

**NEW ISSUE  
(Book-Entry Only)****Ratings:  
Moody's: Aa1 (State Intercept Program)  
Moody's: Aa2 (Underlying)  
S&P: AA+ (State Intercept Program)  
S&P: AA (Underlying)  
(See "Miscellaneous – Ratings" herein)**

*In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other matters, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Series 2021 Bonds is excludable from gross income for federal income tax purposes under § 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the federal alternative minimum tax. In the opinion of Bond Counsel, interest on the Series 2021 Bonds is exempt from present State of Georgia income taxation. See APPENDIX B herein for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2021 Bonds. For a more complete discussion of the tax status of the Series 2021 Bonds and certain other tax consequences relating to the Series 2021 Bonds, see "LEGAL MATTERS – Tax Matters" herein.*

**\$37,200,000**  
**OCONEE COUNTY SCHOOL DISTRICT (GEORGIA)**  
**General Obligation Bonds, Series 2021**

**Dated: Date of Issuance****Due: March 1, as shown on the inside cover hereof.**

The Oconee County School District (Georgia) General Obligation Bonds, Series 2021 (the "Series 2021 Bonds") are being issued in fully registered form and in denominations of \$5,000, or any integral multiple thereof, by the Oconee County School District (the "District"), a political subdivision of the State of Georgia, for the purpose of (a) financing certain capital outlay projects, (b) paying capitalized interest, and (c) paying the cost of issuing the Series 2021 Bonds. See "PLAN OF FINANCING" herein.

The Series 2021 Bonds are direct and general obligations of the District, and, except to the extent that they may be paid from other revenues of the District (in particular, the Sales Tax described below), are payable from an ad valorem tax, unlimited as to rate or amount, to be levied upon all taxable property within the District subject to taxation for school bond purposes. The Series 2021 Bonds are also payable from (a) any state appropriation to which the District may be entitled, which the State of Georgia Board of Education is required to withhold from the District and transfer to U.S. Bank National Association, Atlanta, Georgia, as paying agent (the "Paying Agent") for the Series 2021 Bonds under certain circumstances and (b) the separate account in which are placed the proceeds received by the District from a one percent sales and use tax for educational purposes (the "Sales Tax"), to the extent available. See "THE SERIES 2021 BONDS - Security and Sources of Payment for the Series 2021 Bonds" herein.

Interest on the Series 2021 Bonds is payable semiannually on March 1 and September 1 of each year, commencing on September 1, 2021. All Series 2021 Bonds bear interest from their date of issuance. See "INTRODUCTION - Description of the Series 2021 Bonds" herein.

The Series 2021 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"). Payment of the principal of and interest on the Series 2021 Bonds will be made by the Paying Agent directly to Cede & Co., as nominee for DTC, as registered owner of the Series 2021 Bonds, and will subsequently be disbursed to DTC Participants and thereafter to Beneficial Owners (as such terms are defined herein) of the Series 2021 Bonds, all as described herein.

The Series 2020 Bonds are subject to optional redemption prior to maturity. See "THE SERIES 2021 BONDS – Redemption" herein.

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

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

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The Series 2021 Bonds are offered when, as, and if issued by the District and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, and are subject to the approving opinion of Gray Pannell & Woodward LLP, Athens, Georgia, Bond Counsel. Certain legal matters will be passed on for the District by its counsel, Hall Booth Smith, P.C., Athens, Georgia and by its disclosure counsel, Gray Pannell & Woodward LLP, Athens, Georgia. The Series 2021 Bonds in definitive form are expected to be delivered to The Depository Trust Company in New York, New York on June 9, 2021.

**RAYMOND JAMES<sup>®</sup>**

**Dated: May 18, 2021**

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

<u>Maturity (March 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>
2024	\$1,350,000	4.00%	0.300%	675566DD2
2025	4,360,000	4.00	0.440	675566DE0
2026	4,535,000	5.00	0.550	675566DF7
2027	4,765,000	5.00	0.670	675566DG5
2028	5,000,000	5.00	0.810	675566DH3
2029	3,115,000	5.00	0.940	675566DJ9
2030	3,275,000	5.00	1.040	675566DK6
2031	3,435,000	5.00	1.100	675566DL4
2032	3,610,000	4.00	1.200 <sup>†</sup>	675566DM2
2033	3,755,000	4.00	1.270 <sup>†</sup>	675566DN0

<sup>†</sup> Priced to first call date of March 1, 2031.

<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 2021. American Bankers Association.

# **OCONEE COUNTY SCHOOL DISTRICT**

## **ELECTED OFFICIALS**

### **Board of Education of Oconee County**

Thomas M. Odom, *Chair*  
Kimberly S. Argo, *Vice Chair*  
Michael Ransom  
Tim Burgess  
Amy Parrish

## **ADMINISTRATIVE OFFICIALS**

Dr. Jason L. Branch, *Superintendent*  
Brock Toole, *Chief Operations Officer*  
Saranna Charping, *Chief Financial Officer*

## **SPECIAL SERVICES**

### **Auditors**

Mauldin & Jenkins, LLC  
Atlanta, Georgia

### **District Counsel**

Hall Booth Smith, P.C.  
Athens, Georgia

### **Underwriter**

Raymond James & Associates, Inc.  
Atlanta, Georgia

### **Bond Counsel and Disclosure Counsel**

Gray Pannell & Woodward LLP  
Athens, Georgia

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 District 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 2021 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 District, 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 District since the date hereof.

The Underwriter intends to offer the Series 2021 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 2021 Bonds to the public. The Underwriter may offer and sell the Series 2021 Bonds to certain dealers (including dealers depositing the Series 2021 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 2021 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 DISTRICT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NO REGISTRATION STATEMENT RELATING TO THE SERIES 2021 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY. THE SERIES 2021 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.

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Appendix B: Form of Opinion of Bond Counsel

Appendix C: Form of Continuing Disclosure Certificate

**OFFICIAL STATEMENT**  
**of the**  
**OCONEE COUNTY SCHOOL DISTRICT (GEORGIA)**  
**relating to its**  
**\$37,200,000**  
**GENERAL OBLIGATION BONDS, SERIES 2021**

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**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by the Oconee County School District of \$37,200,000 in aggregate principal amount of its General Obligation Bonds, Series 2021 (the “Series 2021 Bonds”).

*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, and the documents summarized or described herein. Potential investors should fully review the entire Official Statement. The offering of the Series 2021 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 District**

The Oconee County School District (the “District”), the issuer of the Series 2021 Bonds, is a political subdivision of the State of Georgia. The School District serves all of Oconee County, Georgia (the “County”). The County is located in the northeastern portion of the State of Georgia (the “State”) approximately 62 miles east of the City of Atlanta, Georgia. For more complete information, see “THE DISTRICT” herein.

**Security and Sources of Payment for the Series 2021 Bonds**

The Series 2021 Bonds are general obligations of the District and, except to the extent that they may be paid from other revenues of the District (in particular, the Sales Tax described below), are payable, as to both principal and interest, from the general funds of the District, including ad valorem taxes which may be levied, without limitation as to rate or amount, upon all taxable property within the territorial limits of the District subject to taxation for school bond purposes. The Series 2021 Bonds are also payable from (a) any state appropriation to which the District may be entitled, which the State of Georgia Board of Education is required to withhold from the District and transfer to the Paying Agent for the Series 2021 Bonds under certain circumstances and (b) the separate account in which are placed the proceeds received by the District from a one percent sales and use tax for educational purposes of limited duration (the “Sales Tax”) to the extent available.

For more complete and detailed information, see “THE SERIES 2021 BONDS - Security and Sources of Payment for the Series 2021 Bonds,” “THE SALES TAX,” and “DISTRICT AD VALOREM TAXATION” herein.

## **Purpose of the Series 2021 Bonds**

The proceeds of the Series 2021 Bonds will be used for the purpose of (a) financing certain capital outlay projects (collectively, the “2021 Projects”), (b) paying capitalized interest, and (c) paying the cost of issuing the Series 2021 Bonds. For more complete information, see “PLAN OF FINANCING” herein.

## **Description of the Series 2021 Bonds**

*Redemption.* The Series 2020 Bonds are subject to optional redemption prior to maturity as described in “THE SERIES 2020 BONDS – Redemption.”

*Denominations.* The Series 2021 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

*Registration, Transfers and Exchanges.* The Series 2021 Bonds will be issued in fully registered form. When in book-entry form, Series 2021 Bonds held by The Depository Trust Company (“DTC”) (or its nominee, Cede & Co.) on behalf of the beneficial owners thereof (the “Beneficial Owners”), are transferable upon delivery to DTC (or its nominee, Cede & Co.) of an assignment executed by the Beneficial Owner or the Beneficial Owner’s duly authorized attorney. When not in book-entry form, ownership of any Series 2021 Bond may be transferred upon surrender of such Series 2021 Bond to the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney-in-fact or legal representative, subject to the conditions hereinafter described. When in book-entry form, the Series 2021 Bonds are exchangeable for a like aggregate principal amount of Series 2021 Bonds of the same series and maturity in authorized denominations. See “THE SERIES 2021 BONDS--Registration Provisions; Transfer; Exchange” and “—Book-Entry System of Registration.”

*Payments.* Interest on the Series 2021 Bonds is payable by check or draft mailed to the registered owner of record as of the February 15 or August 15 immediately preceding the applicable interest payment date. The principal of the Series 2021 Bonds is payable upon the presentation and surrender of the Series 2021 Bonds to the Paying Agent. For more complete information, see “THE SERIES 2021 BONDS – Description” herein.

Payment of the principal of and interest on Series 2021 Bonds will be made by the Paying Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to Participants and thereafter to Beneficial Owners of the Series 2021 Bonds.

When not in book-entry form, the principal shall be paid only upon surrender of the Series 2021 Bonds at the principal corporate trust office of the Paying Agent. When not in book-entry form, the interest on the Series 2021 Bonds shall be paid to the person in whose name such Series 2021 Bonds are registered at the close of business on the Record Date by check or draft, drawn on the Paying Agent, and mailed, by first class mail, postage prepaid, to such person at the address on the books of registry kept by the Bond Registrar. Notwithstanding the foregoing, interest on the Series 2021 Bonds is payable to any registered owner of more than \$1,000,000 in aggregate principal amount of Series 2021 Bonds by wire transfer to such registered owner if written wire transfer instructions are given to the Paying Agent prior to the Record Date. Interest shall continue to be so paid until such wire transfer instructions are revoked in writing.

For a more complete description of the Series 2021 Bonds, see “THE SERIES 2021 BONDS” herein.

## **Tax Exemption**

In the opinion of Bond Counsel, subject to the limitations and conditions described herein, under existing laws, regulations and judicial decisions, and assuming continued compliance by the District with certain covenants, interest on the Series 2021 Bonds (including any original issue discount properly allocable to a holder thereof) 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 tax. See Appendix B for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2021 Bonds.



For more complete discussion of such opinion and certain other tax consequences of owning the Series 2021 Bonds, including certain exceptions to the exclusion of the interest of the Series 2021 Bonds from gross income, see “LEGAL MATTERS – Tax Matters; and – Premium Bonds” herein.

### **Bond Registrar and Paying Agent**

U.S. Bank National Association, Atlanta, Georgia, will act as bond registrar and as paying agent for the Series 2021 Bonds.

### **Professionals Involved in the Offering**

Certain legal matters pertaining to the District and its authorization and issuance of the Series 2021 Bonds are subject to the approving opinion of Gray Pannell & Woodward LLP, Athens, Georgia, Bond Counsel. Copies of such opinion will be available at the time of delivery of the Series 2021 Bonds, and a copy of the proposed form of such opinion is attached hereto as Appendix B. Certain legal matters will be passed on for the District by its counsel, Hall Booth Smith, P.C., Athens, Georgia, and its disclosure counsel, Gray Pannell & Woodward LLP, Athens, Georgia. The general purpose financial statements of the District as of June 30, 2020 and for the year then ended, attached hereto as Appendix A, have been audited by Mauldin & Jenkins, LLC, Atlanta, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon which appears in Appendix A hereto. See “MISCELLANEOUS - Experts” herein.

### **Authority for Issuance**

The Series 2021 Bonds are being issued in accordance with the Constitution of the State of Georgia and pursuant to the authority granted by the laws of the State of Georgia and a resolution of the Board of Education of Oconee County authorizing the issuance of the Series 2021 Bonds adopted on May 18, 2021 (the “Bond Resolution”). The issuance of the Series 2021 Bonds was approved by a majority vote of voters in the District voting in an election held on March 16, 2021. For more complete information, see “THE SERIES 2021 BONDS - Authority for Issuance” herein.

### **Offering and Delivery of the Series 2021 Bonds**

The Series 2021 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 and to the approval of legality by Gray Pannell & Woodward LLP, bond counsel. The Series 2021 Bonds in definitive form are expected to be delivered to The Depository Trust Company in New York, New York on June 9, 2021.

### **Continuing Disclosure**

The District has covenanted for the benefit of the owners of the Series 2021 Bonds in a Continuing Disclosure Certificate (the “Disclosure Certificate”) to provide (a) certain financial information and operating data relating to the District (the “Operating and Financial Data”) annually and (b) notices of the occurrence of certain events, if deemed by the District to be material (the “Events Notices”). The Operating and Financial Data 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 District’s undertaking to provide Operating and Financial Data and Events Notices pursuant to the 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 District has entered into previous continuing disclosure obligations with respect to the Rule (the “Prior Undertakings”). Over the past five fiscal years the following items have occurred with respect to the District’s obligations under the Prior Undertakings:

- (1) For fiscal year 2015, the District filed its unaudited financial statements for fiscal year 2015 on November 1, 2016 (124 days late). The audited financial statements were filed December 9, 2016. A Notice of Failure to File was posted on June 16, 2016.

Other than as discussed above, the District has materially complied with all Prior Undertakings made pursuant to the Rule for the past five years.

Pursuant to written procedures approved by the Board of Education of Oconee County on January 9, 2017, the District implemented additional internal written procedures designed to insure that future annual reports, including annual reports relating to the Series 2021 Bonds, will be filed on a complete and timely basis. Also, Digital Assurance Certification, L.L.C. (DAC) will serve as the continuing disclosure dissemination agent for the District.

### **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

This Official Statement contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The District disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the District’s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the District, the Series 2021 Bonds, and the security and sources of payment for the Series 2021 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Bond Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Series 2021 Bonds are qualified in their entirety to the form thereof included in the Bond Resolution. Copies of the Bond Resolution, the Disclosure Certificate, and other documents and information are available, upon request and upon payment to the District of a charge for copying, mailing, and handling, from Saranna Charping, Chief Financial Officer, Oconee County School District, 34 School Street, Watkinsville, Georgia 30677, telephone (706) 769-5130.

The Series 2021 Bonds have not been registered under the Securities Act of 1933, and the Bond Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

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 2021 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the District to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations should not be relied upon as having been authorized by the District. Except where otherwise indicated, all information contained in this Official Statement has been provided by the District. The information set forth herein has been obtained by the District from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by the District. The information contained herein is 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 District or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

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## PLAN OF FINANCING

### Estimated Sources and Applications of Funds

The sources and applications of funds in connection with the issuance of the Series 2021 Bonds are estimated below.

#### Estimated Sources of Funds:

Par Amount of Series 2021 Bonds	\$37,200,000.00
Plus: Net Original Issue Premium	<u>9,288,605.05</u>
Total Sources of Funds	<u>\$46,488,605.05</u>

#### Estimated Applications of Funds:

Deposit to 2021 Project Fund <sup>(1)</sup>	\$45,951,729.72
Cost of Issuance <sup>(2)</sup>	<u>536,875.33</u>
Total Applications of Funds	<u>\$46,488,605.05</u>

<sup>(1)</sup> Interest on the Series 2021 Bonds will be capitalized through and including March 1, 2023.

<sup>(2)</sup> Includes Underwriter's discount, legal and accounting fees, rating agency fees, printing and engraving costs, validation court costs and other costs of issuance.

### Plan of Financing

A qualified election was held on March 16, 2021, in all of the election districts of the Oconee County School District (the "Election"), whereby the qualified voters thereof approved the issuance, in one or more series, from time to time, of up to \$42,950,000 in principal amount of Oconee County School District General Obligation Bonds (the "Debt") for the purposes of providing funds for (a) paying a portion of the costs of the acquisition, construction, and equipping of the following capital outlay projects: (1) new schools, administrative and service facilities and or additions to, renovations of, repairs to, improvements to, and equipment for existing educational, administrative and services buildings, properties, and facilities of the School District, including, without limitation, athletic facilities, transportation and maintenance facilities, and administrative and educational facilities, (2) network infrastructure and technology to be used at educational and administrative facilities, including, but not limited to, classroom technology infrastructure, computers, laptops, tablets and mobile devices for students and staff, servers, wiring, wireless antennas, displays and other technology upgrades with necessary hardware, software, and programs, and (3) real and personal property for future school or administrative and service facility sites (collectively, the "Projects"); (b) paying capitalized interest on the Bonds; and (c) paying the costs of issuing the Debt.

The Series 2021 Bonds constitute a portion of the Debt authorized to be issued pursuant to the Election, and the proceeds of the Series 2021 Bonds, net of issuance costs, will be used for the purpose of financing all or a portion of the Projects (the "2021 Projects"). The expected completion date of the 2021 Projects is December 31, 2024.

#### *Change of Use of Bond Proceeds*

The notice of the election regarding the issuance of the Debt stated that the Debt is being issued for the purpose of providing funds for financing the acquisition, construction, and equipping of the Projects. Section 36-82-4.2 of the Official Code of Georgia Annotated allows the Board of Education of Oconee County, subsequent to the issuance of the Series 2021 Bonds, to adopt a resolution by a two-thirds' majority vote of the Board of Education declaring that (1) a portion of the proceeds of the Series 2021 Bonds remain after the purpose stated in the election notice has been accomplished, (2) the purpose stated in the election notice is no longer necessary, or (3) circumstances have changed such that expenditure of all or part of the proceeds of the Series 2021 Bonds is no longer practicable or feasible. Such resolution must (a) set forth the reason the proceeds of the Series 2021 Bonds were not expended for the purpose stated in the election notice and (b) state the purpose for which the proceeds of the Series 2021 Bonds will

be expended. Upon the adoption of such a resolution, the Board of Education of Oconee County will be authorized to expend such proceeds of the Series 2021 Bonds, including interest earnings thereon, for purposes of a nature substantially similar to the purpose stated in the election notice or to reduce the bonded indebtedness of the District; provided the District, not earlier than ten days prior to expending such Bond proceeds, publishes the resolution described above once in the official Oconee County organ. In addition, the District must send a copy of the resolution described above by registered or certified mail to the Paying Agent for the Series 2021 Bonds.

## **THE SERIES 2021 BONDS**

### **Description**

The Series 2021 Bonds, as initially issued, will be dated as of their date of issuance, and will bear interest at the rates specified on the inside front cover of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months), payable semiannually on each March 1 and September 1, commencing September 1, 2021.

Payment of the principal of and interest on the Series 2021 Bonds will be made by the Paying Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to Direct Participants and thereafter Beneficial Owners of the Series 2021 Bonds. See “THE SERIES 2021 BONDS - Book-Entry System of Registration” herein.

When not in book-entry form, the principal of the Series 2021 Bonds is payable upon the presentation and surrender of the Series 2021 Bonds at the corporate trust office of U.S. Bank National Association, Atlanta, Georgia as paying agent (the “Paying Agent”). Interest on the Series 2021 Bonds is payable by check or draft mailed by first class mail to the registered owner of record as of the February 15 or August 15 immediately preceding the applicable interest payment date, at such owner’s address as it appears on the bond registration books of the District maintained by U.S. Bank National Association, Atlanta, Georgia, as bond registrar (the “Bond Registrar”). Prior to any record date, any owner of Series 2021 Bonds in an aggregate principal amount of more than \$1,000,000, by written instructions filed with the Paying Agent, may instruct that interest payments be made by wire transfer. Interest shall continue to be so paid until such wire instructions are revoked in writing.

### **Redemption**

#### *Optional Redemption*

The Series 2021 Bonds maturing on and after March 1, 2032 are redeemable at the option of the District, in whole or in part at any time on or after March 1, 2031, at a redemption price equal to 100% of the principal amount of the Series 2021 Bonds being redeemed plus accrued interest to the redemption date.

#### *Partial Redemption of Series 2021 Bonds*

In the event of a partial redemption of the Series 2021 Bonds, the particular maturity or maturities to be redeemed shall be selected by the District. If less than all of the Series 2021 Bonds of a maturity are to be called for redemption, the particular certificates of such maturity or portions thereof in the case of certificates in principal amounts greater than \$5,000 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 Paying Agent, when not in book-entry form.

#### *Notice of Redemption*

Notice of the call for any redemption, identifying the Series 2021 Bonds (or the portions thereof) to be prepaid and specifying the terms of such redemption, will be mailed, by first class mail, to the owners of the Series 2021 Bonds to be prepaid (in whole or in part) at their addresses appearing on the bond register maintained by the Bond Registrar not more than 60 days nor less than 30 days prior to the redemption date; provided, however, that failure to give such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of any Bond or portion thereof with respect to which no such failure has occurred. Any notice mailed as provided in the Bond Resolution will be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

If at the time of mailing of notice of redemption there have not been deposited with the Bond Registrar moneys sufficient to redeem all Series 2021 Bonds called for redemption, which moneys are or will be available for redemption of Series 2021 Bonds, such notice will state that it is conditional upon the deposit of the redemption moneys with the Paying Agent not later than the opening of business on the date established for redemption, and such notice will be of no effect unless such moneys are so deposited.

On or prior to the date fixed for any redemption of Series 2021 Bonds the moneys required for such redemptions are to be deposited by or on behalf of the District. All Series 2021 Bonds called for redemption will cease to bear interest after the specified redemption date, provided that sufficient funds for redemption are on deposit with the Paying Agent.

