the Trust Indenture; it being understood and intended, and being expressly covenanted by the Holder of an Obligation and the Trustee, that no one or more Holders of Obligations shall have any right in any manner whatever by virtue of or by availing of any provision of the Trust Indenture to affect, disturb or prejudice the rights of any other Holder of an Obligation or to obtain or seek to obtain priority over or preference to any other such Holder, or to enforce any right under the Trust Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders of Obligations. For the protection and enforcement of the provisions of the Trust Indenture, each and every Holder of an Obligation and the Trustee shall be entitled to such relief as can be given either at law or in equity.

The Holder of an Obligation instituting a suit, action or proceeding in compliance with the provisions of the Trust Indenture shall be entitled in such suit, action or proceeding to such amounts as shall be sufficient to cover the costs and expenses of collection, including to the extent permitted by applicable law, reasonable compensation of its Counsel.

Notwithstanding any other provision of the Trust Indenture, the right of a Holder of an Obligation to receive payment of the principal of and interest on any Obligation and any other amounts payable thereunder, on or after the respective due dates expressed in such Obligation, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

## **Direction of Proceedings by Holders**

The Holders of a majority in aggregate principal amount of Obligations then Outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided, however, that, subject to the Trust Indenture, the Trustee shall have the right to decline to follow any such direction if the Trustee, being advised by Counsel, determines that the action so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the proceedings so directed would be illegal or subject it to liability, and provided further that nothing in the Trust Indenture shall impair the right of the Trustee in its discretion to take any action deemed proper by the Trustee and which is not inconsistent with such direction by the Holders.

## **Supplemental Indentures Without Consent of Holders**

(a) The Authority and the Trustee, may from time to time and at any time enter into a Supplemental Indenture for one or more of the following purposes:

(i) to provide for the issuance of any Obligations hereunder in accordance with the terms of the Trust Indenture;

(ii) to add to the covenants of the Authority such further covenants, restrictions or conditions as the Authority and the Trustee shall consider to be for the protection of the Holders of Obligations issued hereunder, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions an Event of Default under the Trust Indenture permitting the enforcement of all or any of the several remedies provided in the Trust Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition, such Supplemental Indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default;

(iii) to cure any ambiguity or to correct or supplement any provision contained herein or in any Supplemental Indenture which may be defective or inconsistent with any other provision contained herein or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under the Trust Indenture or any Supplemental Indenture and shall not materially impair the security of the Trust Indenture or adversely affect the interests of the Holders of any particular Obligations or series of Obligations issued hereunder;

(iv) to modify or supplement the Trust Indenture in such manner as may be necessary or appropriate to qualify the Trust Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, including provisions whereby the Trustee accepts such powers, duties, conditions and restrictions hereunder and the Authority undertakes such covenants, conditions or restrictions additional to those contained in the Trust Indenture as would be necessary or appropriate so to qualify the Trust Indenture;

(v) to provide for the establishment of funds and accounts hereunder and for the proper administration of and transfers of moneys between any such funds and accounts, provided that, except as otherwise provided in the Trust Indenture (relating to the defeasance of Outstanding Obligations), all such funds and accounts shall be established for the equal and ratable benefit of the Holders of all Outstanding Obligations;

(vi) to permit the issuance of additional forms of Obligations, provided that such Obligations are equally and ratably secured with all other Obligations issued hereunder (except as otherwise provided herein);

(vii) to make changes, modifications, additions or supplements to implement or accommodate any Credit or Liquidity Facility relating to any series of Obligations secured by such Credit or Liquidity Facility or any Hedge Agreement relating to any series of Obligations provided that no such amendment,

supplement or modification shall give any preference or priority for the payment of amounts due thereon to the provider of any such Credit or Liquidity Facility or Hedge Agreement above the Holder of any other Obligation, or restrict the ability of the Holders of any other series of Obligations from exercising their rights under the Trust Indenture as to such Obligations;

(viii) to modify, amend, change or remove any covenant, agreement, term or provision of the Trust Indenture (other than a modification of the type requiring the unanimous written consent of the Holders) provided that if at the time of the proposed amendment the Obligations are rated by one or more Rating Agencies, written notice of the substance of such proposed amendment is given to such Rating Agencies by the Authority not fewer than 30 days prior to the date such amendment is to take effect, and the Authority provides evidence satisfactory to the Trustee that the ratings on the Obligations will not be lowered or withdrawn by such Rating Agencies as a result of such proposed amendment;

(ix) to add additional property or collateral to the Trust Estate; or

(x) to make changes, modifications, additions or supplements to accommodate a pledge of the System revenues, flow of funds provisions and other similar provisions to provide for the issuance of Additional Obligations secured by the revenues of the System, provided that such changes, modifications, additions or supplements shall not affect the County's obligation to pay under the Intergovernmental Contract on any Obligations secured thereunder.

#### **Modification of Indenture with Consent of Holders**

With the consent of the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding, the Authority and the Trustee may from time to time and at any time enter into a Supplemental Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Trust Indenture or of any Supplemental Indenture or of modifying in any manner the rights of the Holders of Obligations; provided, however, that (i) without the consent of the Holders of all Obligations whose Obligations are proposed to be modified or adversely affected, no such Supplemental Indenture shall effect a change in the times, amounts or currency of payment of the principal of, premium, if any, or interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon or permit the preference or priority of any Obligation over any other Obligation, and (ii) without the consent of the Holders of all Obligations then Outstanding, no such Supplemental Indenture shall reduce the percentage or affected class of Obligations, the Holders of which are required to consent to any such Supplemental Indenture or amendment or supplement to the Intergovernmental Contract.

Upon the request of the Authority, and upon the filing with the Trustee of evidence of the consent of Holders, the Trustee shall join with the Authority in the execution of such Supplemental Indenture unless such Supplemental Indenture adversely affects the Trustee's own rights, duties or immunities under the Trust Indenture or otherwise, in which case the Trustee may, in its discretion, but shall not be obligated to, enter into such Supplemental Indenture.

It shall not be necessary for the consent of the Holders under the Trust Indenture to approve the particular form of any proposed Supplemental Indenture or for the Holders of Obligations to consent to such Supplemental Indenture at the same time, but it shall be sufficient if such consent shall approve the substance thereof.

#### **Supplements or Amendments to Intergovernmental Contract without Consent of Holders**

The Authority acknowledges that the Intergovernmental Contract constitutes part of the Trust Estate and agrees that it will not amend or supplement the Intergovernmental Contract without the consent of the Trustee. The Trustee, may from time to time and at any time consent to an amendment or supplement to the Intergovernmental Contract for one or more of the following purposes:

(i) to provide for the Intergovernmental Contract to cover any additional Obligations issued in accordance with the terms of the Trust Indenture;

(ii) to add to the covenants of the County such further covenants, restrictions or conditions as the Authority and the Trustee shall consider to be for the protection of the Holders of Obligations issued hereunder;

(iii) to cure any ambiguity or to correct or supplement any provision contained in the Intergovernmental Contract which may be defective or inconsistent with any other provision contained herein or in the Intergovernmental Contract, or to make such other provisions in regard to matters or questions arising under the Trust Indenture or the Intergovernmental Contract and shall not materially adversely affect the interests of the Holders of any particular Obligations or series of Obligations; or

(iv) to make changes, modifications, additions or supplements to implement or accommodate any Credit or Liquidity Facility relating to any series of Obligations secured by such Credit or Liquidity Facility or any Hedge Agreement relating to any series of Obligations provided that no such amendment, supplement or modification shall give any preference or priority for the payment of amounts due thereon to the provider of any such Credit or Liquidity Facility or Hedge Agreement above the Holder of any other obligation, or restrict the ability of the Holders of any other series of Obligations from exercising their rights under the Trust Indenture as to such Obligations.

### **Modification of Intergovernmental Contract with Consent of Holders**

With the consent of the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding, the Trustee may from time to time and at any time consent to an amendment or supplement to the Intergovernmental Contract for any purpose not described in the Trust Indenture; provided, however, that without the consent of the Holders of all Obligations whose Obligations are proposed to be modified or adversely affected, no such amendment or supplement shall effect the obligation of the County to pay to the Authority amounts sufficient to provide for the payment by the Authority of amounts due on the Obligations as the same are due and payable, or permit the preference or priority of any Obligation over any other Obligation.