### **Security and Sources of Payment for the Series 2021 Bonds**

The Series 2021 Bonds will constitute valid and legally binding general obligations of the District, and unless paid from other sources (in particular, the Sales Tax, See “THE SALES TAX” herein), the principal of and interest on the Series 2021 Bonds will be payable from the general funds of the District, including ad valorem taxes levied, without limitation as to rate or amount, upon all taxable property within the District subject to taxation for school bond purposes, including real and personal property, privately owned utilities, motor vehicles, and mobile homes.

The Sales Tax proceeds received in any year pursuant to the imposition of the Sales Tax will be used to pay debt service on the on the Series 2021 Bonds. The proceeds received by the District from the Sales Tax will be deposited in a special segregated fund (the “Sales Tax Fund”).

Prior to the issuance of the Series 2021 Bonds, the Board of Commissioners of Oconee County, upon the recommendation of the Board of Education of Oconee County, as required by law, will levy an ad valorem tax on all taxable property within the District subject to taxation for school bond purposes in an amount sufficient to pay the principal of and interest on the Series 2021 Bonds as the same become due and payable.

See “DISTRICT DEBT STRUCTURE” herein for a discussion of the District’s outstanding debt and legal ability to incur future indebtedness. See “THE SALES TAX” and “DISTRICT AD VALOREM TAXATION” herein for a discussion of the Sales Tax and District ad valorem taxation.

*State Aid Intercept.* Prior to the issuance of the Series 2021 Bonds, the Board of Education of Oconee County, pursuant to Section 20-2-480 of the Official Code of Georgia Annotated, will notify the State of Georgia Board of Education of the proposed issuance of the Series 2021 Bonds and authorize and direct the State of Georgia Board of Education to withhold from the District sufficient moneys from any State appropriation to which the District may be entitled and to apply so much as shall be necessary to the payment of the principal of and interest on the Series 2021 Bonds then due. Pursuant to Section 20-2-170 of the Official Code of Georgia Annotated, if the State of Georgia Board of Education has received the notification described in the preceding sentence and if at any time the State of Georgia Board of Education is notified by the Paying Agent for the Series 2021 Bonds that the District has failed to effect the punctual payment of the principal of or interest on the Series 2021 Bonds, the State of Georgia Board of Education is authorized to and shall withhold from any state appropriation to which the District may be entitled and apply so much thereof as shall be necessary to the payment of the principal of and interest on the Series 2021 Bonds then due.

The amounts subject to interception by the State of Georgia Board of Education for the benefit of the owners of the Series 2021 Bonds will depend upon the amount and timing of annual appropriations made by the General Assembly of the State of Georgia to the District. See “DISTRICT FINANCIAL INFORMATION - Five Year General Fund History” herein for the amounts paid to the District by the State of Georgia for general operating purposes over the District’s past five fiscal years. The State of Georgia has committed to pay to the District during fiscal year 2021 approximately \$43,513,000 for general operating purposes. The District expects to receive at least \$44,103,000 from the State of Georgia for general operating purposes during fiscal year 2022. The State of Georgia disburses the amount committed to the District for each fiscal year in 12 approximately equal installments on or before the last day of each month of such fiscal year. The timing of the payment of any amounts subject to interception by the State of Georgia Board of Education to the Paying Agent for the benefit of the owners of the Series 2021 Bonds will depend upon the

ability of the State of Georgia Board of Education to promptly liquidate investments of money appropriated but not disbursed by the General Assembly of the State of Georgia to the District. No assurance can be given concerning the timing or amounts of future appropriations by the General Assembly of the State of Georgia to the District or the timing of the payment of any amounts subject to interception by the State of Georgia Board of Education to the Paying Agent.

*Limitation on Enforceability of Remedies.* The realization of value from the pledge of the taxing power of the District to the payment of the Series 2021 Bonds upon any default will depend upon the exercise of various remedies specified by Georgia law. These remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights or remedies with respect to the Series 2021 Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

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

*Financial Covenant.* The District has agreed, to the extent allowed by applicable law, that so long as any of the Series 2021 Bonds are outstanding, it will not incur any additional debt or obligation payable from the State of Georgia appropriation to which the District may be entitled unless the amount of any such appropriation, for a period of twelve consecutive months immediately preceding the adoption of the proceedings authorizing the issuance of such additional debt or obligation, has been equal to at least 1.5 times the maximum aggregate annual debt or obligation payable from the Series 2021 Bonds and any other outstanding debt or obligation payable from such appropriation and on the additional debt or obligation proposed to be issued.

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

The Series 2021 Bonds will be issued only as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof. The District, the Bond Registrar and the Paying Agent may deem and treat the registered owner as the absolute owner of such Series 2021 Bond for purposes of receiving payment of or on account of principal, premium (if any) and the interest payable thereon, and for all other purposes; the District, the Bond Registrar and the Paying Agent will not be affected by any notice to the contrary.

When in book-entry form, Series 2021 Bonds held by DTC or Cede & Co., as its nominee, on behalf of the Beneficial Owners thereof, are transferable upon delivery to DTC or Cede & Co., as its nominee, of an assignment executed by the Beneficial Owner or the Beneficial Owner's duly authorized attorney. See "Book-Entry System of Registration."

When not in book-entry form, ownership of any Series 2021 Bond is transferable upon surrender thereof to the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative, in such form as shall be satisfactory to the Bond Registrar. Upon any such transfer of ownership, the Bond Registrar will cause to be authenticated and delivered a new Series 2021 Bond or Series 2021 Bonds registered in the name of the transferee in any authorized denomination in the same aggregate principal amount, maturity, and interest rate as the Series 2021 Bonds surrendered for such transfer. When not in book-entry form, the Series 2021 Bonds may be exchanged for a like principal amount of Series 2021 Bonds of the same maturity and interest rate of other authorized denominations. For every exchange or registration of transfer, the Bond Registrar 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 of transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2021 Bonds.

### **Book-Entry Only System**

The Series 2021 Bonds will be issued only as fully registered bonds in denominations of \$5,000 and integral multiples thereof. The District and the Paying Agent may deem and treat the registered owner as the absolute owner of such Bond for purposes of receiving payment of or on account of principal and interest payable thereon, and for all other purposes; the District and the Paying Agent will not be affected by any notice to the contrary.

When in book-entry form, the purchasers of the Series 2021 Bonds (the “Beneficial Owners”) will not receive certificates representing their ownership interest in the Series 2021 Bonds. Instead, such Series 2021 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 2021 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 “THE SERIES 2021 BONDS – Book-Entry System of Registration.”

When not in book-entry form, ownership of any Bond may be registered as transferred upon surrender thereof to the Paying Agent, as bond registrar, together with an assignment duly executed by the registered owner or his attorney, in such form as shall be satisfactory to the Paying Agent, as bond registrar. Upon any such registration of transfer, the Paying Agent, as bond registrar, will cause to be authenticated and delivered a new Bond or Series 2021 Bonds registered in the name of the transferee in the authorized denomination in the same aggregate principal amount and interest rate as the Series 2021 Bonds surrendered for such transfer. When not in book-entry form, the Series 2021 Bonds may be exchanged for a like principal amount of Series 2021 Bonds of the same interest rate of other authorized denominations. For every exchange or registration of transfer, the Paying Agent, as bond registrar, 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 of transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2021 Bonds.

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

DTC will act as securities depository for the Series 2021 Bonds. The Series 2021 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 Bond certificate will be issued for each maturity of the Series 2021 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 17 A 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 securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities 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 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 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each 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 2021 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 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 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 2021 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 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 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 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2021 Bond documents. For example, Beneficial Owners of the Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 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 2021 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 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to The District 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 2021 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 2021 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 The District or Paying Agent, 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 2021 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, Paying Agent, or the District, 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 District or the Paying Agent, 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 2021 Bonds at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, securities certificates are required to be printed and delivered.



The District may, at any time, decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities depository). In that event, certificated Series 2021 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 District believes to be reliable, but the District 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 of the District, the Underwriter nor the Paying Agent 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, premium, if any, or interest on the Series 2021 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 2021 Bonds; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2021 Bonds; or (v) any consent given or other action taken by DTC as holder of the Series 2021 Bonds.

### **Authority for Issuance**

Paragraph 1(a) of Section V of Article IX of the Constitution of the State of Georgia provides (1) that no political subdivision may incur any new debt without the assent of a majority of the qualified voters of such political subdivision voting in an election held for that purpose as provided by law and (2) that the debt incurred by any political subdivision may never exceed 10 percent of the assessed value of all taxable property within such political subdivision. Paragraph VI of Section V of Article IX of the Constitution of the State of Georgia requires a political subdivision, at or before the time of incurring bonded indebtedness, to provide for the assessment and collection of an annual tax sufficient in amount to pay the principal of and interest on the debt within 30 years from its incurrence.

The Series 2021 Bonds were authorized to be issued pursuant to an election in the District held on March 16, 2021 (the "Election"), called under a resolution adopted by the Board of Education of Oconee County on December 14, 2020, and are being issued pursuant to the authority granted by (i) Part 3 of Article 9 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated, (ii) Article I of Chapter 82 of Title 36 of the Official Code of Georgia Annotated and (iii) a resolution adopted by the Board of Education of Oconee County on May 18, 2021 (the "Bond Resolution"). The resolution calling the election and the notice of the election stipulated an interest rate for the Series 2021 Bonds not exceeding 5.50% per annum. The canvass of the election showed 1,609 "Yes" votes and 315 "No" votes, an approximately 84% approval by those who voted in the election.

### **Disbursement and Investment of Bond Proceeds and Other Moneys**

The proceeds of the sale of the Series 2021 Bonds will be held by and under the control of the District and will be disbursed by the District, as the District desires, to pay the costs of issuing the Series 2021 Bonds and the costs of the Projects described in "PLAN OF FINANCING – Plan of Financing" herein.

Section 36-82-7 of the Official Code of Georgia Annotated provides that the proceeds of the Series 2021 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; and

(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.

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

The portion of the certificates of deposit described in clause (6) above 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, must 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 described in clause (2) above, obligations of the agencies of the United States government described in clause (3) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities described in clause (4) above.

In addition, Section 36-83-4(a)(1) of the Official Code of Georgia Annotated authorizes the governing authority of the District, or the financial officer of the District 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 2021 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 2021 Bonds and to be held and kept separate and apart from all other revenues collected by the District.

Section 36-80-3 of the Official Code of Georgia Annotated provides that the governing body of the District, or the financial officer of the District 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 Education of Oconee County 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 school funds of the District.

Section 45-8-12 of the Official Code of Georgia Annotated prohibits the District 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 Superintendent or the finance officer of the District, in his or her discretion, to waive the requirement for security in the case of operating funds placed in demand deposit checking accounts.

The District presently deposits its general funds and plans to deposit the proceeds of the sale of the Series 2021 Bonds with Oconee State Bank, Watkinsville, Georgia. The District may, in its discretion, but subject to the provisions of Georgia law described in the above paragraph, deposit these funds with other financial institutions.

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**Principal and Interest Requirements**

Set forth below are the principal and interest payment requirements with respect to the Series 2021 Bonds, compared to the principal and interest payment requirements with respect to the outstanding general obligation bonds of the District, for the years shown below, assuming the issuance of the Series 2021 Bonds. For purposes of calculating the principal payable in any year, the relevant maturity or mandatory redemption amount is used.

Fiscal Year Ending June 30	Prior Bonds <sup>(1)</sup>			Series 2021 Bonds			Combined Total Debt Service Requirements
	Principal	Interest	Total Debt Service Requirements	Principal	Interest	Total Debt Service Requirements	
2022	\$5,800,000.00	\$445,375.00	\$6,245,375.00	\$--	\$1,258,509.72	\$1,258,509.72	\$7,503,885.72
2023	6,000,000.00	240,000.00	6,240,000.00	--	1,729,250.00	1,729,250.00	7,969,250.00
2024	--	--	--	1,350,000.00	1,729,250.00	3,079,250.00	3,079,250.00
2025	--	--	--	4,360,000.00	1,675,250.00	6,035,250.00	6,035,250.00
2026	--	--	--	4,535,000.00	1,500,850.00	6,035,850.00	6,035,850.00
2027	--	--	--	4,765,000.00	1,274,100.00	6,039,100.00	6,039,100.00
2028	--	--	--	5,000,000.00	1,035,850.00	6,035,850.00	6,035,850.00
2029	--	--	--	3,115,000.00	785,850.00	3,900,850.00	3,900,850.00
2030	--	--	--	3,275,000.00	630,100.00	3,905,100.00	3,905,100.00
2031	--	--	--	3,435,000.00	466,350.00	3,901,350.00	3,901,350.00
2032	--	--	--	3,610,000.00	294,600.00	3,904,600.00	3,904,600.00
2033	--	--	--	3,755,000.00	150,200.00	3,905,200.00	3,905,200.00
Totals	<u>\$11,800,000.00</u>	<u>\$685,375.00</u>	<u>\$12,485,375.00</u>	<u>\$37,200,000.00</u>	<u>\$12,530,160.72</u>	<u>\$49,730,159.72</u>	<u>\$62,215,535.72</u>

<sup>(1)</sup> Includes the School District's General Obligation Sales Tax Bonds, Series 2017, currently outstanding the aggregate principal amount of \$11,800,000.

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## THE DISTRICT

### Introduction

The District is a political subdivision of the State of Georgia, separate from and legally and fiscally independent of the County and all other political subdivisions. The boundaries of the District are coextensive with the territorial limits of the County. The District is the only school district in the County and is vested with the power to conduct a system of public education within the territorial limits of the County.

### Board of Education

Under Georgia law, the District is confined to the control and management of the Board of Education of Oconee County. The Board of Education of Oconee County consists of five members. For the purpose of electing Board of Education members, Georgia law divides the District into five education districts and requires one member to be elected to the Board of Education from each education district by the voters of the entire District. Georgia law requires each member of the Board of Education to have been a resident of the education district from which he or she seeks election for at least one year prior to the date of his or her election and to remain a resident of that education district during his or her term of office. Under Georgia law, the members of the Board of Education are elected to office for terms of four years or until their successors are elected and qualified. Each January, the Board of Education selects from its membership a Chair, who serves as such for a term of one year.

Information concerning current members of the Board of Education is set forth below:

Name and Office Held	Expiration of Term	Number of Years in Office	Principal Occupation
Thomas M. Odom, <i>Chair</i>	12/31/2024	9	Retired Educator
Kimberly S. Argo, <i>Vice-Chair</i>	12/31/2022	13	Retired Educator
Tim Burgess	12/31/2024	8	Retired
Amy Parrish	12/31/2022	6	Senior Wealth Advisor with Highland Trust Partners
Michael Ransom	12/31/2024	1	Owner, Southern Timber Solutions

### District Administration

The School Superintendent of the District is the executive officer of the Board of Education and is employed by the Board of Education under written contract for a term of not less than one year and not more than three years. The School Superintendent acts as the Secretary of the Board of Education, *ex officio*. No person will be eligible to be appointed or employed as School Superintendent unless such person is of good moral character, has never been convicted of any crime involving moral turpitude, and possesses acceptable business or management experience as specified by the Georgia Professional Standards Commission or the minimum valid certificate or a letter of eligibility for such certificate required by the Georgia Professional Standards Commission.

*Dr. Jason L. Branch, Superintendent*, began his first day with the District on June 1, 2012, having previously served in Forsyth County. Dr. Branch has worked in four Georgia school systems as a teacher, coach, and administrator. In addition, he is a member of the National Center for Education Research and Technology (NCERT), sits on the School Superintendents Association (AASA) Governing Board, Georgia Superintendent's Advisory Council, Georgia School Superintendents Association (GSSA) Board of Directors, Georgia School Boards Association (GSBA) Advisory Council, University of Georgia Education Policy Advisory Council, and Georgia Vision for Public Education Steering Committee. Dr. Branch holds a bachelor's degree and a master's degree, both in English education, from the University of Georgia, as well as specialist and doctoral degrees in educational leadership from the University of Southern Mississippi.

*Brock Toole* has been the Chief Operations Officer of the school district since 2018. Prior to working for the school system he worked 20 years in Logistics/Operations Management for Walmart. Mr. Toole received his B.B.A.

in Logistics and Intermodal Transportation.

*Saranna Charping* has been the Chief Financial Officer of the School District since April 2016 and has 22 years of school finance experience. She has also served as the Chief Financial Officer of the Baldwin County School District. She is responsible for the financial affairs of the School District. Ms. Charping received both her BBA in Accounting and MBA Degree from Georgia College and State University.

## **Operations**

The District's school system serves all of the area within the County. Funds for the general maintenance and operation of the District's school system are derived from local, state, and federal sources. Local revenues consist primarily of ad valorem property taxes and a sales and use tax. See "DISTRICT AD VALOREM TAXATION" and "THE SALES TAX" herein. Funds received from the State of Georgia are determined by certain formulas, generally based upon the number of students served and the relative wealth of the school district in relation to other school districts in Georgia, established by the State of Georgia Department of Education. Funds received from the federal government are primarily for programs for disadvantaged and handicapped students and for the school food service program. During the District's five fiscal years ended June 30, 2015 through 2020 approximately 47.11% of the District's total revenues were derived from local sources, approximately 49.15% from state sources, and 3.74% from federal sources. See "DISTRICT FINANCIAL INFORMATION - Five Year General Fund History" herein.

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## Schools

The present facilities of the District's school system consist of one primary school, six elementary schools, two middle schools, and two high schools, in addition, the District's school system has three administration buildings, one maintenance facility, and one transportation facility.

Set forth below is information concerning the schools presently comprising the District's school system as of the 2020-2021 School Term.

School Name	Grades	Enrollment <sup>(1), (4)</sup>	Size of Site (acres)	Year Occupied <sup>(2)</sup>	Number of Classrooms	Special Rooms <sup>(3)</sup>	Portable Classrooms
<i>Primary Schools</i>							
Oconee County Primary	Pre-K-2	555	35	1987	35	5	--
<i>Elementary Schools</i>							
Colham Ferry	K-5	567	15	1956	38	5	--
Dove Creek	K-5	587	88	2018	48	5	--
Malcom Bridge	K-5	433	23	1996	38	5	1
Oconee County	3-5	441	8	1968	37	5	--
Rocky Branch	K-5	579	35	2002	48	5	1
High Shoals	K-5	516	45	2009	42	5	--
<i>Middle Schools</i>							
Malcom Bridge	6-8	1023	32	1997	56	5	6
Oconee County	6-8	952	16	1956	56	5	--
<i>High Schools</i>							
North Oconee	9-12	1461	114	2004	78	7	--
Oconee County	9-12	<u>1176</u>	<u>80</u>	<u>1992</u>	<u>78</u>	<u>7</u>	--
		<u>8,290</u>	<u>501</u>		<u>554</u>	<u>59</u>	<u>6</u>

<sup>(1)</sup> 2020-2021 School Term Enrollment is as of March 4, 2021.

<sup>(2)</sup> Represents the year during which the school was initially opened and utilized for instructional purposes, but does not reflect the most recent year of subsequent additions, improvements, or renovations, if any, to such facility.

<sup>(3)</sup> Includes cafeterias, libraries, shops, auditoriums, art and music classrooms, and gymnasiums.

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There are currently 631 certificated personnel serving 8,224 students in the various schools. Specialists are available in the fields of speech, hearing, vision, learning disabilities, emotionally disturbed, psychological testing, physically handicapped, mentally retarded, hospital-home bound, and gifted children. The 2020-2021 estimated pupil-teacher ratio for all schools is approximately 11.6 to 1, including non-teaching personnel such as counselors and librarians.

All teachers in the school system hold Bachelor's degrees, most have Master's degrees, and many have Specialist's and Doctoral degrees. Most have a continuing interest in professional and personal growth through formal study and staff development workshops.

All schools in the school system are accredited by the Georgia Accrediting Commission and have met the requirements for Standard Schools as set forth by the Georgia Department of Education. The District's schools are also accredited by the Southern Association of Colleges and Schools.

**Enrollment**

Set forth below is information concerning enrollment in the District's school system over the past five school years, as of the beginning of each school year.

School Year	PK	KK	1	2	3	4	5	6	7	8	9	10	11	12	Total
2020-2021	106	597	563	615	580	598	619	665	612	698	710	689	625	613	8,290
2019-2020	70	555	572	566	564	619	658	618	676	681	673	628	660	600	8,140
2018-2019	51	567	536	559	572	623	602	658	662	654	615	672	639	609	8,019
2017-2018	63	512	522	543	590	542	624	638	642	587	659	650	615	563	7,750
2016-2017	52	490	496	553	517	580	582	625	565	617	652	627	582	565	7,503

**Employees, Employee Relations, and Labor Organizations**

Set forth below is information concerning the approximate number of full-time employees (in the following categories) at the District's school system during the 2019-2020 and 2020-2021 School Years.

Category/Classification	2019-2020 School Year <sup>(1)</sup>	2020-2021 School Year <sup>(2)</sup>
Classroom Teachers	550	571
Administrators and Supervisors	44	47
Librarians, Guidance Counselors, and Psychologists	33	46
Aides, Clerical, Attendance Officers, Transportation	297	283
Maintenance, Food Service and Custodians	105	112
<b>TOTAL</b>	<b><u>1,029</u></b>	<b><u>1,059</u></b>

<sup>(1)</sup> As of December 31, 2020.

<sup>(2)</sup> As of March 16, 2021.

No employees of the District are represented by labor organizations or are covered by collective bargaining agreements, and the District is not aware of any union organizing efforts at the present time. The School Superintendent believes that employee relations are good.

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## DISTRICT DEBT STRUCTURE

### Summary of District Debt By Category

Set forth below is information concerning debt of the District. The information set forth below should be read in conjunction with the District's financial statements included as Appendix A hereto.

<u>Category of Debt</u>	<u>Amount of Outstanding Debt</u> <sup>(2)(3)</sup>
<u>Direct Debt:</u>	
District:	
General Obligation Bonds <sup>(1)(2)</sup>	<u>\$49,000,000</u>
<u>Total Direct Debt:</u>	<u>\$49,000,000</u>

<sup>(1)</sup> General obligations of the district to which its full faith and credit and taxing power are pledged.