Upon the request of the Authority, and upon the filing with the Trustee of evidence of the consent of Holders, the Trustee shall consent to the execution of such amendment or supplement to the Intergovernmental Contract unless such amendment or supplement adversely affects the Trustee's own rights, duties or immunities, in which case the Trustee may, in its discretion, but shall not be obligated to, consent to such amendment or supplement.

It shall not be necessary for the consent of the Holders to approve the particular form of any proposed amendment or supplement to the Intergovernmental Contract or for the Holders of Obligations to consent to such amendment or supplement at the same time, but it shall be sufficient if such consent shall approve the substance thereof.

### **Satisfaction and Discharge of Indenture**

If the Trustee receives cash or Government Obligations, or a combination thereof in an amount sufficient, together with the interest thereon, but without the need for any further reinvestment, to provide for the payment of all Outstanding Obligations to and including the maturity date or prior redemption or prepayment date thereof; (b) irrevocable instructions to redeem all Obligations to be redeemed prior to maturity and to notify the Holders of each such redemption; and (c) an amount sufficient to pay or provide for the payment of the fees and expenses of the Trustee (or an agreement satisfactory to the Trustee providing for the payment thereof), then the lien of the Trust Indenture on the Trust Estate shall be discharged, and the Trustee shall execute all such instruments acknowledging satisfaction of and discharging the Trust Indenture as may be requested by the Authority and cancelling the lien on the Trust Estate, including the lien on moneys received under the Intergovernmental Contract; provided, however, that even though the lien on the Trust Estate shall be discharged, the provisions of the Trust Indenture relating to the registration and transfer of Obligations and the payment of Obligations and other similar provision shall continue unless otherwise provided in an escrow agreement providing for such provisions. The sufficiency of such moneys and Government Obligations shall be evidenced by a report delivered to the Trustee by the Authority from a certified public accountant or firm thereof satisfactory to the Trustee. In like manner, the Authority may provide for

the payment of any particular Obligation (or series or a portion thereof) at or prior to maturity and the Obligation (or series or portion thereof) so provided for shall thereupon cease to be Outstanding hereunder.

## **THE SECOND SUPPLEMENTAL INDENTURE**

### **Selection of Bonds to be Redeemed**

If less than all of the Series 2015 Bonds of a maturity are to be redeemed, the particular Series 2015 Bonds of such maturity to be redeemed shall be selected by lot in such manner as may be designated by DTC, when in Book-Entry Form, and by the Trustee, when not in Book-Entry Form. The Series 2015 Bonds are subject to redemption only in principal amounts of \$5,000 or any integral multiple thereof. Any Series 2015 Bond, a portion of which has been redeemed, shall be considered to be outstanding only in an amount reduced by the portion thereof so redeemed whether or not it has been surrendered as aforesaid.

### **2015 Sinking Fund Account**

There is created and established under the Second Supplemental Indenture with the Trustee a trust account in the Sinking Fund which is designated the “Walton County Water and Sewerage Authority 2015 Sinking Fund Account” (the “2015 Sinking Fund Account”). The Trustee is authorized to deposit into the 2015 Sinking Fund Account (and into any account therein) any moneys or securities transferred to it by, or at the direction of, the Authority which are accompanied by instructions that such moneys or securities are to be deposited into the 2015 Sinking Fund Account. The Trustee is further authorized to deposit into the 2015 Sinking Fund Account any moneys transferred from the 2015 Construction Fund Account to the 2015 Sinking Fund Account following the occurrence of an Event of Default under the Original Indenture or any other moneys received upon the exercise of any rights or remedies under the Original Indenture following an Event of Default.

Under the Second Supplemental Indenture, there are created within the 2015 Sinking Fund Account three subaccounts to be designated as follows: the “2015 Interest Account,” the “2015 Principal Account” and the “2015 Redemption Account.” The Authority may establish from time to time additional accounts or sub-accounts in the 2015 Sinking Fund Account.