<sup>(2)</sup> The District plans to use collections of Sales Tax to pay debt service on the Series 2021 Bonds and to pay for the Projects.

<sup>(3)</sup> Assumes the issuance of the Series 2021 Bonds.

There has never been a default in payment of the principal of or interest on any general obligation bonds issued by the District.

### Proposed Debt

The District does not anticipate the need to issue any additional long-term indebtedness in the next three years.

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## Overlapping Debt

In addition to the District’s debt obligations, property owners in the District are responsible for any debt obligations of other taxing entities in the proportion to which the jurisdiction of the District overlaps such entities. Set forth below is the estimated overlapping general obligation debt and estimated overlapping property tax supported or guaranteed revenue debt of the District. Although the District 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>Overlapping Debt:</u>	
Oconee County:	
General Obligation Bonds <sup>(1)</sup>	\$7,980,000
Intergovernmental Contracts <sup>(2)</sup>	30,890,203
Capital Leases/Other <sup>(3)</sup>	<u>1,200,000</u>
 Total Overlapping Debt:	 <u>\$40,070,203</u>

- <sup>(1)</sup> General Obligation bonds are general obligations of the issuer to which its full faith and credit and taxing powers are pledged.  
<sup>(2)</sup> Intergovernmental Contracts under Georgia law, while not “debt,” are binding obligations of the governmental entity to make payments.  
<sup>(3)</sup> Represents contractual obligations of the governmental entity that are subject to annual appropriation. Does not constitute “debt” for purposes of the constitutional debt limit.

## Tax Supported Debt Ratios

The following table sets forth certain debt ratios, and assuming the issuance of the Series 2021 Bonds.

	<u>Direct Tax Supported Debt</u>	<u>Overlapping Debt</u>	<u>Overall Tax Supported Debt</u>
Per Capita Debt <sup>(1)</sup>	\$1,216.48	\$994.79	\$2,211.28
Percentage of Gross Tax Digest <sup>(2)</sup>	1.85%	1.51%	3.36%
Percentage of Estimated Fair Market Value <sup>(3)</sup>	0.74%	0.61%	1.35%
Per Capita Debt as Percentage of Per Capita Income <sup>(4)</sup>	1.79%	1.47%	3.26%

- <sup>(1)</sup> Based upon 2019 population figure of 40,280.  
<sup>(2)</sup> Based upon 2020 Gross Tax Digest of \$2,647,784,398.  
<sup>(3)</sup> Based on 2020 estimated fair market value of \$6,618,936,757.  
<sup>(4)</sup> Based upon 2019 per capita income figure of \$67,845.

## Limitations on District Debt

The Constitution of the State of Georgia provides that the District may not incur long-term obligations payable out of general property taxes without the approval of a majority of the qualified voters of the District voting at an election called to approve the obligations, in addition, under the Constitution of the State of Georgia, the District 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 District.

Lease and installment purchase obligations subject to annual appropriation are not subject to the legal limitations described above. In addition, refunded obligations cease to count against the District’s debt limitation upon being refunded.

As computed in the table below, based on its 2020 gross tax digest, the District could incur (upon necessary voter approval) approximately \$215,778,440 of long-term obligations payable out of general property taxes (or general obligation bonds).

**Computation of Legal Debt Margin**

	2020
2020 Gross Tax Digest for the District (Gross Assessed Value of Taxable Property)	\$2,647,784,398
<b>Less:</b> 2020 School District Bond Exemptions <sup>(1)</sup>	--
2020 Net Bond Digest for the District (2020 Net Assessed Value of Taxable Property)	\$2,647,784,398
Debt Limit (10% of 2020 Net Assessed Value of Taxable Property)	\$264,778,440
<b>Less:</b> Amount of General Obligation Debt Outstanding Applicable to Debt Limit <sup>(2)</sup>	(\$49,000,000)
Legal Debt Margin	\$215,778,440

<sup>(1)</sup> Not reported. The legal debt margin should be based upon the net general obligation bond digest. The digest was not prepared because the outstanding General Obligation Bonds have been paid with proceeds of the Existing Sales Tax. If prepared, the net general obligation bond digest would have been smaller than the gross digest, resulting in a lower debt margin.

<sup>(2)</sup> Assumes the issuance of the Series 2021 Bonds.

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## THE SALES TAX

### Description

Georgia law authorizes the Board of Education of Oconee County by resolution to impose, levy, and collect a sales and use tax for educational purposes of the District at the rate of one percent and for a period of time not to exceed five years, conditioned upon approval by a majority of the qualified voters of Oconee County voting in an election thereon.

A sales and use tax for educational purposes of the District (the “Existing Sales Tax”) was authorized to be imposed pursuant to an election in Oconee County held on November 8, 2016, called under a resolution adopted by the Board of Education of Oconee County on July 25, 2016. The resolution calling the election and the notice of the election authorized the imposition of the Existing Sales Tax for a maximum period of time of five years, to raise not more than \$45,000,000 for the purposes of funding the acquisition, construction, and equipping of various capital outlay projects for educational purposes of the District.

The Existing Sales Tax began to be imposed on January 1, 2018, and will cease to be imposed on the earlier of (1) December 31, 2022 or (2) the end of the calendar quarter during which the Revenue Commissioner of the State of Georgia (the “Revenue Commissioner”) determines that the Existing Sales Tax has raised revenues sufficient to provide to the District net proceeds equal to or greater than the amounts described in the preceding paragraph as the maximum cost of capital outlay projects to be funded.

A sales and use tax for educational purposes of the District (the “Sales Tax”) was authorized to be reimposed pursuant to an election in Oconee County held on March 16, 2021 (the “Election”), called under a resolution adopted by the Board of Education of Oconee County on December 14, 2020. The canvass of the election showed 1,609 “Yes” votes and 315 “No” votes, an approximately 84% approval by those who voted in the election.

The resolution calling the election and the notice of the election authorized the reimposition of the Sales Tax for a maximum period of time of 20 calendar quarters, beginning immediately upon the expiration of the Existing Sales Tax, and for the raising of not more than \$48,500,000, for the purposes of: (a) paying a portion of the debt service on the Debt, including the Series 2021 Bonds, (b) paying a portion of the cost of the Projects not financed with the proceeds of the 2021 Bonds and (c) financing new school buses. The resolution calling the election and the notice of the election also authorized the issuance of the Series 2021 Bonds.

The Sales Tax will be reimposed upon the expiration of the Existing Sales Tax and will cease to be reimposed on the earlier of (1) the end of the 20<sup>th</sup> calendar quarter following the date of expiration of the Existing Sales Tax (expected to be December 31, 2027) or (2) the end of the calendar quarter during which the Revenue Commissioner determines that the Sales Tax has raised revenues of not more than \$48,500,000.

### Sales Subject to Taxation

The Sales Tax will be reimposed on the retail purchase, retail sale, rental, storage, use, or consumption of tangible personal property and on services within the County, subject to numerous exemptions, including sales to certain governmental entities and to certain non-profit organizations, professional, insurance, and personal service transactions, sales of certain agricultural products, sales to and by certain agricultural enterprises, sales of certain types of manufacturing equipment, the sale or use of certain types of industrial materials, and sales of prescription drugs, certain medical devices and equipment, and lottery tickets.

### Sales Tax Collections

The Sales Tax will be generally reimposed on the purchaser of tangible personal property or services and will be generally collected by the seller of tangible personal property or services from the purchaser at the time of sale. Sellers of tangible personal property or services will be generally required to file tax returns with the Revenue Commissioner on or before the 20<sup>th</sup> day of each month, showing taxable sales during the preceding calendar month, and to remit the Sales Tax shown due on the return with the return. Sellers of tangible personal property or services will be allowed the following deductions from Sales Taxes timely remitted to the Revenue Commissioner: (1) 3

percent of the first \$3,000 of Sales Tax reported due on each monthly return (other than Sales Tax on motor fuel), (2) 0.50 percent of Sales Tax in excess of \$3,000 reported due on each monthly return (other than Sales Tax on motor fuel), and (3) 3 percent of Sales Tax on motor fuel reported due on each monthly return. When any seller fails to make any return or to pay the full amount of the Sales Tax, there will be imposed a penalty to be added to the Sales Tax in the amount of 5 percent or \$5.00, whichever is greater, if the failure is for not more than 30 days and an additional 5 percent or \$5.00, whichever is greater, for each additional 30 days or fraction of 30 days during which the failure continues. The penalty for any single violation will not exceed 25 percent or \$25.00 in the aggregate, whichever is greater.

**Permitted Uses**

Georgia law provides that the Sales Tax shall be exclusively administered and collected by the Revenue Commissioner for the use and benefit of the District. The proceeds of the Sales Tax collected by the Revenue Commissioner must be disbursed to the District as soon as practicable after collection, after deducting one percent of the amount collected for the state treasury in order to defray the costs of administration.

Georgia law provides that the proceeds received from the Sales Tax shall be used by the District exclusively for the purpose or purposes specified in the resolution calling for reimposition of the Sales Tax. Such proceeds are required by Georgia law to be kept in a separate account from other funds of the District and may not in any manner be commingled with other funds of the District prior to expenditure.

The Bond Resolution provides that the Sales Tax shall be collected by the District and shall be deposited into a special trust fund held separate and apart from all other funds of the District (the “Sales Tax Fund”). Within each sinking fund year (i.e., March 2 through the following March 1), the Sales Tax collections will be used first for paying all principal and interest due and payable on the Series 2021 Bonds for such sinking fund year. After all such payments have been made in each sinking fund year, any remaining Sales Tax collections received in such sinking fund year may be used for the Projects not funded with Series 2021 Bond proceeds.

**Historical Sales Tax Data**

Set forth below are the net proceeds of sales and uses tax received by the District for the past five years.

<u>Year</u>	<u>Existing Sales Tax Collections</u>	<u>Percentage Change</u>
2020	\$8,300,329	7.23%
2019	7,741,036	(0.76)%
2018	7,800,469	12.83%
2017	6,913,625	0.90%
2016	6,851,657	5.1%

Source: Oconee County School District; Georgia Department of Revenue.

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## DISTRICT AD VALOREM TAXATION

### Introduction

An important source of revenue to fund the operations of the District is ad valorem property taxes. Ad valorem property taxes accounted for an annual average of approximately 40.3% of District general fund revenues for the past five fiscal years of the District, from approximately 40.1% in 2016 to 40.3% in 2020, and are budgeted to account for approximately 41.8% of general fund revenues for the year ending June 30, 2021. 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 value, against real and personal property within the District. 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, Oconee County allows exemptions from ad valorem taxation for school maintenance and operation purposes and for school general obligation bond purposes for (1) homesteads, or owner-occupied residences, of persons 65 years of age or older with net income less than \$15,000, of up to \$15,000 of assessed value, (2) homesteads, or owner-occupied residences, of persons 62 years of age with net income less than \$10,000, of up to \$10,000 of assessed value and (3) homesteads, or owner-occupied residences, of disabled veterans, of up to \$100,896 of assessed value. Oconee County also allows exemptions from ad valorem taxation for school maintenance and operation purposes for (1) homesteads, or owner-occupied residences, of up to \$2,000 of assessed value and (2) homesteads, or owner-occupied residences, and up to assessed land value of 5.00 acres, of persons 65 years or older of 100% of the assessed home value. Oconee County has also enacted a homestead valuation freeze exemption. This exemption freezes the valuation of property at the base year valuation for as long as the homeowner owns and resides on the property. Manufacturing and distribution businesses within Oconee County are allowed a “freeport” exemption as authorized by the Constitution of the State of Georgia.

### 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 40 percent of its fair market value and to be taxed on a levy made by each tax jurisdiction according to 40 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 75 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 (otherwise known as conservation use property) and certain single-family real property located in transitional developing areas to be valued at their “current uses” (as opposed to fair market value).

The chief appraiser of Oconee County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within Oconee County to the Oconee County Board of Tax Assessors. The Tax Commissioner of Oconee County is required to present the tax returns of Oconee County to the Oconee County Board of Tax Assessors by April 1 of each year. The Oconee 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 Oconee 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 Oconee County which bills these taxes to the utilities.

### **Annual Tax Levy and Limitation on Annual Tax Levy**

Neither the District nor the Board of Education of Oconee County has the power to levy ad valorem property taxes. The Board of Commissioners of Oconee County annually levies the ad valorem property taxes for the District. The Board of Education is required by Georgia law to annually certify to the Board of Commissioners of Oconee County the rate of levy needed to produce the necessary amount of property tax revenues to support and maintain the District's school system. The Board of Education determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within the territorial limits of the District, will produce the necessary amount of property tax revenues. Under Georgia law, the Board of Commissioners of Oconee County is required to annually levy the ad valorem property tax certified to it by the Board of Education of Oconee County, upon the assessed value of all taxable property within the District.

Under Georgia law, the annual rate of levy for the support and maintenance of the District's school system may not exceed 20 mills. This 20 mill limitation may be increased or removed by action of the Board of Education of Oconee County, but only after such action has been approved by a majority of the qualified voters of the District. **Under Georgia law, there is no limitation on the annual rate of levy for the payment of principal of and interest on bonded indebtedness of the District.** Ad valorem property taxes received for the payment of debt service on general obligation bonds of the District are required by law to be held and accounted for separately from other funds of the District. See "THE SERIES 2021 BONDS - Disbursement and Investment of Bond Proceeds and Other Moneys" herein.

### **Property Tax Collections**

Oconee County bills and collects the property taxes of the District on behalf of the District. Under Georgia law, the tax collector of Oconee County is required to pay over to the Board of Education once a week all taxes collected for school purposes, after deducting a commission for collecting the taxes. Oconee County charges the District a collection fee of 2.50% of taxes collected for the District. Real and personal property taxes, except motor vehicle taxes, are levied in August through October of each year on the assessed value listed as of January 1. Taxes levied by Oconee County are normally billed around October 20<sup>th</sup> and are due 60 days later, normally on or about December 20 of each year.

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 taxed. The lien normally becomes enforceable 30 days after notification. 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 the 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 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.

At any time after the last day for the payment of taxes has arrived, the tax collector may notify 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 County Clerk may issue an execution for nonpayment of taxes to the Tax Commissioner. The Tax Commissioner may then publish a notice of the sale in a local newspaper weekly for four weeks and give the taxpayer ten days written notice by registered or certified mail. A public sale of the property may then be made by the Tax Commissioner at the Oconee County Courthouse on the first Tuesday of the month after the required notices are given.



Delinquent property taxes of the District are written off when the statute of limitations for their collection (7 years) expires or if no property is found to levy upon, if earlier. The delinquent taxes written off are usually for personal property, which are more difficult to collect than taxes on real property.

### Historical Property Tax Data

The property tax digests of the District for calendar years 2016 through 2020 are outlined on the following tables. Values for real property represent all real estate less the exempt property in the District. Personal property includes motor vehicles, bank shares, inventories, aircraft, pleasure boats, industrial machinery, fixtures and equipment, farm machinery and equipment, livestock and mobile homes. Property assessments for public utilities represent assessments for all public utilities and public service corporations in the County. Under Georgia law, property is assessed at 40 percent of estimated fair market value, except as described in “DISTRICT AD VALOREM TAXATION – Assessed Value,” herein.

#### District Assessed Valuation<sup>(1)</sup>

<u>Property Type</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential	\$1,169,112,281	\$1,259,333,704	\$1,372,604,488	\$1,503,004,481	\$1,612,571,783
Agricultural	148,582,982	163,533,612	188,164,320	218,678,663	244,043,987
Preferential	0	0	0	0	0
Conservation Use	192,337,706	201,166,354	230,239,659	249,718,613	270,499,452
Forest Land	428,697	235,000	241,414	250,556	250,556
Commercial	305,768,780	329,758,890	351,948,465	395,790,526	419,205,973
Industrial	23,220,087	25,647,042	29,297,295	29,889,908	32,765,217
Utility	34,952,153	37,353,222	36,209,987	37,192,407	39,891,538
Motor Vehicle	58,777,330	45,357,880	35,493,740	29,467,460	25,856,770
Mobile Home	1,693,807	1,794,156	1,740,040	2,238,037	2,238,536
Timber 100%	376,632	676,588	199,931	714,272	349,492
Heavy Equipment	3,549	18,625	0	40,803	111,094
Historic	92,741	0	0	0	0
<b>Gross Digest</b>	<b>1,935,386,745</b>	<b>2,064,875,073</b>	<b>2,246,139,339</b>	<b>2,466,985,726</b>	<b>2,647,784,398</b>
Bond Exemption <sup>(2)</sup>	0	0	0	0	0
Net Bond Digest	1,935,386,745	2,064,875,073	2,246,139,339	2,466,985,726	2,647,784,398
M&O Exemptions	255,282,308	267,739,399	301,350,266	332,855,005	360,307,431
Net M&O Digest	1,680,104,437	1,797,135,674	1,944,789,073	2,134,057,721	2,287,404,967

<sup>(1)</sup> Property other than timber is assessed at 40% of its fair market value. Timber is assessed at 100% of its fair market value.

<sup>(2)</sup> Not reported.

Source: Georgia Department of Revenue, Tax Digest Consolidated Summaries; and the Oconee County Tax Commissioner.

### Conservation Use Property

Approximately 65% by acreage (approximately 10% of the total value) of the real property on the District’s 2019 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 Levies and Collections**

The following table reflects the tax levy and collection record on property in the District for the last five fiscal years.

Applicable Collection Period/ Fiscal Year	Current Year Tax Levy <sup>(1)</sup>	Current Year Tax Levy	Tax Collections <sup>(2)</sup> (During Applicable Collection Period/Fiscal Year)				Collections from the Current Year <sup>(1)</sup> Tax Levy as a % of the Current Year <sup>1</sup> Tax Levy	Total Tax Collections as a % of the Current Year <sup>(1)</sup> Tax Levy	Delinquent Taxes Outstanding as of Year End	Delinquent Taxes as a % of the Current Year <sup>(1)</sup> Tax Levy	
			Collections from Current Year <sup>(1)</sup> Tax Levy	Collections from Prior Years' Tax Levies	Total Tax Collections						
2020	2019	\$34,676,359	\$34,368,793	+	\$58,686	=	\$34,427,479	99.11%	99.28%	134,073	0.39%
2019	2018	32,423,146	32,186,331	+	155,260	=	32,341,591	99.20	99.75	412,995	1.28
2018	2017	29,736,280	29,508,853	+	135,517	=	29,644,370	99.24	99.69	483,481	1.63
2017	2016	27,556,349	27,367,016	+	199,108	=	27,566,123	99.31	100.04	328,976	1.19
2016	2015	25,810,764	25,578,523	+	236,289	=	25,814,812	99.10	100.02	432,525	1.68

<sup>(1)</sup> Current Year relates to the Calendar Year prior to the applicable Fiscal Year of collections. For example, for the collection period Fiscal Year 2020, Current Year relates to Calendar Year 2019.

<sup>(2)</sup> Tax collection amounts shown are net of a collection fee of 2.50% paid to Oconee County.

Source: Oconee County Tax Commissioner.

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## Millage Rates

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

MILLAGE RATES BY CATEGORY:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
State of Georgia	0.000	0.000	0.000	0.000	0.000
Oconee County (unincorporated)	6.686	6.686	6.686	6.686	6.686
Oconee County (incorporated)	7.656	7.656	7.646	7.626	7.616
Oconee County School District <sup>(1)</sup>	17.000	17.000	17.000	16.500	16.500
City of Bishop	1.858	2.000	1.895	1.846	1.791
City of Bogart	2.878	2.878	2.878	2.878	2.788
City of North High Shoals	1.398	1.398	1.287	1.227	1.140
City of Watkinsville	2.791	2.677	2.508	2.508	2.368
TOTAL COMBINED MILLAGE RATES:					
Oconee County (unincorporated)	23.686	23.686	23.686	23.186	23.186
City of Bishop	26.514	26.656	26.541	25.972	25.907
City of Bogart	27.534	27.534	27.524	27.004	26.904
City of North High Shoals	26.054	26.054	25.933	25.353	25.256
City of Watkinsville	27.447	27.333	27.154	26.634	26.484

Source: Georgia Department of Revenue.

<sup>(1)</sup> The legal limit is 20 mills. See "DISTRICT AD VALOREM TAXATION -- Annual Tax Levy and Limitation on Annual Tax Levy."

Source: Georgia Department of Revenue, Local Government Services Division; and the Oconee County Tax Commissioner.

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## Ten Largest Taxpayers

Set forth below are the ten largest taxpayers of the District for calendar year 2020. A determination of the largest taxpayers within the District 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 above. Furthermore, the taxpayers shown in the table above may own additional parcels within the District. 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 above or that such taxpayers will continue to maintain their status as major taxpayers in the District.

Taxpayer	2020 Assessed Valuation	2020 Assessed Valuation as a Percent of the 2016 Total Assessed Valuation <sup>(1)</sup>	2020 Taxes Paid <sup>(2)</sup>	2020 Taxes Paid as a Percent of the 2016 Total Taxes Levied <sup>(3)</sup>
1. Caterpillar, Inc.	\$43,932,868	1.92%	\$493,285	1.32%
2. PPF AHP OFF 1305 Jennings Mill Rd	19,090,339	0.83	442,629	1.19
3. UP Athens Ridge SPE LLC	18,424,332	0.81	427,187	1.15
4. Epps Bridge Centre Property Co LLC	16,899,107	0.74	391,823	1.05
5. Walton EMC	13,955,037	0.61	323,769	0.87
6. Georgia Transmission Corp	12,109,107	0.53	283,003	0.76
7. Benson's Inc.	8,944,530	0.39	172,691	0.46
8. The Markets at Epps Bridge LLC	6,632,928	0.29	153,791	0.41
9. Georgia Power Company	5,997,757	0.26	145,552	0.39
10. TT of Athens Inc	5,907,807	0.26	136,978	0.37
<b>TOTAL</b>	<b>\$151,893,812</b>	<b>6.64%</b>	<b>\$2,970,707</b>	<b>7.97%</b>

<sup>(1)</sup> Based on total net maintenance and operations tax digest in 2020 of \$2,287,404,967.00.

<sup>(2)</sup> Figures reflect reduction due to the freeport exemption for certain inventories of manufactured goods.

<sup>(3)</sup> Based on a total real and personal property tax levy for 2020 of \$53,315,720.96.

Source: Oconee County Tax Commissioner.

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## **DISTRICT FINANCIAL INFORMATION**

### **Accounting System and Policies**

The District's accounting system is organized and operated on a fund basis. The District's funds are segregated for the purpose of accounting for the operation of specific activities or attaining certain objectives. The District's primary fund is the General Fund, which contains all District revenues except those which are specifically allocated for other purposes. The District may appropriate money from the General Fund for all ordinary District expenses. The District also maintains several other funds to account for specific activities or to attain certain objectives.

The funds of the District are grouped into two broad categories:

(1) Governmental Funds - This category includes the General Fund, the District Wide Capital Projects Fund, and the Debt Service Fund. The General Fund is the principal operating fund of the District and is used to account for all activities of the District not otherwise accounted for in a specified fund. The District's General Fund is used to account for most of the instructional and administrative aspects of the District's operations. The District Wide Capital Projects Fund is used to account for school construction and improvement projects. The Debt Service Fund is used to account for the accumulation of resources for and the payment of debt service on general long-term debt and related costs.

(2) Fiduciary Funds - This category consists of one Agency Fund, which is used to account for assets held by the District in a fiduciary capacity and one Private Purpose Trust Fund, which is used to report trust arrangement in which the corpus is to be invested and preserved intact with the resultant income to be used to administer, secure and manage funds and assets to provide educational scholarships for students in Oconee County and for other general purposes.

The District's financial statements for general governmental operations are presented on a modified accrual basis, with the revenues being recorded when available. Property taxes, investment income, and local option sales taxes are considered susceptible to accrual. Revenues are available if they are collected within 60 days after fiscal year end. Expenditures are generally recorded when the related fund liability is incurred.

Note 2 of the financial statements of the District included as Appendix A contains a detailed discussion of the District's significant accounting policies.

### **Five Year General Fund History**

Set forth below is an historical, comparative summary of the revenues, expenditures, and changes in fund balance of the District's General Fund for the past five fiscal years. Information in the following table for fiscal years 2016 to 2020 has been extracted from audited financial statements of the District for the years ended June 30, 2016 to 2020. The audit reports on each of these financial statements were qualified because of certain variances from generally accepted accounting principles, as described in the audit reports. See "DISTRICT FINANCIAL INFORMATION -Accounting System and Policies" herein. 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 District for the fiscal years shown. For more complete information, reference is made to the audited financial statements, copies of which are available from the District upon request.

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Oconee County School District (Georgia)  
General Fund History

	Fiscal Year Ended June 30				
	2016	2017	2018	2019	2020
<b>REVENUES</b>					
Taxes	\$28,497,803	\$30,277,028	\$32,454,330	\$35,161,573	\$38,170,193
State Funds	33,905,829	35,957,616	38,790,675	41,316,074	45,452,270
Federal Funds	2,751,977	2,917,248	2,849,558	2,822,941	3,011,096
Charges for Services	1,634,699	1,708,584	1,698,893	2,024,968	2,136,813
Investment Earnings	33,514	24,831	60,002	404,586	481,254
Miscellaneous	2,346,079	2,317,132	2,327,794	2,893,025	2,371,346
Total Revenues	<u>69,169,899</u>	<u>73,202,439</u>	<u>78,181,252</u>	<u>84,623,167</u>	<u>91,622,972</u>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Instruction	43,042,490	45,655,363	49,911,855	55,314,976	59,792,579
Support Services					
Pupil Services	2,559,192	2,599,369	2,575,330	2,641,789	2,694,344
Improvement of Instructional Services	1,444,026	1,166,361	1,228,126	1,277,544	1,378,220
Educational Media Services	1,009,337	1,036,815	1,101,461	1,397,300	1,184,472
Federal grant administration	102,906	105,836	--	7,535	4,651
General Administration	820,902	689,183	724,339	598,821	573,759
School Administration	5,312,252	5,456,005	5,764,570	6,115,351	6,023,027
Business Administration	368,429	468,480	558,526	539,060	646,929
Maintenance and Operation of Facilities	5,129,461	5,535,668	5,801,159	5,755,458	6,572,319
Student Transportation Services	3,292,777	3,856,218	3,580,249	4,699,518	4,297,064
Central Support Services	453,471	454,822	662,625	707,377	732,692
Other Support Services	1,236	4,209	4,000	--	30,000
Enterprise Operations	750,153	865,836	786,474	1,115,373	960,368
Food Services Operation	2,518,777	2,253,803	2,316,957	2,402,168	2,271,913
Capital Outlay	--	--	1,302,031	--	--
<b>Debt Service:</b>					
Principal Retirement	24,002	24,948	26,511	27,239	34,693
Interest and Fiscal Charges	6,086	5,134	4,047	2,631	382
Total Expenditures	<u>66,835,386</u>	<u>70,302,722</u>	<u>76,347,864</u>	<u>82,602,140</u>	<u>87,197,412</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>2,334,513</u>	<u>2,899,717</u>	<u>1,833,388</u>	<u>2,021,027</u>	<u>4,425,560</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from Sale of Capital Assets	5,773	12,611	7,271	3,500	4,200
Transfer Out	--	(270)	--	--	--
Other Uses	--	--	--	19,332	--
Total Other Financing (Uses)	<u>5,773</u>	<u>12,341</u>	<u>7,271</u>	<u>22,832</u>	<u>4,200</u>
Net change in fund balances	<u>2,340,286</u>	<u>2,912,058</u>	<u>1,840,659</u>	<u>2,043,859</u>	<u>4,429,760</u>
FUND BALANCE, beginning of year	<u>13,270,560</u>	<u>15,610,846</u>	<u>18,522,904</u>	<u>20,363,563</u>	<u>22,588,936<sup>(1)</sup></u>
FUND BALANCE, end of year	\$15,610,846	\$18,522,904	\$20,363,563	\$22,407,422	\$27,018,696

<sup>(1)</sup> The Oconee County Board of Education implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as of July 1, 2019, which required restatement of the fund balance. See Note 17 of the financial statements of the District included as Appendix A.

**Budgetary Process**

*General Description.* The District adopts a nonappropriated operating budget for its General Fund each year. The operating budget contains proposed expenditures and the means for financing them. The District is not legally required to stay within the budget, but under Georgia law it must meet certain minimum expenditure requirements for allotted state funds. The District, as required by the State of Georgia Board of Education, uses a modified accrual basis of accounting in its adopted General Fund budget, which is in conformity with generally accepted accounting

principles and which is consistent with the basis of accounting used in the District's general fund financial statements summarized in this Official Statement under the caption "DISTRICT FINANCIAL INFORMATION - Five Year General Fund History."

The administration of the District generally begins budget preparations in January of each year. After various budget meetings, a proposed budget is adopted by the Board of Education in June and is advertised in the legal organ of Oconee County, inviting public comment at the June meeting of the Board of Education. After consideration of any public comment, the final budget is adopted by the Board of Education in June and, as required in accordance with the Quality Basic Education Act, O.C.G.A. §20-2-167, is submitted to the State of Georgia Department of Education by September 31 each year for acceptance or rejection.

The budget is developed on a zero base each year, under which each program must substantiate its request rather than ask for an increment over the previous year's allocation. Initial budget preparation as well as control of individual budgeted expenditures are vested with the Superintendent, with assistance from program directors and supervisors who have the responsibility of performing the various functions of the specific programs. The Board of Education's business office serves as a resource function to aid in finding the best economic use of available revenues and to assure compliance with the Board of Education's policies relative to budgetary control. The business office furnishes the Board of Education a monthly "budget" versus "actual" financial report and a summary financial statement to keep the Board of Education apprised of the District's financial condition.

Georgia law requires the budget of the District to reflect all anticipated revenues from each source, to designate all of such anticipated revenues among the several funds or accounts of the District, and to not leave any anticipated revenues undesignated. Except as otherwise described below, Georgia law requires all amounts allocated to each fund or account and any existing balance in each fund or account to be intended for expenditure within the budget year for the purposes of that fund or account. Georgia law allows no fund or account in the nature of a "surplus" or "unobligated surplus" fund or account. The District is permitted, however, under Georgia law to establish a single reserve fund or reserve account intended to cover unanticipated deficiencies in revenue or unanticipated expenditures, provided that the budget for any year must not allocate to such reserve fund or reserve account any amounts which, when combined with the existing balance in such fund or account, exceed 15 percent of that year's total budget. The District is permitted under Georgia law to also establish one or more capital accumulation funds or accounts, and the District may allocate amounts to such capital accumulation funds or accounts for expenditure in future budget years only if the purpose for which such amounts will be expended and the anticipated date of expenditure of such amounts are clearly and specifically identified. The stated purpose of the provisions of Georgia law described above is to prohibit local school systems from accumulating surplus funds through taxation without accounting to the taxpayers for how such funds will be expended.

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## Budget

Set forth below is a summary of the District's adopted budget for its General Fund for the year ending June 30, 2021. This budget is based upon certain assumptions and estimates of the District regarding future events, transactions, and circumstances. Realization of the results projected in this budget will depend upon implementation by management of the District 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. Accordingly, the actual results achieved could materially vary from those projected in the budget set forth below.

Adopted General Fund Budget Fiscal Year Ending June 30, 2021 (Non-GAAP Budgetary Basis of Accounting)	
Revenues:	
State Sources	
QBE	\$39,092,835
Grants	1,228,489
Bond	77,000
Federal Sources	
Local Taxes	36,313,071
Other Local Receipts	3,101,500
	<hr/>
Total Revenues	\$79,812,895
Expenditures:	
Current	
Instruction	\$60,078,810
Student Support Services:	
Pupil Services	2,699,066
Improvement of Instructional Services	1,116,868
Educational Media Services	1,093,734
General Administration	852,474
School Administration	5,597,557
Business Administration	645,917
Maintenance and Operation of Plant	6,668,703
Student Transportation Services	3,926,342
Support Services – Central	734,166
Other Support Services	30,000
School Nutrition	210,908
Debt Service	--
	<hr/>
Total Expenditures	\$83,654,545
Excess Revenues Over (Under) Expenditures:	\$(3,841,650)

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The District has not conformed to its General Fund budget in many instances for the fiscal years ended June 30, 2016 through 2020. Set forth below is a summary of unfavorable variances between budgeted and actual amounts for the fiscal years ended June 30, 2016 through 2020.

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

	Fiscal Year Ended June 30				
	2016	2017	2018	2019	2020
<b>REVENUES</b>					
Taxes	\$--	\$--	\$--	\$(57,219)	\$--
State Funds	--	--	--	--	(9,288)
Federal Funds	(270,058)	(2,000,988)	(353,619)	(405,041)	(537,075)
Charges for Services	--	--	(295,916)	--	--
Investment Earnings	--	(169)	--	--	--
Miscellaneous	--	--	--	--	--
<b>EXPENDITURES</b>					
<b>Current:</b>					
Instruction	--	--	(336,159)	--	--
Support Services	--	--	--	--	--
Pupil Services	--	--	(33,534)	--	--
Improvement of Instructional Services	(21,554)	--	(98,008)	--	(19,311)
Educational Media Services	(95,234)	(61,300)	--	(40,997)	(76,091)
Federal grant administration	(4,446)	(229)	(681,237)	--	--
General Administration	--	--	--	--	--
School Administration	(540,194)	(667,466)	(74,942)	(442,213)	(336,826)
Business Administration	--	--	--	--	--
Maintenance and Operation of Facilities	(656,691)	(346,690)	(786,474)	--	--
Student Transportation Services	--	--	--	(24,976)	(36,035)
Central Support Services	--	--	--	--	--
Other Support Services	(750,153)	(4,209)	--	--	--
Enterprise Operations	--	(865,836)	--	(1,115,373)	(960,368)
Food Services Operation	--	--	--	--	--
Capital Outlay	--	(124,672)	--	--	--
<b>Debt Service:</b>					
Principal Retirement	--	--	--	--	(27,693)
Interest and Fiscal Charges	--	--	--	--	--
<b>Net Cumulative Variance</b>					
Favorable (Unfavorable)	\$3,097,594	\$2,702,713	\$817,542	\$2,769,569	\$2,459,753

The District expects to conform to its adopted budget for its General Fund for fiscal year 2021.

**Capital Improvements**

The District plans capital improvements as future capital needs arise due to increased student population and facility repair and maintenance needs. Specific capital expenditure plans are formalized in conjunction with individual general obligation bond issues and anticipated annual receipts of capital outlay funds from the State of Georgia Department of Education. The District regularly monitors anticipated capital outlay needs.

The following table summarizes capital outlays for the District's general fixed assets during fiscal years 2016 through 2020.

<u>Department</u>	Fiscal Year June 30				
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Capital Outlays	\$9,040,119	\$6,421,766	\$21,852,871	\$7,360,069	\$1,263,111

The District anticipates that the moneys to be spent on the Projects described herein under the heading “PLAN OF FINANCING – Plan of Financing” (approximately \$42.9 million in the aggregate) will be expended in the following approximate amounts during the following fiscal years: approximately \$600,000 in 2021, approximately \$20.4 million in 2022 and approximately \$21.9 million in 2023. The District expects the amounts and timing of significant additional capital expenditures to correlate with its future general obligation bond issues and anticipated annual receipts of capital outlay funds from the State of Georgia Department of Education. See “DISTRICT DEBT STRUCTURE - Proposed Debt” herein.

**Employee Benefits**

*Teachers’ Retirement System of Georgia (“TRS”)*

*Plan description:* All teachers of the District as defined in §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) and certain other support personnel as defined by §47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues

*Benefits provided:* TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee’s two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee’s creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee’s beneficiary had the employee retired on the date of death. Death benefits are based on the employee’s creditable service and compensation up to the date of death.

*Contributions:* Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2020. The School District’s contractually required contribution rate for the year ended June 30, 2020 was 21.14% of annual school district payroll. District contributions to TRS were \$10,411,376 for the year ended June 30, 2020.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for support provided to the District by the State of Georgia for certain public school support personnel. The amount recognized by the District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$79,088,666
State of Georgia’s proportionate share of the net pension liability associated with the District	<u>474,995</u>
Total	<u>\$79,563,661</u>

The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The District’s proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2019. At June 30, 2019, the District’s proportion was 0.367808%, which was a decrease of 0.011921% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$14,344,272 and revenue of \$34,567 for support provided by the State of Georgia for certain support personnel. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$4,457,840	\$23,448
Changes in assumption	7,589,589	-
Net difference between projected and actual earnings on pension plan investments	-	1,883,342
Changes in proportion and differences between District contributions and proportionate share of contributions	2,932,641	29,812
District contributions subsequent to the measurement date	<u>10,411,376</u>	<u>-</u>
Total	<u>\$25,391,446</u>	<u>\$1,936,602</u>

District contributions subsequent to the measurement date of \$10,411,376 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2021	\$5,182,985
2022	1,569,432
2023	3,241,012
2024	<u>3,050,039</u>
Total	<u>\$13,043,468</u>

*Actuarial assumptions:* The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00 – 8.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Postretirement benefit increases	1.50% semi-annually

Postretirement mortality rates were based on the RP-2000 White Collar Mortality Table with future mortality improvement projected through 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on November 18, 2015, the numbers of expected future deaths are 8-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014 with the exception of the long-term assumed rate of return on assets (discount rate) which was changed from 7.50% to 7.25%, and the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

The long-term expected rate of return on pension plan investments was determined using a lognormal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return**</u>
Fixed income	30.00%	(0.10)%
Domestic large equities	51.00	8.90
Domestic small equities	1.50	13.20
International developed market equities	12.40	8.90
International emerging market equities	5.10	10.90
Total	<u>100.00%</u>	

\*\* Rates shown are net of the 2.25% assumed rate of inflation

*Discount rate:* The discount rate used to measure the total pension liability was 7.25%, which was a decrease from the discount rate of 7.50% utilized in the previous valuation. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate:* The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current discount rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
District's proportionate share of the net pension liability	\$128,384,052	\$79,088,666	\$38,550,343

*Pension plan fiduciary net position:* Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publically available at [www.trsga.com/publications](http://www.trsga.com/publications).

#### *Public Schools Employees Retirement System (PSERS)*

*Plan description:* PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at [www.ers.ga.gov/formspubs/formspubs](http://www.ers.ga.gov/formspubs/formspubs).

*Benefits provided:* A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of \$15.25, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make

periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

*Contributions:* The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with O.C.G.A. §47-4-29(a) and 60(b). Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees.

*Pension Liabilities and Pension Expense*

At June 30, 2020, the District did not have a liability for a proportionate share of the net pension liability because of the related State of Georgia support. The amount of the State’s proportionate share of the net pension liability associated with the District is as follows:

State of Georgia’s proportionate share of the Net Pension Liability associated with the District	<u>\$796,924</u>
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The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The State’s proportion of the net pension liability associated with the District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$245,762 and revenue of \$245,762 for support provided by the State of Georgia.

*Actuarial assumptions:* The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	N/A
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Postretirement mortality rates were based on the RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) for the period after service retirements and for dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward 5 years for both males and females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014, with the exception of the assumed investment rate of return. Subsequent to the June 30, 2017 measurement date, the School District adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 valuation.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return**</u>
Fixed income	30.00%	(0.10)%
Domestic large equities	46.20	8.90
Domestic small equities	1.30	13.20
International developed market equities	12.40	8.90
International emerging market equities	5.10	10.90
Alternatives	5.00	12.00
Total	<u>100.00%</u>	

\*\* Rates shown are net of the 2.75% assumed rate of inflation

*Discount rate:* The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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## OCONEE 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.

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>Member</u>	<u>Occupation</u>	<u>Expiration of Term of Office</u>
John Daniell, <i>Chairman</i>	Chairman, Board of Commissioners	December 31, 2024
Mark Saxon	Retired – U.S. Army	December 31, 2024
Mark Thomas	Businessman	December 31, 2024
Chuck Horton	Government official and Retired Police Chief	December 31, 2022
Amrey Harden	Retired, Bank President	December 31, 2022

### Demographic Information

The following information is provided to give prospective investors an overview of certain demographic information of the County. These statistics have not been adjusted to reflect population or economic trends and are not to be relied upon as a representation or guarantee of the District.

#### *Population*

The following table reflects the population estimates for the County, the State and the United States for the years ended December 31, 2015 through 2019 (the most current published data).

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2019	40,280	10,617,423	328,239,523
2018	39,478	10,511,131	326,687,501
2017	38,122	10,410,330	324,985,539
2016	36,929	10,301,890	322,941,311
2015	35,853	10,178,447	320,635,163

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

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### *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, 2015 through 2019 (the most current published data).

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2019	\$67,845	\$48,188	\$56,744
2018	66,430	46,921	54,581
2017	63,844	44,865	52,096
2016	59,760	42,868	49,995
2015	59,322	41,784	49,003

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

### **Median Home Value**

The following table shows the estimate median home value for the County, the State and the United States for the calendar years 2015 through 2019 (the most current published data).

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2019	\$286,600	\$202,500	\$240,500
2018	268,100	189,900	229,700
2017	252,000	173,700	217,600
2016	242,000	166,800	205,000
2015	235,700	159,300	194,500

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

### **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, 2015 through 2019.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
County Labor Force	17,571	18,445	19,432	19,976	19,510
County Unemployment Rate	4.4%	4.1%	3.5%	2.9%	2.5%
State Unemployment Rate	6.1%	5.4%	4.8%	4.0%	3.5%
United States Unemployment Rate	5.3%	4.9%	4.4%	3.9%	3.7%

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

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## Building Permits Summary

Set forth below are the numbers of residential and commercial building permits and the value of those permits for fiscal years 2016 through 2020 (the most current published data).

Year	Residential		Commercial	
	Number	Value	Number	Value
2020	260	\$142,967,982	87	\$43,444,201
2019	240	93,867,055	104	82,924,566
2018	317	117,867,055	143	38,362,967
2017	335	133,803,270	141	46,223,734
2016	400	101,553,848	80	26,668,035

Source: Oconee County Code Enforcement.

## Category of Land 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>

Year	Residential	Agricultural	Commercial	Industrial	Conservation <sup>(2)</sup>	Other <sup>(3)</sup>
2019	17.78%	13.36%	2.12%	0.67%	65.13%	0.95%
2018	17.95	12.32	2.14	0.67	66.18	0.74
2017	17.84	11.79	2.27	0.65	64.72	2.72
2016	18.37	11.57	2.33	0.64	65.84	1.25
2015	20.12	10.81	2.54	0.70	63.47	2.34

<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.”

<sup>(3)</sup> Includes forest land, timber 100% and preferential.

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

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## Ten Largest Employers

Set forth below are the ten largest employers located in the County as of April 5, 2021, 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. Oconee County School District	Government – Education	873
2. Oconee County	Government	525
3. Walmart SuperCenter	Retail	375
4. Benson’s Bakery	Retail	300
5. Zaxby’s Franchising Inc.	Franchisor & Licensor	300
6. Kroger	Grocery Store	240
7. Board of Regents of University System of Georgia	Government - Education	200
8. University of North Georgia	Government – Education	175
9. Texas Roadhouse	Restaurant	175
10. Lowe’s Home Improvement Warehouse	Retail	165

Source: Oconee County Economic Development Authority.

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## Industry Mix

The following table shows the industry mix for Oconee County area for the third quarter of 2020, the latest information available. The table is intended to provide information regarding the types of industries employing residents of Oconee County and the compensation paid to those employees. The table does not provide information with respect to all industries and firms. It is based upon and includes only those industries and firms that participate in the State Unemployment Insurance Program.