The Authority will provide the Trustee, from the Trust Estate, moneys for deposit into the 2015 Sinking Fund Account sufficient to pay the principal, interest and redemption premium on the Series 2015 Bonds as and when the same are due and payable, whether on any regularly scheduled payment date or upon any redemption or acceleration of the Series 2015 Bonds.

Moneys in the 2015 Sinking Fund Account will constitute part of the Trust Estate created under the Indenture and may be used to pay amounts due on any series of Bonds or obligations issued under the Indenture on a parity basis with the Series 2015 Bonds unless the Authority shall set aside and designate any particular funds or moneys as being dedicated to the payment of the Series 2015 Bonds or some portion thereof as provided in the Indenture, in which case such Series 2015 Bonds shall be payable solely from such source.

### **Payments Pursuant to the Intergovernmental Contract**

The County and the Authority have entered into the Intergovernmental Contract, as supplemented by the First Supplement to Contract. Simultaneously with the issuance and delivery of the Series 2015 Bonds, the Authority will enter into the Second Supplement to Intergovernmental Contract-Reservoir Project, dated as of July 1, 2015 (the “Second Supplement to Contract”), with the County pursuant to which, in consideration of the Authority’s agreement to provide certain facilities and water services to the citizens of Oconee County, has agreed to pay the Authority amounts, which the Authority will use to provide for the payment of the principal and interest on the Series 2015 Bonds when due. The County has also agreed in the Intergovernmental Contract, as supplemented, to levy taxes if necessary on all property in the County subject to taxation for such purposes as may be necessary for the County to make the payments required of it pursuant to the Intergovernmental Contract. Payments on the Intergovernmental Contract have been assigned to the Trustee as part of the Trust Estate.



**THE INTERGOVERNMENTAL CONTRACT  
AND SECOND SUPPLEMENT TO INTERGOVERNMENTAL CONTRACT**

The following summary is a brief outline of certain provisions contained in the Intergovernmental Contract and shall not be considered as a full description thereof.

The County covenants and agrees in the Intergovernmental Contract that:

It will pay to the Trustee or custodian of the Sinking Fund for the benefit of the Authority until each series of Bonds secured thereunder has been fully paid within the meaning of the Indenture moneys sufficient to provide for the payment of the principal of and interest on the Bonds when due to the extent the net revenues of the System deposited into the Sinking Fund and available for the payment of such principal and interest are insufficient for such purpose.

The County and the Authority agree the manner of providing for such payments by the County as to any specific series of the Bonds secured under the Intergovernmental Contract shall be provided in the supplement or amendment to the Intergovernmental Contract relating to such specific series of the Bonds, but generally shall be as follows:

(a) On a specified day or days during the term of the Intergovernmental Contract, the County will pay to the Trustee or Sinking Fund custodian for the benefit of Authority, an amount of money equal to the amount necessary to pay the principal (and redemption premium, if any) which will become due and payable with respect to such Bonds on the next succeeding principal payment date or redemption date, less the amount of money on hand in the Sinking Fund on a specified date which is available for the payment of such principal and redemption premium, if any; and

(b) On the day or days specified in the amendment or supplement to this Intergovernmental Contract relating to any series of the Bonds secured hereunder during the term of this Intergovernmental Contract, the County shall pay to the Trustee or Sinking Fund custodian for the benefit of the Authority, an amount of money equal to the amount necessary to pay the interest or other amounts which will become due and payable with respect to such Bonds on the next succeeding interest payment date or other payment date, less the amount of money on hand in the Sinking Fund on such date which is available for the payment of such amounts.

The County agrees with the Authority for the benefit of the purchasers of the Bonds of any series secured under the Intergovernmental Contract that it will levy an annual tax on all taxable property located within the boundaries of the County which is subject to taxation for general county purposes as may be necessary to make the payments called for by the Intergovernmental Contract. Nothing contained in the Intergovernmental Contract, however, will be construed as limiting the right of the County to make the payments called for by the Intergovernmental Contract out of general funds or from other revenue sources.

In order to assure that the payments required pursuant to the provisions of the Intergovernmental Contract are made in a timely manner and without diminution, there is created under the Intergovernmental Contract a first and prior lien on any and all moneys realized by the County under and pursuant to the annual tax levied in accordance with the provisions of the Intergovernmental Contract, which lien shall be superior to any lien that can hereafter be created thereon.

The obligation of the County to make the payments required pursuant to the provisions of the Intergovernmental Contract at the times and in the manner specified are absolute and unconditional and such payments will not be abated or reduced because of (i) any failure or inability of the Authority to complete the Project, whether or not as a result of any action or inaction on the part of the Authority or any other person or entity, or to place the same in service, (ii) any increase in the cost of the Project, (iii) damage to or destruction of the Project, or any failure or inability to withdraw or treat water from the Project, or to deliver the same, (iv) any failure or default on the part of the Authority under the Intergovernmental Contract or under any other document, (v) any lack of notice of amounts due from the Authority or the Trustee or Sinking Fund custodian under the

Intergovernmental Contract, or (vi) for any reason whatsoever. Furthermore, the County will not exercise any right of set-off or any similar right with respect to such payments, nor will it withhold any such payments because of any claimed breach of the Intergovernmental Contract or any other obligation by the Authority. This provision is incorporated in the Intergovernmental Contract for the benefit of the owners of the Bonds, and it will not affect the obligation of the Authority to perform the Intergovernmental Contract or otherwise, nor will this provision otherwise affect the remedies available to the County on account of any such claimed breach by the Authority.

The County and the Authority will enter into a Second Supplement to Intergovernmental Contract to identify the Series 2015 Bonds as obligations secured by the Intergovernmental Contract with all the rights, benefits and securities granted thereunder and to provide for other related matters.

**APPENDIX C**

FORM OF CONTINUING DISCLOSURE CERTIFICATE

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by Oconee County, Georgia (the “County”) in connection with the issuance of \$8,425,000 in aggregate principal amount of the Walton County Water and Sewerage Authority Refunding Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2015 (the “Bonds”). The Bonds are being issued pursuant to the Indenture (as defined below). The County hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Beneficial Owners (as herein defined) of the Bonds and in order to assist the Participating Underwriter (as herein defined) in complying with the Rule (as herein defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the County pursuant to the Rule and this Disclosure Certificate.

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding the Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any of the Bonds for federal income tax purposes.

“Dissemination Agent” means Digital Assurance Certification, L.L.C. (DAC), Atlanta, Georgia, or its successor in interest, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

“EMMA” means the MSRB’s Electronic Municipal Market Access System, as described in Securities Exchange Act of 1934, Act Release No. 34-59062, which receives electronic submissions of the Annual Report on the EMMA website at <http://www.emma.msrb.org>.

“Fiscal Year” shall mean any period of twelve consecutive months adopted by the County as its fiscal year for financial reporting purposes and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the next calendar year.

“Indenture” shall mean the Trust Indenture, as supplemented by a First Supplemental Trust Indenture, each dated as of April 1, 2008, and each between the Authority and Regions Bank, Atlanta, Georgia, as trustee (the “Trustee”), and as supplemented by a Second Supplemental Trust Indenture, dated as of July 1, 2015, between the Authority and the Trustee, pursuant to which the Bonds were issued, and any amendments thereto.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto. Currently, the MSRB’s address is:

MSRB  
1900 Duke Street, Suite 600  
Alexandria, VA 22314  
Attn: Disclosure

“Participating Underwriter” shall mean Stifel Nicolaus & Company, Incorporated, or its successor in interest.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the

Securities Exchange Act of 1934, as the same may be amended from time to time.

**SECTION 3. Provision of Annual Reports.**

(a) Not later than 270 days after the end of the Fiscal Year, commencing with Fiscal Year 2015, the County shall provide, or cause the Dissemination Agent (if other than the County) to provide, an Annual Report electronically to EMMA. The Annual Report will be made to EMMA as PDF files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. Notwithstanding the foregoing, the audited financial statements of the County may be submitted separately from the balance of the Annual Report when such audited financial statements are available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the County shall include unaudited financial statements in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements will be submitted. The audited financial statements when available will be provided to EMMA.

(b) Not later than 15 business days prior to the date specified in paragraph (a) of this Section 3 for providing the Annual Report to EMMA, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If the County is unable to provide an Annual Report by the date required in paragraph (a), the Dissemination Agent shall send, in a timely manner, a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall also:

(i) determine each year prior to the date for providing the Annual Report, the manner of filing with EMMA; and

(ii) (if the Dissemination Agent is other than the County) file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to EMMA.