<u>Industry</u>	<u>Number of Firms</u>	<u>Average Monthly Employment</u>	<u>Average Weekly Wages</u>
Agriculture, Forestry, Mining, Quarrying	25	175	\$864
Mining	2	**	**
Construction	135	645	928
Manufacturing	41	661	1,126
Services:			
Utilities	2	**	**
Wholesale Trade	49	1,189	938
Retail Trade	104	1,859	602
Transportation and Warehousing	16	123	886
Information	13	**	**
Finance and Insurance	98	393	1,469
Real Estate and Rental and Leasing	72	191	815
Professional Scientific/Technical Services	176	810	1,177
Management of Companies and Enterprises	4	533	1,099
Administrative and Waste Services	89	843	743
Educational Services	24	592	688
Health Care and Social Services	148	1,428	972
Arts, Entertainment, and Recreation	19	121	462
Accommodation and Food Services	70	1,371	300
Other Services (except government)	80	480	853
Unclassified – industry not assigned	52	31	1,018
Federal Government	8	79	826
State Government	7	30	460
Local Government	<u>16</u>	<u>1,449</u>	<u>896</u>
Total All Industries	1,250	13,131	\$833

Source: Georgia Department of Labor.

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

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## 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>
2020	11	\$1,237,257
2019	12	1,052,529
2018	10	959,286
2017	8	902,832
2016	9	802,433

Source: Federal Depository Insurance Corporation.

## LEGAL MATTERS

### Pending Litigation

The District, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The District, after reviewing the current status of all pending and threatened litigation with its general counsel, Hall Booth Smith, P.C., 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 District 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 District.

There is no litigation now pending or, to the knowledge of the District, threatened against the District (i) which restrains or enjoins the issuance or delivery of the Series 2021 Bonds, the reimposition of the Sales Tax, the levy of an ad valorem tax for the payment of the Series 2021 Bonds, or the use of the proceeds of the Series 2021 Bonds or (ii) which questions or contests the validity of the Series 2021 Bonds or the proceedings and authority under which they are to be issued and the Sales Tax is to be reimposed and an ad valorem tax is to be levied to pay the Series 2021 Bonds. Neither the creation, organization, or existence of the District, nor the title of the present members or other officials of the Board of Education to their respective offices, is being contested or questioned.

### Validation Proceedings

The Series 2021 Bonds were validated in the Superior Court of Oconee County on May 10, 2021. The State of Georgia was the plaintiff in the proceeding, and the District was the defendant. Under Georgia law, the judgement of validation is final and conclusive with respect to the validity of the Series 2021 Bonds against the District.

### Closing Certificates

At closing of the sale of the Series 2021 Bonds, the District will deliver to the Underwriter a certificate stating (1) that no litigation is pending or threatened against it which would have a material effect on the issuance or validity of the Series 2021 Bonds, the reimposition of the Sales Tax, or the levy and collection of an ad valorem tax to pay the Series 2021 Bonds or on the financial condition of the District. In addition, the District 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.

### Tax Matters

*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 2021 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 2021 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 2021 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 District has covenanted in the Bond Resolution to comply with the requirements of the Code in order to maintain the exclusion of interest on the Series 2021 Bonds from gross income for federal income tax purposes. Failure to comply with these covenants could result in interest on the Series 2021 Bonds being includable in the gross income of the owners thereof for federal income tax purposes.

Legal matters incident to the authorization, validity, and issuance of the Series 2021 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 B. Copies of the opinion will be available at the time of the initial delivery of the Series 2021 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 2021 Bonds is excludable from gross income for federal income tax purposes under § 103 of the Code and is not a specific preference item for purposes of the federal alternative minimum tax. Except as provided below with respect to original issue discount and premium, no opinion will be expressed with respect to any other federal tax consequences of the receipt or accrual of interest on the Series 2021 Bonds.

Ownership of the Series 2021 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 2021 Bonds. Purchasers of the Series 2021 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 2021 Bonds is not includable in gross income for federal income tax purposes, Bond Counsel will (i) rely as to certain factual matters upon representations of the District with respect to, among other things, the use of the proceeds of the Series 2021 Bonds without undertaking to verify the same by independent investigation and (ii) assume the continued compliance by the District with its covenants relating to the use of the proceeds of the Series 2021 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 2021 Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2021 Bonds.

*State Tax Matters.* In the opinion of Bond Counsel, under existing statutes, interest on the Series 2021 Bonds is exempt from all present state income taxation within the State of Georgia. Interest on the Series 2021 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 2021 Bonds should consult their tax advisors as to the taxable status of the Series 2021 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 2021 Bonds. The tax discussion herein under “LEGAL MATTERS – Tax Matters” was 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 2021 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 2021 Bonds. Purchasers of Series 2021 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 2021 Bonds.

### **Premium Bonds**

The difference between the principal amount of the Series 2021 Bonds (collectively, the “Premium Bonds”) and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for Federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such Premium Bond in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

The foregoing is a general discussion of certain federal income tax consequences of original issue premium and discount and does not purpose to deal with all tax questions that may be relevant to particular investors or circumstances. Holders of the Series 2021 Bonds should consult their own tax advisors with respect to the apportionment for federal income tax purposes of accrued tax-exempt interest upon a sale or exchange (including redemption) and with respect to the state and local tax consequences of original issue premium and discount.

### **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 2021 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 2021 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 2021 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 2021 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2021 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 2021 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.

### **Transportation Funding Act**

On May 4, 2015, the Governor of Georgia signed into law House Bill 170 (the “Transportation Funding Act”), which became effective July 1, 2015. The new law eliminated the State sales tax on gasoline and diesel and imposed 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 was initially 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 District.

## IMPACT OF COVID-19 PANDEMIC

### *Background*

In late 2019, a novel strain of coronavirus emerged in Wuhan, Hubei Province, China, which can cause the disease known as COVID-19 (“COVID-19”). COVID-19 is highly infectious, with high rates of morbidity and mortality, and has spread throughout the world, including the United States and the State. The World Health Organization declared COVID-19 to be a global pandemic on March 11, 2020. President Trump declared COVID-19 to be a national emergency on March 13, 2020.

In response to the spread of COVID-19, the United States government, state governments, local governments, school districts, and private industries throughout the country began implementing measures in late March of this year to limit social and work interactions in an effort to minimize the spread of the disease. While the spread of COVID-19 and responses from both governmental and private parties continue to change, the disease already has severely curtailed local, State, national and global economic activity, while dramatically increasing both public and private health emergency response costs. This curtailment has reduced State and local government revenues and has resulted in significant volatility in financial and labor markets, both in the United States and other countries throughout the world.

The first confirmed cases of COVID-19 in the State were announced on March 2, 2020 and as of May 10, 2021 the State’s Department of Public Health reports approximately 886,723 confirmed cases, 62,206 hospitalizations, and 17,702 deaths which are attributed to the disease. In an effort to combat the spread of the virus, the Centers for Disease Control and Prevention has authorized the use of three vaccines to be administered in the U.S. As of May 10, 2021, 6,590,354 vaccines have been administered in the State of Georgia, which includes 31,016 administered in Oconee County.

Additional public health data and other information related to the State’s response to COVID-19 is available on the following website: <https://dph.georgia.gov/covid-19-daily-status-report>. This website is provided for convenience only and is not incorporated by reference into this Official Statement.

### *State Actions in Response to COVID-19*

On February 28, 2020, Governor Kemp established a Coronavirus Task Force to assess Georgia’s preparations and procedures for preventing, identifying, and addressing cases of COVID-19. Since February, the Task Force has coordinated efforts between multiple State agencies along with federal and local partners to attempt to identify and mitigate spread within the State and private institutions, including nursing homes, to establish alternate or surge medical facility capacity, and to rapidly expand community testing.

On March 14, 2020, Governor Kemp issued Executive Order No. 03.14.20.01, declaring that a “Public Health State of Emergency” existed in the State due to the spread of COVID-19. On March 16, 2020, the State’s General Assembly concurred with Governor Kemp’s Executive Order by joint resolution of both the State House and State Senate.

Since his initial Executive Order establishing the Public Health State of Emergency, Governor Kemp signed additional Executive Orders relating to COVID-19 which have, among other effects: (i) limited large gatherings statewide, ordered “shelter in place” for specific populations, and closed bars and nightclubs in the State; (ii) closed public elementary, secondary, and post-secondary schools throughout the State for the remainder of the 2019-2020 school year; (iii) authorized the State Board of Education to waive certain state rules, regulations, policies, procedures, and provisions to assist in the State’s response to COVID-19; (iv) reduced regulations to facilitate the State’s response to limit and reduce the spread of COVID-19; and (v) authorized the appropriation of \$100 million from the State’s Revenue Shortfall Reserve to the Governor’s Emergency Fund to cover unplanned costs and expenditures associated with the State’s response to COVID-19. More recently, Governor Kemp issued Executive Orders for reopening the State’s economy, allowing certain “non-essential” businesses to resume operations and allowing restaurants to resume dine-in service, so long as these businesses implemented measures designed to mitigate exposure to COVID-19 and limit its spread to previously non-infected persons. On April 23, 2021, Governor Kemp further extended the Public

Health State of Emergency to May 30, 2021. Additionally, on August 15, 2020, Governor Kemp signed Executive Order 08.15.20.01, which provided COVID-19 guidelines for Georgia businesses. Governor Kemp renewed Executive Order 08.15.20.01 in subsequent Executive Orders, most recently pursuant to Executive Order 04.30.21.01, which is effective through May 30, 2021. Executive Order 04.30.21.01 strongly encourages social distancing and the use of face coverings, and outlines measures for Georgia businesses to mitigate exposure and spread of COVID-19. Executive Order 04.30.21.01 also outlines that the State Board of Education must provide rules, regulations, and guidance for the operation of public elementary and secondary schools for local boards of education in accordance with guidance from the State's Department of Public Health and the American Academy of Pediatrics and gives local school districts the authority to implement additional measures designed to prevent the spread of COVID-19 among students and workers.

In February 2021, the Amended FY 2021 Budget of the State of Georgia was signed by Governor Kemp, restoring \$500,000,000 of previously cut funds allocated to schools.

#### *Federal Actions in Response to COVID-19*

Congress passed a \$2.2 trillion stimulus bill, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which President Trump signed into law on March 27, 2020, which, among other things, was designed to help offset the financial impact of COVID-19 and to provide economic support to the health care sector, the business sector, employees, individuals and families.

In December 2020, Congress passed an approximately \$900 billion stimulus bill, which President Trump signed into law on December 27, 2020 (the "Consolidated Appropriates Act"), to provide additional economic support for K-12 and higher education, the health care sector, the business sector, employees, individuals and families.

The American Rescue Plan Act of 2021 (the "American Rescue Plan"), a \$1.9 trillion stimulus bill, was signed into law by President Biden on March 11, 2021, to help speed the U.S. recovery from the economic and health effects of the COVID-19 pandemic. The American Rescue Plan is the third stimulus package passed by Congress since March of 2020 and the package builds upon many of the measures in the CARES Act and in the Consolidated Appropriations Act, including providing additional support for K-12 and higher education.

#### *Impact of COVID-19 on the School District*

The State's and the District's finances are likely to be adversely affected by the continued spread of COVID-19, the various governmental actions in response thereto and changes in the behavior of businesses and people, which will likely negatively impact State and local government revenues, including the revenues of the District.

The District cannot predict what effect the spread of COVID-19 or the various governmental and private actions taken in response thereto will have on its finances or operations. If there is a negative impact on the finances and operations of the District, for example, a reduction in tax revenues, the District's ability to pay debt service on the Series 2021 Bonds may be adversely impacted. See "DISTRICT FINANCIAL INFORMATION - Management's Discussion and Analysis of Results of Operations."

## MISCELLANEOUS

### **Ratings**

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") have assigned ratings of "Aa1" and "AA+", respectively, to the Series 2021 Bonds. Moody's and S&P have assigned underlying ratings (without regard to the State of Georgia intercept program) of "Aa2" and "AA", respectively, to the Series 2021 Bonds. The ratings reflect only the respective views of the rating agencies, and any desired explanation of the significance of each rating should be obtained from the rating agency furnishing such rating, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 and Standard & Poor's Financial Services, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it



and on investigations, studies, and assumptions of its own. There is no assurance that either or both of such ratings will remain unchanged for any given period of time or that they 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 ratings, or either of them, may have an adverse effect on the liquidity and market price of the Series 2021 Bonds. The Underwriter and the District have not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

### **Underwriting**

Raymond James & Associates, Inc. (the “Underwriter”), has agreed to purchase the Series 2021 Bonds pursuant to a Bond Purchase Agreement entered into between the District and the Underwriter. The Underwriter has agreed to purchase the Series 2021 Bonds at a purchase price of \$46,256,105.05 (par, plus premium of \$9,288,605.05, less underwriting discount of \$232,500.00). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2021 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 2021 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 2021 Bonds to certain dealers at prices lower than the public offering.

### **Experts**

The financial statements of the District, as of June 30, 2020 and for the year then ended, attached hereto as Appendix A, have been audited by Mauldin & Jenkins, LLC, Atlanta, Georgia, certified public accountants, to the extent and for the period indicated in their report thereon, which appears in Appendix A. The consent of Mauldin & Jenkins, LLC to the inclusion of the audited financial statements of the District and their report thereon in Appendix A hereto has not been requested. Therefore, Mauldin & Jenkins, LLC has not and will not perform any subsequent procedures relating to the audit or review the information presented in this Official Statement.

Legal matters incident to the authorization, issuance and sale of the Series 2021 Bonds are subject to the approval of Gray Pannell & Woodward LLP, Athens, Georgia, Bond Counsel. Certain legal matters will be passed on for the District by Hall Booth Smith, P.C., Athens, Georgia and by its disclosure counsel, Gray Pannell & Woodward LLP, Athens, Georgia.

### **Additional Information**

Use of the words “shall,” “must,” or “will” in this Official Statement in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law 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 2021 Bonds.

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## CERTIFICATION

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

OCONEE COUNTY SCHOOL DISTRICT

By: /s/ Thomas Odom  
Chair, Board of Education of Oconee County

**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT  
FOR FISCAL YEAR ENDED JUNE 30, 2020**

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**OCONEE COUNTY  
BOARD OF EDUCATION**

**ANNUAL FINANCIAL REPORT  
FOR THE  
FISCAL YEAR ENDED JUNE 30, 2020**

# OCONEE COUNTY BOARD OF EDUCATION

## ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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## **I. FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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**To the Superintendent and Members of  
the Oconee County Board of Education  
Watkinsville, Georgia**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oconee County Board of Education, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Oconee County Board of Education'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 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 from 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.



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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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Oconee County Board of Education, as of June 30, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 17, the Oconee County Board of Education implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, as of July 1, 2019. This standard significantly changed how the Oconee County Board of Education identifies and reports fiduciary activities. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability – TRS, the Schedule of Contributions – TRS, the Schedule of Proportionate Share of the Net Pension Liability – PSERS, the Schedule of Proportionate Share of the Net OPEB Liability – School OPEB Fund, and the Schedule of Contributions – School OPEB Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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.

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*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oconee County Board of Education’s basic financial statements. The schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards (collectively “the supplementary information”) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2021 on our consideration of the Oconee County Board of Education’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Oconee County Board of Education’s 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 the Oconee County Board of Education’s internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
February 18, 2021

**OCONEE BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**INTRODUCTION**

The District's financial statements for the fiscal year ended June 30, 2020 includes a series of basic financial statements that report financial information for the District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities provide financial information about all of the District's activities and present both a short term and long term view of the District's finances on a global basis. The fund financial statements provide information about all of the District's funds. Information about these funds, such as the District's General Fund, is important in its own right, but will also give insight into the District's overall soundness as reported in the Statement of Net Position and the Statement of Activities.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for FY 2020 are as follows:

On the District-wide financial statements:

- The District's net position at June 30, 2020 was \$45.2 million. Net position reflects the difference between all assets and deferred outflows of resources of the District (including capital assets, net of depreciation) and all liabilities, both short term and long term, and deferred inflows of resources. The net position at June 30, 2020 of \$45.2 million represented an increase of \$6.9 million when compared to the prior year, as restated.
- The School District had approximately \$95.7 million in expenses relating to governmental activities; about \$55.3 million of these expenses were offset by program specific charges for services, grants and contributions. However, general revenues (primarily property and sales taxes) of \$47.3 million were adequate to provide for these programs.
- As stated above, general revenues accounted for \$47.3 million or about 46.1% of all revenues totaling almost \$102.6 million. Program specific revenues in the form of charges for services, grants, and contributions accounted for the balance of these.

On the fund financial statements:

- Among major funds, the General Fund had roughly \$91.6 million in revenues and \$87.2 in expenditures. The General Fund balance of \$27.0 million at June 30, 2020 increased by roughly \$4.4 million from the prior year, as restated.

**OCONEE BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

These financial statements consist of three parts; management's discussion and analysis (this section), the basic financial statements including notes to the financial statements and required supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the district-wide and fund financial statements.

The district-wide financial statements include the 'Statement of Net Position' and 'Statement of Activities'. These statements provide information about the activities of the School District presenting both short-term and long-term information about the School District's overall financial status.

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The 'Governmental Funds' statements disclose how basic services are financed in the short-term as well as what remains for future spending. The 'Fiduciary Funds' statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. In the case of the Oconee County Board of Education, the General Fund, Capital Projects Funds, and Debt Service Funds are all considered to be major funds. The District has no funds reported as nonmajor funds as defined by generally accepted accounting principles.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. Additionally, other supplementary information (not required) is also presented that further supplements understanding of the financial statements.

**District-Wide Statements**

Since the Oconee County Board of Education has no operations that have been classified as "Business Activities", the District-Wide financial statements are basically a consolidation of all of the District's operating funds into one column called governmental activities. In reviewing the District-Wide financial statements, a reader might ask the question, are we in a better financial position now than last year? The 'Statement of Net Position' and the 'Statement of Activities' provides the basis for answering this question. These financial statements include all District's assets, deferred outflows of resources, liabilities, and deferred inflow of resources and uses the **accrual basis of accounting** similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**OCONEE BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

These two statements report the School District's net position and any changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the results of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs, student-teacher ratios, and other factors.

When analyzing District-wide financial statements, it is important to remember these statements are prepared using an economic resources measurement focus (accrual accounting) and involve the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets
- Depreciate capital assets
- Report long-term debt as a liability
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net position as follows:
  - *Net Investment in capital assets*
  - *Restricted net position* is amounts with constraints placed on the use by external sources such as creditors, grantors, contributors or laws and regulations.
  - *Unrestricted for no specific use*

### **Fund Financial Statements**

The School District uses many funds or sub-funds to account for a multitude of financial transactions during the fiscal year. The fund financial statements presented in this report provide detail information about the School District's significant or major funds. As discussed previously, the District has no nonmajor Funds as defined by generally accepted accounting principles.

The District has two kinds of funds as discussed below:

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the **modified accrual method of accounting** which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The differences between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

**OCONEE BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Fiduciary Funds** – The School District is the trustee, or fiduciary, for assets that belong to unsponsored clubs, organizations and others within the principals' accounts. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

Net position, which is the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, is one indicator of the financial condition of the District. When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. The relationship between revenues and expenses can be thought of as the District's operating results. The District's net position, as measured in the Statement of Net Position is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position - as measured in the Statement of Activities - are one indicator of whether its financial health is improving or deteriorating. However, the District's goal and mission is to provide success for each child's education, not to generate profits as private corporations do. For this reason, many other nonfinancial factors should be considered in assessing the overall health of the District.

In the case of the Oconee County Board of Education, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$45.2 million at June 30, 2020. To better understand the District's actual financial position and ability to deliver services in future periods, it is necessary to review the various components of the net position category. For example, of the \$45.2 million of net position, almost \$6.3 million was restricted for debt service. Accordingly, these funds were not available to meet the District's ongoing obligations to citizens and creditors.

In addition, the District had just over \$124.4 million (net of related debt) invested in capital assets (e.g., land, buildings, and equipment). The District uses these capital assets to provide educational services to students within geographic boundaries served by the District. Because of the very nature and on-going use of the assets being reported in this component of net position, it must be recognized that this portion of the net position is *not* available for future spending.

The unrestricted net position is \$86.1 million deficit. The negative unrestricted net position is due to the adoption of GASB 68 for pension plans and GASB 75 for other postemployment benefit plans (OPEB). The liability for the District's portion of TRS (Teacher Retirement System) pension, including related deferred outflows and inflows of resources, is \$55.6 million. The liability for the District's portion of OPEB, including related deferred outflows and inflows of resources, is \$58.1 million. The remaining balance of \$27.7 million may be used to meet the District's ongoing obligations to citizens and creditors. In fiscal year 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement establish accounting and

**OCONEE BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

financial reporting standards for pensions that are provided to the employees of state and local governmental employers through pension plans administered through trusts. In fiscal year 2018, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions of this statement establish accounting and financial reporting standards for a cost sharing multiple employer defined benefit postemployment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health.

**Table 1**  
**Net Position**

	<u>Governmental Activities</u>	
	<u>FY 2020</u>	<u>FY 2019</u>
<b>Assets</b>		
Current and Other Assets	\$ 47,782,439	\$ 40,879,641
Capital Assets, Net	143,071,255	143,242,665
<b>Total Assets</b>	<b>\$ 190,853,694</b>	<b>\$ 184,122,306</b>
<b>Deferred Outflows of Resources</b>	<b>32,371,284</b>	<b>19,854,420</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>223,224,978</b>	<b>203,976,726</b>
<b>Liabilities</b>		
Current and Other Liabilities	\$ 19,343,090	\$ 17,837,074
Long-Term Liabilities	143,685,512	135,778,537
<b>Total Liabilities</b>	<b>\$ 163,028,602</b>	<b>\$ 153,615,611</b>
<b>Deferred Inflows of Resources</b>	<b>14,948,301</b>	<b>12,017,639</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>177,976,903</b>	<b>165,633,250</b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 124,402,918	\$ 118,503,905
Restricted	6,919,914	5,683,411
Unrestricted	(86,074,757)	(85,843,840)
<b>Total Net Position</b>	<b>\$ 45,248,075</b>	<b>\$ 38,343,476</b>

Table 1 provides a summary of the School District's net position for this fiscal year as compared to the prior fiscal year, as restated.