**SECTION 4. Content of Annual Reports.** The County's Annual Report shall contain or incorporate by reference the following:

(a) If audited financial statements are not yet available, the unaudited financial statements of the County, and when audited financial statements are available, the audited financial statements of the County, both such types of financial statements to be prepared in conformity with generally accepted accounting principles, as in effect from time to time.

(b) If the accounting principles changed from the previous fiscal year, a description of the impact of the change as required by Section 8 of this Disclosure Certificate.

(c) A statement indicating that the fiscal year has not changed, or, if the fiscal year has changed, a statement indicating the new fiscal year.

(d) Information of the type set forth in the Official Statement under the headings "COUNTY DEBT STRUCTURE – Summary of County Debt by Category and Overlapping Debt," and "- Limitations on County Debt," "AD VALOREM TAXATION – Property Tax Millage Rates," "- Tax Levy and Collection History," "- Assessed Valuation," and "- Ten Largest Tax Payers," and "OCONEE COUNTY FINANCIAL INFORMATION – General Fund History."

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the County is an "obligated person" (as defined by the Rule), which have been filed in accordance with the Rule and the other rules of the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The

County shall clearly identify each such other document so incorporated by reference.

**SECTION 5. Reporting of Significant Events.**

The County shall give, or cause to be given, notice to EMMA, in an electronic format as prescribed by the MSRB, of the occurrence of any of the following events with respect to the Bonds within ten business days of the occurrence of the event:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5071-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (vii) Modifications to rights of the Bondholders, if material.
- (viii) Bond calls, if material, and tender offers.
- (ix) Defeasances.
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material.
- (xi) Rating changes.
- (xii) Bankruptcy, insolvency, receivership or similar event of the County.
- (xiii) The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, or the entry into a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

**SECTION 6. Termination of Reporting Obligation.** The County's obligations under this Disclosure Certificate shall terminate upon the defeasance (within the meaning of the Rule), prior redemption or payment in full of all of the Bonds. The County shall notify EMMA that the County's obligations under this Disclosure Certificate have terminated. If the County's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the County, and the original County shall have no further responsibility hereunder.

**SECTION 7. Dissemination Agent.** The County may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and the County may, from time to time, discharge the dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not a designated dissemination agent, the County shall be the dissemination agent. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C. (DAC), or its successor in interest.

SECTION 8. Amendment. This Disclosure Certificate may not be amended unless independent counsel experienced in securities law matters has rendered an opinion to the County to the effect that the amendment does not violate the provisions of the Rule.

In the event that this Disclosure Certificate is amended or any provision of the Disclosure Certificate is waived, the notice of a Listed Event pursuant to Section 5(vii) hereof shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided in the Annual Report. If an amendment or waiver is made in this Disclosure Certificate which allows for a change in the accounting principles to be used in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and impact of the change in the accounting principles on the presentation of the financial information. A notice of the change in the accounting principles shall be deemed to be material and shall be sent to EMMA.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of any party to comply with this Disclosure Certificate shall be an action to compel performance. The cost to the County of performing its obligations under the provisions of this Disclosure Certificate shall be paid solely from funds lawfully available for such purpose.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The Dissemination Agent may consult with counsel (who may, but need not, be counsel for any party hereto or the County), and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such Counsel. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Intermediaries; Expenses. The Dissemination Agent is hereby authorized to employ intermediaries to carry out its obligations hereunder. The Dissemination Agent shall be reimbursed immediately for all such expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorney's fees).

SECTION 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.



SECTION 15. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Georgia.

SECTION 16. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Date: June 30, 2015

OCONEE COUNTY, GEORGIA

(SEAL)

By: \_\_\_\_\_  
Chairman

Attest:

By: \_\_\_\_\_  
Clerk

The undersigned hereby accepts its duties as Dissemination Agent under this Disclosure Certificate, this 30<sup>th</sup> day of June, 2015.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.

By: \_\_\_\_\_  
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Walton County Water and Sewerage Authority

Name of Bond Issue: \$8,425,000 Walton County Water and Sewerage Authority Refunding Revenue Bonds  
(Oconee-Hard Labor Creek Reservoir Project), Series 2015

CUSIP Number<sup>1</sup>: \_\_\_\_\_

Date of Issuance: July 29, 2015

NOTICE IS HEREBY GIVEN that Oconee County, Georgia (the "County") has not provided an Annual Report due with respect to the above-named Bonds as required by its Disclosure Certificate, dated June 30, 2015. The County anticipates that the Annual Report will be filed by \_\_\_\_\_.

This notice is based on the best information available at the time of dissemination. Any questions regarding this notice should be directed to \_\_\_\_\_.

Dated: \_\_\_\_\_

OCONEE COUNTY, GEORGIA

By: \_\_\_\_\_  
Chairman

<sup>1</sup> No representation is made as to the correctness of the CUSIP number either as printed on the bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.

## **APPENDIX D**

### **FORM OF BOND COUNSEL OPINION**

The form of Opinion of Bond Counsel included as this Appendix D has been prepared by Gray Pannell & Woodward LLP, Atlanta, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Series 2015 Bonds.

**(THIS PAGE LEFT BLANK INTENTIONALLY)**

[FORM OF BOND COUNSEL OPINION]

July 29, 2015

Walton County Water and Sewerage Authority  
Loganville, Georgia

Regions Bank, as trustee  
Atlanta, Georgia

Oconee County, Georgia  
Watkinsville, Georgia

Stifel Nicolaus & Company, Inc.  
Atlanta, Georgia

Re: \$8,425,000 Walton County Water and Sewerage Authority Refunding Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2015

To the Addressees:

We have acted as Bond Counsel in connection with the issuance by the Walton County Water and Sewerage Authority (the "Authority") of its \$8,425,000 in aggregate principal amount Refunding Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2015 (the "Series 2015 Bonds"). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion, including a copy of the validation proceeding concluded in the Superior Court of Walton County, Georgia, with respect to the Series 2015 Bonds and certain other obligations. In all such examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies submitted to us as certified, conformed or photographic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate.

The Series 2015 Bonds are being issued pursuant to an Act of the General Assembly of Georgia (Ga. L. 1972, p. 3623 *et seq.*), as amended from time to time and the Revenue Bond Law of the State of Georgia (O.C.G.A. Section 36-82-60 *et seq.*), as amended (collectively, the "Act"), a resolution of the Authority adopted on June 30, 2015 (the "Bond Resolution"), and a Trust Indenture, dated as of April 1, 2008 (the "Original Indenture"), as supplemented by a First Supplemental Indenture, dated as of April 1, 2008 (the "First Supplemental Indenture"), and as supplemented by a Second Supplemental Indenture, dated as of July 1, 2015 (the "Second Supplemental Indenture" and, together with the Original Indenture and the First Supplemental Indenture, the "Indenture"), between the Authority and Regions Bank, as trustee (the "Trustee"). The Series 2015 Bonds are being sold to Stifel Nicolaus & Company, Inc. (the "Underwriter") pursuant to a Bond Purchase Agreement, dated June 30, 2015 (the "Purchase Agreement"), between the Authority and the Underwriter.

The Series 2015 Bonds are being issued for the purpose of (i) refunding a portion of the Walton County Water and Sewerage Authority (Georgia) Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008, maturing on February 1, 2028, in the aggregate principal amount of \$1,120,000 and subject to mandatory sinking fund redemption on February 1 in the years 2027 (in part) and 2028, and maturing on February 1, 2038, in the aggregate principal amount of \$7,020,000 and subject to mandatory sinking fund redemption on February 1 in years 2029 through 2035, inclusive, and (ii) issuing the Series 2015 Bonds.