**OCONEE BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Total net position increased \$6.9 million in fiscal year 2020 from the prior year, as restated, due to an increase in total assets of approximately \$6.9 million. There was a decrease in liabilities and deferred inflows and outflows of resources of approximately \$173,000 primarily due to a decrease in construction contracts payable of approximately \$99,000, retainage payable of approximately \$126,000, and an increase in compensated absences of approximately \$28,000.

**Table 2**  
**Change in Net Position**

	<b>Governmental Activities</b>	
	<b>FY 2020</b>	<b>FY 2019 (1)</b>
<b>Revenues</b>		
Program Revenues:		
Charges for Services and Sales	\$ 4,508,159	\$ 4,917,993
Operating Grants and Contributions	48,463,366	43,969,297
Capital Grants and Contributions	2,287,427	2,262,680
Total Program Revenues	<u>\$ 55,258,952</u>	<u>\$ 51,149,970</u>
General Revenues:		
Property Taxes, Maintenance and Operations	\$ 37,052,487	\$ 34,369,394
Property Taxes, Debt Service	-	-
Sales Taxes	8,544,851	7,841,764
Intangible Recording & Real Estate Transfer	1,238,096	882,781
Investment Earnings	500,177	423,364
Total General Revenues	<u>\$ 47,335,611</u>	<u>\$ 43,517,303</u>
Total Revenues	<u>\$ 102,594,563</u>	<u>\$ 94,667,273</u>
<b>Program Expenses</b>		
Instruction	\$ 67,117,967	\$ 53,475,560
Support Services		
Pupil Services	2,828,872	2,556,720
Improvement of Instructional Services	1,448,450	1,249,124
Educational Media Services	1,251,383	1,358,494
Federal Grant Administration	4,651	7,535
General Administration	603,703	578,863
School Administration	6,399,499	5,931,772
Business Administration	681,207	520,630
Maintenance and Operation of Plant	6,351,274	6,826,954
Student Transportation Services	4,440,674	5,401,588
Central Support Services	856,478	790,825
Other Support Services	30,000	-
Operations of Non-Instructional Services		
Miscellaneous non-instructional services	969,779	1,128,276
Food Services	2,339,661	2,416,778
Interest on Short-Term and Long-Term Debt	366,366	440,153
Total Expenses	<u>\$ 95,689,964</u>	<u>\$ 82,683,272</u>
Increase in Net Position	<u>\$ 6,904,599</u>	<u>\$ 11,984,001</u>

(1) Fiscal year 2019 balances do not reflect the effects of the restatement for Net Position. See Notes to the Basic Financial Statements for additional information.



**OCONEE BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Cost of Providing Services**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting these services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity as compared to the prior fiscal year.

**Table 3**  
**Cost of Services**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>FY 2020</u>	<u>FY 2019 (1)</u>	<u>FY 2020</u>	<u>FY 2019 (1)</u>
Instruction	\$ 67,117,967	\$ 53,475,560	\$ 26,878,958	\$ 17,331,773
Support Services				
Pupil Services	2,828,872	2,556,720	2,572,533	2,307,504
Improvement of Instructional Services	1,448,450	1,249,124	1,001,307	812,750
Educational Media Services	1,251,383	1,358,494	97,221	275,249
Federal Grant Administration	4,651	7,535	4,651	7,535
General Administration	603,703	578,863	(1,396,674)	(899,975)
School Administration	6,399,499	5,931,772	4,053,598	3,684,002
Business Administration	681,207	520,630	681,207	518,383
Maintenance and Operation of Plant	6,351,274	6,826,954	3,350,512	4,026,846
Student Transportation Services	4,440,674	5,401,588	3,164,927	3,938,528
Central Support Services	856,478	790,825	840,836	724,145
Other Support Services	30,000	-	30,000	-
Operations of Non-Instructional Services				
Miscellaneous non-instructional services	969,779	1,128,276	(1,401,849)	(1,778,358)
Food Services	2,339,661	2,416,778	187,419	139,899
Interest on Short-Term and Long-Term Debt	366,366	440,153	366,366	440,153
Total Expenses	<u>\$ 95,689,964</u>	<u>\$ 82,683,272</u>	<u>\$ 40,431,012</u>	<u>\$ 31,528,434</u>

(1) Fiscal year 2019 balances do not reflect the effects of the restatement for Net Position. See Notes to the Basic Financial Statements for additional information.

Expenses increased about \$13.0 million from the prior year, while net costs of services increased about \$8.9 million from the prior year. The increase in expenses is primarily due to the increase in salary and benefit costs and pension expense. The increase in the net cost of services is primarily due to the increase in salary and benefits costs and pension expense.

**OCONEE BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

Information about the School District's governmental funds is presented starting on page 16 of this report. Governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of \$101.8 million and total expenditures of approximately \$96.9 million in fiscal year 2020. Total governmental fund balances of \$33.6 million at June 30, 2020, an increase of \$4.9 million from the prior year primarily due to general fund and debt service fund. The net change of the fund balance in the General Fund was an increase of \$4.4 million. The increase in the General Fund for the year is due to an increase in property tax revenues and state funds and effective budgeting of expenses in the General Fund. The net change in fund balance in the Debt Service Fund was an increase of \$508 thousand primarily due to a slight increase in sales tax revenue and state funds.

**General Fund Budget Highlights**

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the General Fund. During the course of fiscal year 2020, the School District amended its General Fund budget as needed.

The School District budget is adopted at the aggregate level and maintained at the program, function, object, and site levels to facilitate budgetary control. The budgeting systems are designed to control the total budget, but provide flexibility to meet the ongoing programmatic needs. The budgeting systems are also designed to control total site budgets but provide flexibility for site management as well.

For the General Fund, the final actual revenues of \$91.6 million were more than the final budget by approximately \$2.5 million. The District does not include revenues in the final budget for school activity accounts.

For the General Fund, the final actual expenditures of approximately \$87.2 million were more than the final budget by \$9 thousand. The District does not include expenditures in the final budget for the school activity accounts.

**OCONEE BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At fiscal year ended June 30, 2020, the School District had \$143.1 million invested in capital assets, net of accumulated depreciation, all in governmental activities. These assets are made up of a broad range of items including buildings; land; land improvements; and food service, transportation and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation, as compared to the prior fiscal year.

**Table 4**  
**Capital Assets at June 30**  
**(Net of Depreciation)**

	Governmental Activities	
	FY 2020	FY 2019
Land	\$ 5,796,851	\$ 5,796,851
Construction in Progress	610,379	3,166,791
Land Improvements	7,520,316	6,903,019
Buildings and Improvements	120,898,988	120,507,670
Equipment	8,244,721	6,868,334
<b>Total</b>	<b>\$ 143,071,255</b>	<b>\$ 143,242,665</b>

Additional information about the School District's Capital Assets can be found in Note 6 to the Financial Statements.

**Long Term Debt**

At June 30, 2020, the School District had just over \$18.2 million in bond and other debt outstanding. Table 5 summarizes the School District's debt as compared to the prior fiscal year.

**Table 5**  
**Change in Long Term Debt**

	Governmental Activities	
	FY 2020	FY 2019
General Obligation Bonds	\$ 17,375,000	\$ 22,740,000
Bond Premiums Unamortized	682,957	1,128,415
Compensated Absences	166,685	138,731
Installment Sales Agreement	-	34,693
<b>Total</b>	<b>\$ 18,224,642</b>	<b>\$ 24,041,839</b>

Additional information about the School District's debt can be found in Note 10 to the Financial Statements.

**OCONEE BOARD OF EDUCATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

Currently known circumstances that are expected to have a significant effect on financial position or results of operations in future years are as follows:

- The School District is financially stable. Oconee County School Districts' priority on academic instruction continues to attract new residents into the county due to the school system's focus on quality instructional programs. The District consistently ranks within the top ten (10) achieving school systems in Georgia.
- Oconee County continues to maintain a stable collection of the assessed taxes. This consistent collection of property taxes has assisted the local school district to meet financial obligations.
- The School District plans to fund additional capital outlays with the one percent local sales tax revenue and state capital outlay grants.
- The Oconee County School System will remain optimistic about the ability to maximize all of the financial resources to provide an exceptional educational experience for our students. The challenge will be to balance revenue streams with occurring increases in expenses (student growth, personnel, employer paid benefits, and operational costs). In spite of these challenges, the School District will continue to be a good steward of tax dollars while providing a quality educational opportunity.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizen's taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Saranna Charping, CFO, at the Oconee County Board of Education, P.O. Box 146, 34 School Street, Watkinsville, Georgia 30677. You may also email your questions to [scharping@oconeeschools.org](mailto:scharping@oconeeschools.org).

## **BASIC FINANCIAL STATEMENTS**

# OCONEE COUNTY BOARD OF EDUCATION

## STATEMENT OF NET POSITION

JUNE 30, 2020

ASSETS	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 38,812,300
Receivables:	
Taxes	2,500,708
Intergovernmental	6,282,645
Other	90,088
Inventory	90,793
Prepaid items	5,905
Capital assets (nondepreciable)	6,407,230
Capital assets (depreciable, net of accumulated depreciation)	136,664,025
Total assets	<u>190,853,694</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension related items	25,391,446
OPEB related items	6,979,838
Total deferred outflows of resources	<u>32,371,284</u>
<b>LIABILITIES</b>	
Accounts payable	190,973
Salaries and benefits payable	12,593,928
Accrued interest payable	222,792
Construction contracts payable	549,865
Retainage payable	60,515
Bonds payable, due within one year	5,575,000
Bonds payable, due in more than one year	12,482,957
Compensated absences, due within one year	150,017
Compensated absences, due in more than one year	16,668
Net pension liability	79,088,666
Net OPEB liability	52,097,221
Total liabilities	<u>163,028,602</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related items	1,936,602
OPEB related items	13,011,699
Total deferred inflows of resources	<u>14,948,301</u>
<b>NET POSITION</b>	
Net investment in capital assets	124,402,918
Restricted for:	
Capital projects	656,499
Debt service	6,263,415
Unrestricted	(86,074,757)
Total net position	<u>\$ 45,248,075</u>

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

**OCONEE COUNTY BOARD OF EDUCATION**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
Instruction	\$ 67,117,967	\$ 996,189	\$ 37,353,831	\$ 1,888,989	\$ (26,878,958)
Support services:					
Pupil services	2,828,872	-	256,339	-	(2,572,533)
Improvement of instructional services	1,448,450	-	447,106	37	(1,001,307)
Educational media services	1,251,383	-	1,154,162	-	(97,221)
Federal grant administration	4,651	-	-	-	(4,651)
General administration	603,703	-	2,000,321	56	1,396,674
School administration	6,399,499	-	2,345,494	407	(4,053,598)
Business administration	681,207	-	-	-	(681,207)
Maintenance and operation of facilities	6,351,274	147,699	2,851,971	1,092	(3,350,512)
Student transportation services	4,440,674	-	881,090	394,657	(3,164,927)
Central support services	856,478	-	14,182	1,460	(840,836)
Other support services	30,000	-	-	-	(30,000)
Operations of non-instructional services:					
Miscellaneous non-instructional services	969,779	2,371,346	-	282	1,401,849
Food services operation	2,339,661	992,925	1,158,870	447	(187,419)
Interest on long-term debt	366,366	-	-	-	(366,366)
Total governmental activities	<u>\$ 95,689,964</u>	<u>\$ 4,508,159</u>	<u>\$ 48,463,366</u>	<u>\$ 2,287,427</u>	<u>(40,431,012)</u>

General revenues:

Taxes:	
Property taxes, levied for general purposes	37,052,487
Sales taxes	8,544,851
Other taxes	1,238,096
Unrestricted investment earnings	500,177
Total general revenues	<u>47,335,611</u>
Change in net position	6,904,599
Net position, beginning of year as restated	38,343,476
Net position, end of year	<u>\$ 45,248,075</u>

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

**OCONEE COUNTY BOARD OF EDUCATION**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020**

ASSETS	General	District-Wide Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	\$ 32,770,966	\$ 46,119	\$ 5,995,215	\$ 38,812,300
Receivables:				
Taxes	934,146	-	1,566,562	2,500,708
Intergovernmental	6,282,645	-	-	6,282,645
Other	86,761	-	3,327	90,088
Due from other funds	-	610,380	-	610,380
Prepaid items	5,905	-	-	5,905
Inventory	90,793	-	-	90,793
<b>Total assets</b>	<b>\$ 40,171,216</b>	<b>\$ 656,499</b>	<b>\$ 7,565,104</b>	<b>\$ 48,392,819</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 190,973	\$ -	\$ -	\$ 190,973
Salaries and benefits payable	12,593,928	-	-	12,593,928
Construction contracts payable	-	549,865	-	549,865
Retainage payable	-	60,515	-	60,515
Due to other funds	-	-	610,380	610,380
<b>Total liabilities</b>	<b>12,784,901</b>	<b>610,380</b>	<b>610,380</b>	<b>14,005,661</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow resources - sales taxes	-	-	468,517	468,517
Deferred inflow resources - property taxes	367,619	-	-	367,619
<b>Total deferred inflows of resources</b>	<b>367,619</b>	<b>-</b>	<b>468,517</b>	<b>836,136</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventory	90,793	-	-	90,793
Prepaid items	5,905	-	-	5,905
Restricted for:				
Capital projects	-	46,119	-	46,119
Debt service	-	-	6,486,207	6,486,207
Assigned for:				
Appropriation for next year's budget	3,841,650	-	-	3,841,650
Unassigned	23,080,348	-	-	23,080,348
<b>Total fund balances</b>	<b>27,018,696</b>	<b>46,119</b>	<b>6,486,207</b>	<b>33,551,022</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 40,171,216</b>	<b>\$ 656,499</b>	<b>\$ 7,565,104</b>	<b>\$ 48,392,819</b>

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



**OCONEE COUNTY BOARD OF EDUCATION**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

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Total fund balances - governmental funds	\$	33,551,022
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Cost	\$	184,364,510	
Less accumulated depreciation		<u>(41,293,255)</u>	143,071,255

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.

Property taxes	\$	367,619	
Sales taxes		<u>468,517</u>	836,136

The net pension liability and related deferrals are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Net pension liability	\$	(79,088,666)	
Pension related deferred outflows of resources		25,391,446	
Pension related deferred inflows of resources		<u>(1,936,602)</u>	(55,633,822)

The net OPEB liability and related deferrals are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Net OPEB liability	\$	(52,097,221)	
OPEB related deferred outflows of resources		6,979,838	
OPEB related deferred inflows of resources		<u>(13,011,699)</u>	(58,129,082)

Long-term liabilities and related items are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Bonds payable	\$	(17,375,000)	
Premium, net of amortization		(682,957)	
Accrued interest		(222,792)	
Compensated absences		<u>(166,685)</u>	(18,447,434)

Net position of governmental activities	\$	<u>45,248,075</u>
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**The accompanying notes are an integral part of these financial statements.**

**OCONEE COUNTY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General	District - Wide Capital Projects	Debt Service	Total Governmental Funds
<b>REVENUES</b>				
Property taxes	\$ 36,932,097	\$ -	\$ -	\$ 36,932,097
Sales taxes	-	-	8,076,334	8,076,334
Other taxes	1,238,096	-	-	1,238,096
State funds	45,452,270	-	2,077,702	47,529,972
Federal funds	3,011,096	-	-	3,011,096
Investment income	481,254	94	18,829	500,177
Charges for services	2,136,813	-	-	2,136,813
Miscellaneous	2,371,346	30	-	2,371,376
Total revenues	<u>91,622,972</u>	<u>124</u>	<u>10,172,865</u>	<u>101,795,961</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	59,792,579	-	-	59,792,579
Support services:				
Pupil services	2,694,344	-	-	2,694,344
Improvement of instructional services	1,378,220	-	-	1,378,220
Educational media services	1,184,472	-	-	1,184,472
Federal grant administration	4,651	-	-	4,651
General administration	573,759	-	-	573,759
School administration	6,023,027	-	-	6,023,027
Business administration	646,929	-	-	646,929
Maintenance and operation of facilities	6,572,319	1,868,415	-	8,440,734
Student transportation services	4,297,064	284,940	-	4,582,004
Central support services	732,692	-	-	732,692
Other support services	30,000	-	-	30,000
Miscellaneous non-instructional services	960,368	-	-	960,368
Food services operation	2,271,913	-	-	2,271,913
Capital outlay	-	1,263,111	-	1,263,111
Debt service:				
Principal retirement	34,693	-	5,365,000	5,399,693
Interest and fees	382	-	882,975	883,357
Total expenditures	<u>87,197,412</u>	<u>3,416,466</u>	<u>6,247,975</u>	<u>96,861,853</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,425,560</u>	<u>(3,416,342)</u>	<u>3,924,890</u>	<u>4,934,108</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	3,416,419	-	3,416,419
Transfers out	-	-	(3,416,419)	(3,416,419)
Proceeds from sale of capital assets	4,200	-	-	4,200
Total other financing sources (uses)	<u>4,200</u>	<u>3,416,419</u>	<u>(3,416,419)</u>	<u>4,200</u>
Net change in fund balances	4,429,760	77	508,471	4,938,308
<b>FUND BALANCES, beginning of year as restated</b>	<u>22,588,936</u>	<u>46,042</u>	<u>5,977,736</u>	<u>28,612,714</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 27,018,696</u>	<u>\$ 46,119</u>	<u>\$ 6,486,207</u>	<u>\$ 33,551,022</u>

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

**OCONEE COUNTY BOARD OF EDUCATION**

**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, 2020**

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

Net change in fund balances - total governmental funds	\$	4,938,308
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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. The amount by which depreciation exceeded capital outlays in the current period is as follows:

Capital outlay	\$	4,370,325	
Depreciation expense		<u>(4,523,782)</u>	(153,457)

In the statement of activities, only the gain or loss on the 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 net book value of the assets disposed.			(17,953)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property taxes	\$	120,390	
Intergovernmental revenue		(1,500)	
Sales taxes		<u>468,517</u>	587,407

In the governmental funds, current year expenditures related to pension and OPEB plans are comprised solely of amounts contributed to the plans for the current year. However, in the statement of activities, expenses related to pension and OPEB plans include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions, OPEB and related items.

Pension related items	\$	(3,932,896)	
OPEB related items		<u>(405,540)</u>	(4,338,436)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments - bonds	\$	5,365,000	
Principal payments - installment sales agreement		<u>34,693</u>	5,399,693

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

Amortization of bond premium	\$	445,458	
Change in compensated absences		(27,954)	
Change in accrued interest		<u>71,533</u>	489,037

Change in net position of governmental activities	\$	<u><u>6,904,599</u></u>
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**The accompanying notes are an integral part of these financial statements.**

**OCONEE COUNTY BOARD OF EDUCATION**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 34,860,260	\$ 36,780,260	\$ 36,932,097	\$ 151,837
Other taxes	725,000	1,135,000	1,238,096	103,096
State funds	44,524,641	45,461,558	45,452,270	(9,288)
Federal funds	2,952,127	3,548,171	3,011,096	(537,075)
Charges for services	1,230,281	1,230,281	2,136,813	906,532
Investment income	195,092	465,092	481,254	16,162
Miscellaneous	636,402	538,533	2,371,346	1,832,813
	<u>85,123,803</u>	<u>89,158,895</u>	<u>91,622,972</u>	<u>2,464,077</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	59,996,037	60,190,881	59,792,579	398,302
Support services:				
Pupil services	2,741,136	2,893,898	2,694,344	199,554
Improvement of instructional services	1,309,639	1,358,909	1,378,220	(19,311)
Educational media services	1,108,286	1,108,381	1,184,472	(76,091)
Federal grant administration	49,360	60,179	4,651	55,528
General administration	765,557	774,057	573,759	200,298
School administration	5,685,781	5,686,201	6,023,027	(336,826)
Business administration	653,932	653,932	646,929	7,003
Maintenance and operation of plant	6,836,850	6,756,850	6,572,319	184,531
Student transportation services	4,146,730	4,261,029	4,297,064	(36,035)
Central support services	736,094	735,967	732,692	3,275
Other support services	60,956	61,087	30,000	31,087
Miscellaneous non-instructional services	-	-	960,368	(960,368)
Food services operation	2,506,896	2,639,517	2,271,913	367,604
Debt service:				
Principal payments	7,000	7,000	34,693	(27,693)
Interest	1,000	1,000	382	618
Total expenditures	<u>86,605,254</u>	<u>87,188,888</u>	<u>87,197,412</u>	<u>(8,524)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,481,451)</u>	<u>1,970,007</u>	<u>4,425,560</u>	<u>2,455,553</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of capital assets	-	-	4,200	4,200
Total other financing sources	<u>-</u>	<u>-</u>	<u>4,200</u>	<u>4,200</u>
Net change in fund balances	<u>(1,481,451)</u>	<u>1,970,007</u>	<u>4,429,760</u>	<u>2,459,753</u>
<b>FUND BALANCES, beginning of year as restated</b>	<u>22,588,936</u>	<u>22,588,936</u>	<u>22,588,936</u>	<u>-</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 21,107,485</u>	<u>\$ 24,558,943</u>	<u>\$ 27,018,696</u>	<u>\$ 2,459,753</u>

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

**OCONEE COUNTY BOARD OF EDUCATION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUND**  
**JUNE 30, 2020**

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<b>ASSETS</b>	<b>Club and Athletics Fund</b>
Cash	\$ 3,808
Total assets	<u>3,808</u>
<b>NET POSITION</b>	
Restricted for individuals and organizations	<u>\$ 3,808</u>

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

**OCONEE COUNTY BOARD OF EDUCATION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**CUSTODIAL FUND**  
**JUNE 30, 2020**

	<b>Club and Athletics Fund</b>
<b>ADDITIONS</b>	
Donations	\$ 58
Dues and fees	95
Fundraising revenues	468
Total additions	621
<b>DEDUCTIONS</b>	
Supplies	220
Total deductions	220
Change in net position	401
<b>NET POSITION</b>	
Beginning of year, as restated	3,407
End of year	\$ 3,808

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

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY**

**Reporting Entity**

The Oconee County Board of Education (School District) was established under the laws of the State of Georgia and operates under the guidance of a school board elected by the voters and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity.