The Authority and Oconee County, Georgia (the "County") have entered into an Intergovernmental Contract - Hard Labor Creek Reservoir Project, dated as of October 1, 2007, as supplemented by a First Supplement to Intergovernmental Contract - Hard Labor Creek Reservoir Project, dated as of April 1, 2008 and as supplemented by a Second Supplement to Intergovernmental Contract - Hard Labor Creek Reservoir Project, dated July 1, 2015 (collectively, the "Contract"), under which, in exchange for the provision of certain services and facilities by the Authority, the County has agreed to pay to the Authority amounts sufficient to pay debt service on the Series 2015 Bonds. Pursuant to the Contract, the County has agreed to levy a tax, unlimited as to rate or amount, on all property in the County subject to taxation for maintenance or operation purposes in order to pay its obligations under the Contract. Under the Indenture, the Authority has assigned to the Trustee and pledged to the payment of the Series 2015 Bonds the trust estate (the "Trust Estate") which includes (i) all right, title and interest of the Authority to

receive payments from the County under the Contract and to bring actions and proceedings thereunder or for the enforcement thereof, and (ii) all moneys and securities held by the Trustee or any other depositaries in any and all of the funds and accounts established under the Indenture. The Series 2015 Bonds are subject to registration of transfer and exchange and to optional and mandatory sinking fund redemption at the times, in the amounts and on the terms specified in the Indenture.

As to questions of fact material to our opinion, we have relied upon (i) representations of the Authority, the County and Walton County, Georgia, (ii) certified proceedings and other certifications of public officials furnished to us, and (iii) representations of the Authority and the County relating to, among other things, the use of the proceeds of the Series 2015 Bonds, the design, scope, function, cost and reasonably expected weighted average economic life of the Reservoir Project (as defined in the Indenture) without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement, dated June 24, 2015 or the Official Statement dated June 30, 2015 (collectively, the "Official Statement") relating to the Series 2015 Bonds or any other offering material relating to the Series 2015 Bonds, and we express no opinion relating thereto. We express no opinion as to compliance by the Authority or the Underwriter with any federal or state statute, rule or regulation which may be applicable to the offer or sale of the Series 2015 Bonds.

Based upon our examination, we are of the opinion, as of the date hereof and under existing law as follows:

1. The Authority is a duly created and validly existing public body corporate and politic of the State of Georgia with full power and authority (a) to issue and sell the Series 2015 Bonds, (b) to use the proceeds from the sale of the Series 2015 Bonds for the purposes described in the Indenture and (c) to execute, deliver and perform its obligations under the Indenture and the Contract.

2. The Indenture has been duly authorized, executed and delivered by the Authority and constitutes a valid and binding obligation of the Authority enforceable upon the Authority. The Indenture creates a valid security interest or lien on the Trust Estate pledged to the payment of the Series 2015 Bonds.

3. The Contract has been duly authorized, executed and delivered by the Authority and the County and constitutes a valid and binding obligation of the parties thereto enforceable upon such parties.

4. The Series 2015 Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority, secured by the Indenture and payable by the Authority solely from the Trust Estate pledged to the payment of the Series 2015 Bonds.

5. Under existing statutes, rulings and court decisions, and under applicable regulations and proposed regulations, the interest on the Series 2015 Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on such corporations. We express no opinion regarding any other federal tax consequences caused by the receipt or accrual of interest on, or ownership of, the Series 2015 Bonds. In rendering this opinion, we have assumed continuing compliance by the Authority and the County with their covenants regarding certain requirements of the Code that must be satisfied subsequent to the issuance of the Series 2015 Bonds in order that the interest on the Series 2015 Bonds be, and continue to be, excluded from gross income for federal income tax purposes. Failure to comply with such covenants could cause interest on the Series 2015 Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2015 Bonds.

6. Under existing statutes, the interest on the Series 2015 Bonds is exempt from all present State of Georgia income taxation.



7. Based on the representations regarding reasonable expectations and covenants of the Authority, the County and Walton County, Georgia, we are of the opinion that the Series 2015 Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Code.

The rights of the owners of the Series 2015 Bonds and the enforceability of the Series 2015 Bonds, the Indenture and the Contract may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor’s rights generally and principles of equity applicable to the availability of specific performance or other equitable relief. We have not undertaken to notify any addressee of this opinion or any other person of any change in law or fact after the date of this opinion which might affect any of the opinions expressed herein.

Very truly yours,

GRAY PANNELL & WOODWARD LLP

By: \_\_\_\_\_  
A Partner

**(THIS PAGE LEFT BLANK INTENTIONALLY)**