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The School District's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements and notes to the basic financial statements of the Oconee County Board of Education.

***Government-wide Statements:***

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District'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 expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.
- Program revenues include (a) 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.

In the Statement of Net Position, equity is reported as net position and consists of net investment in capital assets, amounts restricted by outside parties for specific purposes, and unrestricted amounts.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund Financial Statements:***

The fund financial statements provide information about the School District's funds, including fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. Separate statements for each category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School District reports the following major governmental funds:

- *General Fund* is the School District's primary operating fund. It accounts for all financial resources of the School District, except those resources required to be accounted for in another fund.
- *District-Wide Capital Projects Fund* accounts for financial resources including Special Purpose Local Option Sales Tax (SPLOST) projects, Bond Proceeds and grants from Georgia State Financing and Investment Commission to be used for the acquisition, construction or renovation of major capital facilities.
- *Debt Service Fund* accounts for taxes (property and special purpose local option sales) legally restricted for the payment of general long-term debt principal, interest and paying agent's fees.

The School District also reports the following fund types:

- *Custodial Fund* accounts for assets held by the School District as a fiduciary for various individual school clubs and activities in which the School District has no administrative involvement.

**Basis of Accounting/Measurement Focus**

The basis of accounting determines when transactions are reported on the financial statements. The School District-wide governmental activities and custodial fund financial statements are reported using the economic resources measurement focus and 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 School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.



**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period; however, intergovernmental revenues reported in the governmental funds are considered to be available if they are collected within 120 days after year-end.

Property taxes, sales taxes, intergovernmental revenue, 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, compensated absences, and other long-term liabilities, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and capital leases are reported as other financing sources.

Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

The State of Georgia reimburses the School District for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School District over the same twelve month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net position available to finance the program. It is the School District's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

**Cash and Cash Equivalents**

**COMPOSITION OF DEPOSITS**

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Georgia Laws OCGA 45-8-14 authorizes the School District to deposit its funds in one or more solvent banks or insured Federal savings and loan associations.

**Investments**

**COMPOSITION OF INVESTMENTS**

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. Both participating interest-earning contracts and money market investments with a maturity at purchase greater than one year are reported at fair value. The Official Code of Georgia Annotated Section 36-83-4 authorizes the School District to invest its funds. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity. Funds may be invested in the following:

- (1) Obligations issued by the State of Georgia or by 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 banker's acceptances,
- (6) The Local Government Investment Pool administered by the State Treasurer of the State of Georgia,
- (7) Repurchase agreements, and
- (8) Obligations of other political subdivisions of the State of Georgia.

The School District does not have a formal policy regarding investments that addresses credit risks, custodial credit risks, concentration of credit risks, interest rate risks or foreign currency risks.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Receivables and Payables**

Receivables consist of amounts due from property and sales taxes, grant reimbursements due on federal, state or other grants for expenditures made but not reimbursed and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements are reported net of an allowance for uncollectible receivables when necessary.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as “due to/from other funds.”

**Property Taxes**

The Oconee County Tax Commissioner levied the property tax for the 2019 tax digest year (calendar year) on August 27, 2019 (levy date). Taxes were due on November 20, 2019 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2019 tax digest are reported as revenue in the governmental funds for fiscal year 2020. The Oconee County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2020, for maintenance and operations amounted to \$34,190,754.

The Georgia Constitution, Article VIII, Section VI, Paragraph I requires the board of education of each school system to annually certify to its fiscal authority or authorities a school tax not greater than 20 mills per dollar for the support and maintenance of education. The Oconee County Board of Education is in compliance with this law. Tax millage rates levied for the 2019 tax year (calendar year) for the Oconee County Board of Education were as follows (a mill equals \$1 per thousand dollars of assessed value):

School Maintenance and Operations	16.5 mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$2,741,343 for the General Fund during the fiscal year ended June 30, 2020.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Sales Taxes**

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$8,076,334 was authorized by local referendum and the sales tax must be re-authorized at least every five years.

**Inventories**

**CONSUMABLE SUPPLIES**

On the basic financial statements, consumable supplies are reported at cost (first-in, first-out). The School District uses the consumption method to account for the consumable supplies inventory whereby an asset is recorded when supplies are purchased and expenses/expenditures are recorded at the time the supplies are consumed.

**FOOD INVENTORIES**

On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their federally assigned value and purchased foods inventories are reported at cost (first-in, first-out). The School District uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

**Prepaid Items**

Payments made to vendors for services that will benefit periods subsequent to June 30, 2020 are recorded as prepaid items using the consumption method.

**Capital Assets**

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the School District-wide financial statements, all purchased capital assets are valued at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at estimated acquisition value on the date donated. Disposals are deleted at depreciated recorded cost. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. Depreciation is computed using the straight-line method. The School District does not capitalize book collections or works of art. Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capitalization thresholds and estimated useful lives of capital assets reported in the School District-wide statements are as follows:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Land Improvements	\$ 25,000	70 years
Buildings and Improvements	\$ 25,000	15 to 70 years
All Equipment	\$ 5,000	5 to 25 years
Intangible Assets	\$ 25,000	15 to 20 years

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has eight (8) items that qualify for reporting in this category which occurs only in the governmental activities. Governmental Activities report (1) a deferred outflow of resources for the School District's actual contributions to the pension plan during the fiscal year ended June 30, 2020 which are subsequent to the measurement date of the net pension liability and will be recognized in fiscal year 2021; (2) a deferred outflow of resources for experience gains or losses related to the pension plan which will be amortized over the remaining service period; (3) a deferred outflow of resources for the changes in actuarial assumptions for the pension plan which will be amortized over the remaining service period; (4) a deferred outflow of resources for the change in the School District's proportionate share based on actual contributions towards the pension plan, which will be amortized over the remaining service period; (5) a deferred outflow of resources for the School District's actual contributions to the OPEB plan during the fiscal year ended June 30, 2020 which are subsequent to the measurement date of the net OPEB liability and will be recognized in fiscal year 2021; (6) a deferred outflow of resources for the net difference between projected and actual investment earnings on the OPEB assets, which will be amortized over a five year period; (7) a deferred outflow of resources for the change in the School District's proportionate share based on actual contributions towards the OPEB plan, which will be amortized over the remaining service period; and (8) a deferred outflow of resources for the changes in actuarial assumptions for the OPEB plan which will be amortized over the remaining service period.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has one type of deferred inflow under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property and sales taxes and intergovernmental revenues and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The School District has four (4) items that qualify for reporting in this category which occurs only in the governmental activities. Governmental Activities report (1) a deferred inflow of resources for the net difference between projected and actual investment earnings on the pension assets, which will be amortized over a five year period; (2) a deferred inflow of resources for experience gains or losses from periodic studies by the actuary for both pension and OPEB, which will be amortized over the remaining service period; (3) a deferred inflow of resources for the change in the School District's proportionate share based on actual contributions towards the pension plan, which will be amortized over the remaining service period; and (4) a deferred inflow of resources for the changes in actuarial assumptions in relation to the OPEB plan which will be amortized over the remaining service period.

**General Obligation Bonds**

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund existing general obligations bonds. Bond issuance costs are recognized in the financial statements during the fiscal year bonds are issued. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

In the fund financial statements, the face amount of debt issued and any related premium, is reported as other financing sources. Issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Compensated Absences**

All 12-month personnel of Oconee County Board of Education earn 15 annual vacation days per year from July 1 through June 30. Annual vacation leave is credited to 12-month employees at the rate of 1.25 days per month, for a total of 15 days per year between July 1 and June 30. Employees may carryforward a maximum of 7.5 vacation days at July 1 of each year. Accrued vacation and compensated absences are shown as long-term liabilities on the statement of net position. A fund liability is accrued only for the matured portion of compensated absences at fiscal year end.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Retirement System of Georgia (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees Retirement System of Georgia (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Other Postemployment benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Georgia School Employees Postemployment Benefit Fund (School OPEB Fund) and additions to/deductions from the School OPEB Fund's fiduciary net position have been determined on the same basis as they are reported by the School OPEB Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Fund Equity**

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

***Fund Balance*** – Generally, fund balance represents the difference between the assets, liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through the adoption of a resolution. Only the Board of Education may modify or rescind the commitment, also through a resolution.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the Superintendent or his or her designee to assign fund balances.



**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- *Unassigned* – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The School District reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

*Flow Assumptions* – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

*Net Position* – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the School District has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The School District adopts an annual budget for the General Fund and Debt Service Fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167 and in accordance with U.S. generally accepted accounting principles. The legal level of budgetary control was established by the Board and the aggregate function level. After the Board of Education has tentatively adopted the budget, such budget is advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budget is revised as necessary and adopted as the final budget.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

The following functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2020:

General Fund:	
Support services:	
Improvement of instructional services	\$ 19,311
Educational media services	76,091
School administration	336,826
Student transportation services	36,035
Miscellaneous non-instructional services	960,368
Debt service:	
Principal payments	27,693

The excess of expenditures over budget that are noted above were primarily funded by greater than anticipated revenues.

**Note 4: DEPOSITS AND INVESTMENTS**

**INVESTMENTS**

At June 30, 2020, the School District's investments consist of funds in the amount of \$82,888 which are on deposit in the Georgia Fund 1, the State of Georgia investment pool created by OCGA 36-83-8, which is a stable asset value investment pool which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair value as of year-end and the School District's investment in the Georgia Fund 1 is reported at fair value. The School District considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

At June 30, 2020, the School District's investment in the Georgia Fund 1 is rated AAAf and the Georgia Fund 1 has a weighted average maturity of 38 days. The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the School District does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 4: DEPOSITS AND INVESTMENTS (Continued)**

**CUSTODIAL CREDIT RISK**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2020, the financial institution holding some of the District's deposits is a participant in the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2020, the School District's cash accounts were insured and/or collateralized as defined by GASB Standards.

**Note 5: NON-MONETARY TRANSACTIONS**

The School District receives food commodities from the United States Department of Agriculture (USDA) for school breakfast and lunch programs. For the year ended June 30, 2020, the commodities usage is recorded at their federally assigned value of \$171,121.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 6: CAPITAL ASSETS**

The following is a summary of changes in the capital assets during the fiscal year:

	<u>Balances June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balances June 30, 2020</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 5,796,851	\$ -	\$ -	\$ -	\$ 5,796,851
Construction in progress	3,166,791	610,380	-	(3,166,792)	610,379
Total	<u>8,963,642</u>	<u>610,380</u>	<u>-</u>	<u>(3,166,792)</u>	<u>6,407,230</u>
Capital assets, being depreciated:					
Building improvements	148,811,242	692,308	(29,857)	2,468,716	151,942,409
Equipment	14,243,593	3,022,313	(449,970)	-	16,815,936
Land improvements	8,455,535	45,324	-	698,076	9,198,935
Total	<u>171,510,370</u>	<u>3,759,945</u>	<u>(479,827)</u>	<u>3,166,792</u>	<u>177,957,280</u>
Less accumulated depreciation for:					
Building improvements	(28,303,572)	(2,756,768)	16,919	-	(31,043,421)
Equipment	(7,375,259)	(1,640,911)	444,955	-	(8,571,215)
Land improvements	(1,552,516)	(126,103)	-	-	(1,678,619)
Total	<u>(37,231,347)</u>	<u>(4,523,782)</u>	<u>461,874</u>	<u>-</u>	<u>(41,293,255)</u>
Total capital assets, being depreciated, net	<u>134,279,023</u>	<u>(763,837)</u>	<u>(17,953)</u>	<u>3,166,792</u>	<u>136,664,025</u>
Governmental activities capital assets, net	<u>\$ 143,242,665</u>	<u>\$ (153,457)</u>	<u>\$ (17,953)</u>	<u>\$ -</u>	<u>\$ 143,071,255</u>

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 6: CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions as follows:

Instruction	\$	3,833,070
Support services:		
Improvement of instructional services		2,069
General administration		3,128
School Administration		22,802
Maintenance and operation of facilities		61,114
Student transportation services		479,058
Central Support Services		81,766
Operations of non-instructional services:		
Food services		25,006
Other enterprise operations		15,769
		\$ 4,523,782

**Note 7: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables/payables as of June 30, 2020, consisted of the following:

Interfund Payable	Interfund Receivable	Total
Debt Service	District-Wide Capital Projects	\$ 610,380

The interfund balance above represents expenditures incurred by the District-Wide Capital Projects Fund for certain capital projects, which will be repaid with future collections of sales tax or bond proceeds.

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Transfer From	Transfer To	Total
Debt Service	District-Wide Capital Projects	\$ 3,416,419

Transfers are used to move SPLOST proceeds from Debt Service Fund to District-Wide Capital Projects Fund to fund SPLOST projects as allowed in the referendum.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 8: RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; job related illness or injuries to employees; acts of God; and unemployment compensation and vision plan.

The School District has obtained commercial insurance for risk of loss associated with torts, assets and errors or omissions. The School District has neither significantly reduced coverage for these risks or incurred losses (settlements) which exceeded the School District's insurance coverage in any of the past three years.

The School District has obtained commercial insurance for all losses related to acts of God. The School District has not experienced any losses related to this risk in the past three years.

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the General Fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

There were no changes in the unemployment compensation claims liability during the last two fiscal years.

The School District pays an annual premium for its general insurance coverage. The School District has purchased surety bonds to provide additional insurance coverage as follows:

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$100,000
Driver Education	\$10,000

**Note 9: OPERATING LEASES**

Oconee County Board of Education is committed under various leases for equipment. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year totaled approximately \$173,551. Future minimum lease payments on these leases are as follows:

<u>Year ending June 30,</u>	
2021	\$ 76,035
2022	31,751
2023	6,524
Total	<u>\$ 114,310</u>

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 10: LONG – TERM DEBT**

GENERAL OBLIGATION DEBT OUTSTANDING

General Obligation Bonds currently outstanding are as follows:

Purpose	Interest Rates	Outstanding Balance at June 30, 2020
General Government - Series 2017	2.50% - 4.00%	\$ 17,375,000

The changes in long-term obligations during the fiscal year ended June 30, 2020, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 22,740,000	\$ -	\$ (5,365,000)	\$ 17,375,000	\$ 5,575,000
Unamortized bond premium	1,128,415	-	(445,458)	682,957	-
Bonds payable, net	23,868,415	-	(5,810,458)	18,057,957	5,575,000
Compensated absences	138,731	388,448	(360,494)	166,685	150,017
Installment sales agreement	34,693	-	(34,693)	-	-
Net pension liability	66,060,250	22,487,061	(9,458,645)	79,088,666	-
Net OPEB liability	51,200,999	7,685,548	(6,789,326)	52,097,221	-
Governmental activity					
Long-term liabilities	\$ 141,303,088	\$ 30,561,057	\$ (22,453,616)	\$ 149,410,529	\$ 5,725,017

For governmental activities, the net pension liability, net OPEB liability and compensated absences are being liquidated primarily by the General Fund.

In February 2017, the Oconee County School District issued \$22,740,000 of General Obligation Bonds Series 2017. The 2017 bonds were issued to (i) finance certain capital outlay projects, (ii) paying capitalized interest and (iii) paying the cost of issuing the Series 2017 Bonds. Interest on the Bonds is payable semiannually, on March 1 and September 1 of each year, commencing September 1, 2017.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 10: LONG – TERM DEBT (Continued)**

At June 30, 2020, payments due by fiscal year, which includes principal and interest, for these items are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2021	\$ 5,575,000	\$ 668,375	\$ 6,243,375
2022	5,800,000	445,375	6,245,375
2023	6,000,000	240,000	6,240,000
Total	\$ 17,375,000	\$ 1,353,750	\$ 18,728,750

**Note 11: SIGNIFICANT COMMITMENTS**

The following is an analysis of significant outstanding construction or renovation contracts executed by the District as of June 30, 2020:

Project	Amount
North Oconee High School and Oconee County Middle School Field Lighting	\$ 91,815

The amount described in this note is not reflected in the basic financial statements.

**Note 12: ON-BEHALF PAYMENTS**

The School District has recognized revenues and costs in the amount of \$194,416 for retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education Paid to the Teachers Retirement District for Teachers Retirement (TRS)	\$60,761
State Treasurer of the State of Georgia Paid to the Public School Employees Retirement System for Public School Employees Retirement (PSERS) Employer's Cost	\$133,655



**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 13: SIGNIFICANT CONTINGENT LIABILITIES**

Amounts received or receivable principally from the federal government are subject to audit and review by grantor agencies. This could result in requests for reimbursement to the grantor agency for any costs which are disallowed under grant terms. The School District believes that such disallowances, if any, will be immaterial to its overall financial position.

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable, but is not believed to be material to the basic financial statements.

**Note 14: RETIREMENT PLANS**

**GENERAL INFORMATION ABOUT THE TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)**

***Plan description:*** All teachers of the School District as defined in §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) and certain other support personnel as defined by §47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at [www.trsga.com/publications](http://www.trsga.com/publications).

***Benefits provided:*** TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 14: RETIREMENT PLANS (Continued)**

**GENERAL INFORMATION ABOUT THE TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS) (Continued)**

*Contributions:* Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00 % of their annual pay during fiscal year 2020. The School District’s contractually required contribution rate for the year ended June 30, 2020 was 21.14% of annual school district payroll. School District contributions to TRS were \$10,411,376 for the year ended June 30, 2020.

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for support attributable to those personnel funded on behalf of the District by the State of Georgia. The amount recognized by the District as its proportionate share of the net pension liability, the related State of Georgia funding, and the total portion of the net pension liability that was associated with the District were as follows:

School District’s proportionate share of the net pension liability	\$	79,088,666
State of Georgia’s proportionate share of the net pension liability associated with the School District		474,995
Total	\$	79,563,661

The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The School District’s proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2019. At June 30, 2019, the School District’s proportion was 0.367808%, which was an increase of 0.011921% from its proportion measured as of June 30, 2018.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 14: RETIREMENT PLANS (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

For the year ended June 30, 2020, the District recognized pension expense of \$14,344,272 and revenue of \$34,567 for support provided by the State of Georgia for certain support personnel. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 4,457,840	\$ 23,448
Changes in assumption	7,589,589	-
Net difference between projected and actual earnings on pension plan investments	-	1,883,342
Changes in proportion and differences between District contributions and proportionate share of contributions	2,932,641	29,812
District contributions subsequent to the measurement date	<u>10,411,376</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 25,391,446</u></b>	<b><u>\$ 1,936,602</u></b>

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 14: RETIREMENT PLANS (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

District contributions subsequent to the measurement date of \$10,411,376 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30:</b>	
2021	\$ 5,182,985
2022	1,569,432
2023	3,241,012
2024	3,050,039
Total	\$ 13,043,468

**Actuarial assumptions:** The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00 – 8.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Postretirement benefit increases	1.50% semi-annually

Postretirement mortality rates were based on the RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on November 18, 2015, the numbers of expected future deaths are 8-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 14: RETIREMENT PLANS (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014 with the exception of the long-term assumed rate of return on assets (discount rate) which was changed from 7.50% to 7.25%, and the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	(0.10)%
Domestic large equities	51.00	8.90
Domestic small equities	1.50	13.20
International developed market equities	12.40	8.90
International emerging market equities	5.10	10.90
Total	<u>100.00%</u>	

\* Rates shown are net of the 2.25% assumed rate of inflation

**Discount rate:** The discount rate used to measure the total pension liability was 7.25%, which was a decrease from the discount rate of 7.50% utilized in the previous valuation. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 14: RETIREMENT PLANS (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

***Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate:*** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current discount rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 128,384,052	\$ 79,088,666	\$ 38,550,343

***Pension plan fiduciary net position:*** Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publically available at [www.trsga.com/publications](http://www.trsga.com/publications).

**GENERAL INFORMATION ABOUT THE PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM (PSERS)**

***Plan description:*** PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at [www.ers.ga.gov/financials](http://www.ers.ga.gov/financials).

***Benefits provided:*** A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of \$15.25, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 14: RETIREMENT PLANS (Continued)**

**GENERAL INFORMATION ABOUT THE PUBLIC SCHOOLS EMPLOYEES  
RETIREMENT SYSTEM (PSERS) (Continued)**

*Contributions:* The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with O.C.G.A. §47-4-29(a) and 60(b). Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees.

***Pension Liabilities and Pension Expense***

At June 30, 2020, the District did not have a liability for a proportionate share of the net pension liability because of the related State of Georgia support. The amount of the State's proportionate share of the net pension liability associated with the District is as follows:

State of Georgia's proportionate share of the Net Pension Liability associated with the District	<u>\$ 796,924</u>
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The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$245,762 and revenue of \$245,762 for support provided by the State of Georgia.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 14: RETIREMENT PLANS (Continued)**

**GENERAL INFORMATION ABOUT THE PUBLIC SCHOOLS EMPLOYEES  
RETIREMENT SYSTEM (PSERS) (Continued)**

*Actuarial assumptions:* The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	N/A
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Postretirement mortality rates were based on the RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) for the period after service retirements and for dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward 5 years for both males and females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014, with the exception of the assumed investment rate of return. Subsequent to the June 30, 2017 measurement date, the School District adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 valuation.



**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 14: RETIREMENT PLANS (Continued)**

**GENERAL INFORMATION ABOUT THE PUBLIC SCHOOLS EMPLOYEES  
RETIREMENT SYSTEM (PSERS) (Continued)**

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	(.10)%
Domestic large stocks	46.20	8.90
Domestic small stocks	1.30	13.20
International developed market stocks	12.40	8.90
International emerging market stocks	5.10	10.90
Alternatives	5.00	12.00
Total	<u>100.00%</u>	

\* Rates shown are net of the 2.75% assumed rate of inflation

**Discount rate:** The discount rate used to measure the collective total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 15: POSTEMPLOYMENT BENEFITS**

**GEORGIA SCHOOL PERSONNEL EMPLOYEES POSTEMPLOYMENT HEALTH BENEFIT FUND**

**Plan Description.** The District participates in the State of Georgia School Employees Postemployment Benefit Fund (School OPEB Fund), which is an other postemployment benefit (OPEB) plan administered by the State of Georgia Department of Community Health (DCH). Certified teachers and non-certified employees of the District as defined in §20-2-875 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund of the State of Georgia and administered by a Board of Community Health (DCH Board). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the DCH Board. The School OPEB Fund is included in the State of Georgia Comprehensive Annual Financial Report which is publicly available and can be obtained at <https://sao.georgia.gov/comprehensive-annual-financial-reports>.

**Benefits.** The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies, and non-certified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement System (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public School Employees Retirement System (PSERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

**Contributions.** As established by the Board of Community Health, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions required and made to the School OPEB Fund from the District were \$1,515,229 for the year ended June 30, 2020. Active employees are not required to contribute to the School OPEB Fund.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 15: POSTEMPLOYMENT BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2020, the District reported a liability of \$52,097,221 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. An expected total OPEB liability as of June 30, 2019 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was actuarially determined based on employer contributions to the School OPEB Fund during the fiscal year ended June 30, 2019. At June 30, 2019, the District's proportion was 0.424516%, which was an increase of 0.021666% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,920,769. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on OPEB plan investments	\$ 113,452	\$ -
Differences between expected and actual experience	-	5,667,636
Changes in proportion and differences between District contributions and proportionate share of contributions	3,541,922	-
Changes in plan assumptions	1,809,235	7,344,063
District contributions subsequent to the measurement date	1,515,229	-
Total	<u>\$ 6,979,838</u>	<u>\$ 13,011,699</u>

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 15: POSTEMPLOYMENT BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

District contributions subsequent to the measurement date of \$1,515,229 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ending June 30:</b>	
2021	\$ (1,807,048)
2022	(1,807,048)
2023	(1,811,410)
2024	(1,511,323)
2025	(603,260)
2026	(7,001)
Total	<u>\$ (7,547,090)</u>

**Actuarial assumptions:**

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Inflation	2.75%
Salary Increases	3.25-8.75%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate:	
Pre-Medicare eligible	7.25%
Medicare eligible	5.375%
Ultimate trend rate	
Pre-Medicare eligible	4.75%
Medicare eligible	4.75%
Year of ultimate trend rate	
Pre-Medicare eligible	2028
Medicare eligible	2022

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 15: POSTEMPLOYMENT BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB as follows:

- For TRS members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward 1 year for males) is used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females) is used for death after disability retirement.
- For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward 5 years for both males and females) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation are based on the results of the most recent actuarial experience studies for the pension systems, which covered the five year period ending June 30, 2014 and adopted by the pension Board on November 18, 2015. The next experience study for TRS will be for the period ending June 30, 2018.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

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

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 15: POSTEMPLOYMENT BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rate of return for the major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed income	30.00%	(0.10)%
Domestic Stocks - Large Cap	46.20	8.90
Domestic Stocks - Small Cap	1.30	13.20
Int'l Stocks - Developed Mkt	12.40	8.90
Int'l Stocks - Emerging Mkt	5.10	10.90
Alternatives	5.00	12.00
Total	<u>100.00%</u>	

**Discount rate:**

In order to measure the total OPEB liability for the School OPEB, a single equivalent interest rate of 3.58% was used as the discount rate, as compared with last year's rate of 3.87%. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation bonds with an average rating of AA or higher (3.5% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employers will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all members were projected through 2119. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2026. Therefore, the calculated discount rate of 3.58% was applied to all periods of projected benefit payments to determine the total OPEB liability.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 15: POSTEMPLOYMENT BENEFITS (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate:**

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.58%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

	<b>1% Decrease (2.58%)</b>	<b>Current discount rate (3.58%)</b>	<b>1% Increase (4.58%)</b>
School District's proportionate share of the net OPEB liability	\$ 60,554,166	\$ 52,097,221	\$ 45,217,876

**Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rate:**

The following presents the School District's proportionate share of the net OPEB liability, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	<b>1% Decrease</b>	<b>Current Healthcare cost trend rate</b>	<b>1% Increase</b>
School District's proportionate share of the net OPEB liability	\$ 43,886,389	\$ 52,097,221	\$ 62,525,601

**Note 16: TAX ABATEMENTS**

For the year ended June 30, 2020, School District property tax revenues were reduced by \$460,496 under agreements entered into by Oconee County Industrial Development Authority. Under the agreements, taxes on both real property and personal property are reduced based on jobs created and investments made by the corporation to whom the incentives were offered as long as the corporation meets certain investment targets.

**OCONEE COUNTY BOARD OF EDUCATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**Note 17: CHANGE IN ACCOUNTING PRINCIPLE**

In fiscal year 2020, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. Therefore, in conjunction with the implementation of GASB Statement No. 84, the following restatements were required to the beginning net position of the Governmental Activities and Fiduciary Activities and the beginning fund balance of the General Fund to properly report the custodial fund and other individual school accounts, as follows:

	Governmental Activities
Net position, July 1, 2019 as previously reported	\$ 38,161,962
Restatement for Implementation of GASBS No. 84	181,514
Net position, July 1, 2019 as restated	\$ 38,343,476
	General Fund
Fund balance, July 1, 2019 as previously reported	\$ 22,407,422
Restatement for Implementation of GASBS No. 84	181,514
Fund Balance, July 1, 2019 as restated	\$ 22,588,936
	Fiduciary Activities
Net position, July 1, 2019 as previously reported	\$ -
Restatement for Implementation of GASBS No. 84	3,407
Net position, July 1, 2019 as restated	\$ 3,407



## **II. REQUIRED SUPPLEMENTARY INFORMATION**

# OCONEE COUNTY BOARD OF EDUCATION

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY TEACHERS RETIREMENT SYSTEM OF GEORGIA FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.367808%	0.355887%	0.347123%
District's proportionate share of the net pension liability	\$ 79,088,666	\$ 66,060,250	\$ 64,513,879
State of Georgia's proportionate share of the net pension liability associated with the District	<u>474,995</u>	<u>291,611</u>	<u>528,194</u>
Total	<u>\$ 79,563,661</u>	<u>\$ 66,351,861</u>	<u>\$ 65,042,073</u>
District's covered payroll	\$ 45,157,211	\$ 42,388,441	\$ 39,857,744
District's proportionate share of the net pension liability as a percentage of its covered payroll	175.14%	155.84%	161.86%
Plan fiduciary net position as a percentage of the total pension liability	78.56%	80.27%	79.33%
	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.343671%	0.341933%	0.346482%
District's proportionate share of the net pension liability	\$ 70,903,159	\$ 52,055,904	\$ 43,773,431
State of Georgia's proportionate share of the net pension liability associated with the District	<u>944,492</u>	<u>610,787</u>	<u>470,099</u>
Total	<u>\$ 71,847,651</u>	<u>\$ 52,666,691</u>	<u>\$ 44,243,530</u>
District's covered payroll	\$ 37,697,316	\$ 36,092,996	\$ 35,348,046
District's proportionate share of the net pension liability as a percentage of its covered payroll	188.09%	144.23%	123.84%
Plan fiduciary net position as a percentage of the total pension liability	76.06%	81.44%	84.03%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

# OCONEE COUNTY BOARD OF EDUCATION

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS TEACHERS RETIREMENT SYSTEM OF GEORGIA FOR THE FISCAL YEAR ENDED JUNE 30

	2020	2019	2018	2017
Contractually required contributions	\$ 10,411,376	\$ 9,437,857	\$ 7,125,497	\$ 5,687,700
Contributions in relation to the contractually required contributions	<u>10,411,376</u>	<u>9,437,857</u>	<u>7,125,497</u>	<u>5,687,700</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	49,249,650	45,157,211	42,388,441	39,857,744
Contributions as a percentage of covered payroll	21.14%	20.90%	16.81%	14.27%
	2016	2015	2014	
Contractually required contributions	\$ 5,379,407	\$ 4,746,229	\$ 4,340,740	
Contributions in relation to the contractually required contributions	<u>5,379,407</u>	<u>4,746,229</u>	<u>4,340,740</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
District's covered payroll	37,697,316	36,092,996	35,348,046	
Contributions as a percentage of covered payroll	14.27%	13.15%	12.28%	

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

# OCONEE COUNTY BOARD OF EDUCATION

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY PUBLIC SCHOOLS EMPLOYEES RETIREMENT SYSTEM OF GEORGIA FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the District	<u>769,924</u>	<u>727,902</u>	<u>661,654</u>
Total	<u>\$ 769,924</u>	<u>\$ 727,902</u>	<u>\$ 661,654</u>
District's covered-employee payroll	\$ 2,734,268	\$ 2,458,766	\$ 2,363,263
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	85.02%	85.26%	85.69%
	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the District	<u>946,208</u>	<u>606,841</u>	<u>530,173</u>
Total	<u>\$ 946,208</u>	<u>\$ 606,841</u>	<u>\$ 530,173</u>
District's covered-employee payroll	\$ 2,274,156	\$ 1,747,927	\$ 1,677,933
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	81.00%	87.00%	88.29%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

# OCONEE COUNTY BOARD OF EDUCATION

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY SCHOOL OPEB FUND FOR THE FISCAL YEAR ENDED JUNE 30

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	2020	2019	2018
District's proportion of the net OPEB liability	0.424516%	0.402850%	0.398940%
District's proportionate share of the net OPEB liability	\$ 52,097,221	\$ 51,200,999	\$ 56,050,909
District's covered-employee payroll	\$ 32,651,028	\$ 33,968,564	\$ 32,293,538
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	159.56%	150.73%	173.57%
Plan fiduciary net position as a percentage of the total OPEB liability	4.63%	2.93%	1.61%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

# OCONEE COUNTY BOARD OF EDUCATION

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS SCHOOL OPEB FUND FOR THE FISCAL YEAR ENDED JUNE 30

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	2020	2019	2018
Contractually required contributions	\$ 1,515,229	\$ 2,286,311	\$ 2,087,933
Contributions in relation to the contractually required contributions	<u>1,515,229</u>	<u>2,286,311</u>	<u>2,087,933</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	40,355,619	32,651,028	33,968,564
Contributions as a percentage of covered-employee payroll	3.75%	7.00%	6.15%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

# OCONEE COUNTY BOARD OF EDUCATION

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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### **Teachers Retirement System of Georgia:**

*Changes of assumptions:* In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

### **Public Schools Employees Retirement System of Georgia:**

*Changes of assumptions:* In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement and withdrawal. The expectation of retired life mortality was changed to the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females).

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date.

### **School OPEB Fund:**

*Changes of benefit terms:* In the June 30, 2010 actuarial valuation, there was a change of benefit terms to require Medicare-eligible recipients to enroll in a Medicare Advantage plan to receive the State subsidy.

*Changes in assumptions:* The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to State OPEB fund based on their last employer payroll location; irrespective of retirement affiliation.

In the June 30, 2015 actuarial valuation, decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.

In the June 30, 2012 actuarial valuation, a data audit was performed and data collection procedures and assumptions were changed.

### **III. OTHER SUPPLEMENTARY INFORMATION**



# OCONEE COUNTY BOARD OF EDUCATION

## SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Project	Original Estimated Cost(1)	Current Estimated Cost(2)	Expended In Current Year (3)	Expended In Prior Years (3)	Total Completion Cost	Project Status
<b>2017 Referendum - ESPLOST V Projects:</b>						
Acquiring, constructing and equipping new schools, administrative and service facilities and or additions to, renovations of, repairs to, improvements to, and equipment for existing educational, administrative and services buildings, properties, and facilities of the School District, including, without limitation, athletic facilities, transportation facilities, and educational facilities; heating and air systems; technology infrastructure;	\$ 40,000,000	\$ 40,000,000	\$ 1,936,799	\$ 28,005,200	\$ 29,941,999	Ongoing
Acquiring real and personal property for future school or administrative and services facility sites and school buses;	4,500,000	3,700,000	284,940	1,309,314	1,594,254	Ongoing
Paying expenses incidental thereto;	<u>500,000</u>	<u>1,300,000</u>	<u>-</u>	<u>1,276,556</u>	<u>1,276,556</u>	Ongoing
Total ESPLOST V expenditures	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>	<u>\$ 2,221,739</u>	<u>\$ 30,591,070</u>	<u>\$ 32,812,809</u>	
Total ESPLOST expenditures	<u>\$ 45,000,000</u>	<u>\$ 45,000,000</u>	<u>\$ 2,221,739</u>	<u>\$ 30,591,070</u>	<u>\$ 32,812,809</u>	

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.

(2) The School District's current estimate of total cost for the project(s). Includes all cost from project inception to completion.

(3) The voters of Oconee County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

#### **IV. SINGLE AUDIT SECTION**



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

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**To the Superintendent and Members of  
the Oconee County Board of Education  
Watkinsville, 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, each major fund, and the aggregate remaining fund information of the Oconee County Board of Education (the "District") as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 18, 2021. Our report includes a reference to the change in accounting principle resulting from the implementation of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, as of July 1, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") as a basis for designing 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
February 18, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

---

**To the Superintendent and Members of  
the Oconee County Board of Education  
Watkinsville, Georgia**

**Report on Compliance for Each Major Federal Program**

We have audited the Oconee County Board of Education (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
February 18, 2021

# OCONEE COUNTY BOARD OF EDUCATION

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Expenditures
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>			
Passed through Georgia Department of Education:			
Child Nutrition Cluster			
School Breakfast Program - Cash Assistance	10.553	195GA324N1099	\$ 173,149
National School Lunch Program:			
Non-Cash Assistance - Commodities (1)	10.555	195GA324N1100	171,121
Cash Assistance	10.555	195GA324N1100	579,668
Total Child Nutrition Cluster			<u>923,938</u>
Passed through Office of State Treasurer:			
Forest Service Schools and Roads Cluster			
School and Roads - Grants to States	10.665	486Forest	36
Total Forest Service Schools and Roads Cluster			<u>36</u>
Passed through Georgia Department of Education:			
Food Services			
Commercial Warehouse and Storage	10.560	195GA904N2533	7,954
Total U. S. Department of Agriculture			<u>931,928</u>
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Passed through the Georgia Department of Education:			
Title I, Part A			
Title I Programs - Improving Academic Achievement of the Disadvantaged	84.010	S010A180010	49,440
Title I Programs - Improving Academic Achievement of the Disadvantaged	84.010	S010A190010	389,673
Total Title I, Part A			<u>439,113</u>
Title II-A - Improving Teacher Quality	84.367	S367A180001	22,040
Title II-A - Improving Teacher Quality	84.367	S367A190001	79,109
Title II-A - Advance Placement Grant	84.367	S367A180001	1,420
Title II-A - Advance Placement Grant	84.367	S367A190001	1,500
Subtotal			<u>104,069</u>
Special Education Cluster (IDEA)			
Title VI-B Flowthrough	84.027	H027A180073	314,696
Title VI-B Flowthrough	84.027	H027A190073	911,520
Title VI-B Parent Mentor	84.027	H027A190073	14,400
Title VI-B High Cost Fund Pool	84.173	H173A190081	10,394
Title VI-B Preschool	84.173	H173A190081	42,220
Total Special Education Cluster (IDEA)			<u>1,293,230</u>

(Continued)



# OCONEE COUNTY BOARD OF EDUCATION

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Expenditures
<b>U. S. DEPARTMENT OF EDUCATION (Continued):</b>			
Title III - Immigrant	84.365	S365A180010	\$ 336
Title III - Immigrant	84.365	S365A190010	269
Title III - Limited English Proficient	84.365	S365A180010	2,367
Title III - Limited English Proficient	84.365	S365A190010	<u>18,027</u>
			<u>20,999</u>
Vocational Education - Perkins IV - Reserve - Perkins Carryover	84.048	V048A190010	977
Vocational Education - Perkins Plus Reserve	84.048	V048A190010	7,513
Vocational Education - Perkins IV - Program Improvement	84.048	V048A190010	<u>33,575</u>
Total Vocational Education			<u>42,065</u>
Title IV - Part A Student Support and Academic Enrichment	84.424	S424A180011	31,087
COVID-19 Education Stabilization Funds	84.425D	S425D200012	148,605
Total U. S. Department of Education - Passed Through Georgia Department of Education			<u>2,079,168</u>
Total Expenditures of Federal Awards			<u>\$ 3,011,096</u>

**Notes to the Schedule of Expenditures of Federal Awards:**

- (1) The amounts shown for the Food Distribution Program represents the federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the system during the current fiscal year.
  
- (2) The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Oconee County Board of Education and is presented on the modified accrual basis of accounting.
  
- (3) The School District did not utilize the 10% de minimis indirect cost rate.
  
- (4) The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**OCONEE COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION I**  
**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:  
 Material weaknesses identified?

yes  no

Significant deficiencies identified?

yes  none reported

Noncompliance material to financial statements noted?

yes  no

**Federal Awards**

Internal Control over major federal programs:  
 Material weakness(es) identified?

yes  no

Significant deficiency(ies) identified?

yes  none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

yes  no

Identification of major federal programs:

CFDA Number  
 10.553, 10.555

Name of Federal Program or Cluster  
 Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes  no

**OCONEE COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION II**  
**FINANCIAL STATEMENT FINDINGS AND RESPONSES**

**None reported.**

**OCONEE COUNTY BOARD OF EDUCATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION III**  
**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**None reported.**

**OCONEE COUNTY BOARD OF EDUCATION**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**STATUS OF PRIOR YEAR FINDINGS**

**None reported.**

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**APPENDIX B**

**FORM OF OPINION OF BOND COUNSEL**

The form of Opinion of Bond Counsel included as this Appendix B has been prepared by Gray Pannell & Woodward LLP, Athens, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Series 2021 Bonds.

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**GRAY PANNELL & WOODWARD**  
*Attorneys at Law* LLP

347 W. Hancock Ave., Suite 100  
Athens, Georgia 30601  
(706) 510-1550

191 Peachtree Tower  
191 Peachtree Street NE, Suite 3280  
Atlanta, Georgia 30303  
(404) 480-8899

gpwlawfirm.com

June 9, 2021

Oconee County School District  
Watkinsville, Georgia

Re: \$37,200,000 OCONEE COUNTY SCHOOL DISTRICT (GEORGIA) GENERAL  
OBLIGATION BONDS, SERIES 2021

To the Addressee:

We have acted as bond counsel in connection with the issuance by the Oconee County School District (the "School District") of \$37,200,000 in aggregate principal amount of OCONEE COUNTY SCHOOL DISTRICT GENERAL OBLIGATION BONDS, SERIES 2021 (the "Bonds"), dated as of the date of issuance and delivery thereof. In this capacity we have examined (i) the Constitution and general laws of the State of Georgia; (ii) certified copies of proceedings of the Board of Education of Oconee County (the "Board of Education"), acting for and on behalf of the School District, which School District comprises all of Oconee County, Georgia, including a resolution adopted by the Board of Education on December 14, 2020, calling a general obligation bond election and for the continuation of the educational sales and use tax held in Oconee County on March 16, 2021 (the "Election"); (iii) a certified copy of a bond resolution adopted by the Board of Education on May 18, 2021 (the "Resolution"); (iv) a certified copy of the proceedings in and the judgment of the Superior Court of Oconee County, Georgia, by which the Bonds were validated; and (v) other proofs authorizing and relating to the issuance of the Bonds, including a copy of the consolidated returns of the Election.

As to questions of fact material to our opinion, we have relied upon representations of the Board of Education contained in the Resolution and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

The Bonds are subject to transfer and exchange in the manner and on the terms specified in the Resolution. The Bonds are being issued pursuant to a book-entry system in fully registered form. The principal of the Bonds matures on March 1 in the years and amounts set forth in the Resolution and is not subject to redemption prior to maturity. Interest on each Bond is payable on March 1 and September 1 in each year, beginning on September 1, 2021, in the manner and at

the rate of interest stated in each Bond and the Resolution until the obligation with respect to the payment of the principal of such Bond shall be discharged.

The legal opinions expressed herein are based upon existing law, are subject to judicial discretion regarding usual equity principles and do not relate to compliance by the School District, the initial purchasers of the Bonds, or any other party with any statute, regulation or ruling of the State of Georgia or the United States of America regarding the sale (other than the initial sale by the School District) or distribution of the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code") sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for purposes of federal income taxation. Non-compliance with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issue thereof. Pursuant to the Resolution, the Board of Education has covenanted to comply with the requirements of the Code in order to maintain the exclusion from federal gross income of interest on the Bonds.

In reliance upon and subject to the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized and issued by the Board of Education, as the controlling and managing body acting for and on behalf of the School District, with the assent of a majority of the qualified voters of the School District voting in the Election held for that purpose and in accordance with the Constitution and laws of the State of Georgia.

2. The Bonds are general obligations of the School District and constitute a pledge of the full faith and credit of the School District. The principal of and interest of the Bonds shall be paid from the general fund of the School District or from an *ad valorem* tax to be levied, without limitation as to rate or amount, upon all property in the School District subject to taxation for school bond purposes. The School District will also use certain receipts of a special one percent sales and use tax for education purposes to service a portion of the debt service of the Bonds.

3. All property subject to taxation for general obligation school bond purposes in the School District is subject to the levy of an *ad valorem* tax unlimited as to rate or amount for the purpose of paying the principal of and interest on the Bonds. Pursuant to the recommendation of the Board of Education, the Board of Commissioners of Oconee County, as authorized and required by law, has provided for the levy on all of said property such *ad valorem* taxes as will produce funds sufficient in amount to pay the principal of and interest on the Bonds as the same become due and payable to the extent that proceeds of the sales and use tax for educational purposes are insufficient to pay the same.

4. The Bonds have been duly confirmed and validated by judgment of the Superior Court of Oconee County entered on May 10, 2021, Civil Action No. SUCV2021000116 and no valid appeal may be taken from said judgment of validation.

5. The Board of Education has irrevocably authorized and directed the State of Georgia Board of Education to withhold from time to time, as necessary, State of Georgia appropriated funds to which the School District is entitled, and to transfer to the Paying Agent (as defined in the Resolution), from such withheld funds, the amount necessary to pay the principal of and interest on the Bonds.

6. Assuming compliance with the aforementioned covenant by the Board of Education to maintain the exclusion from federal gross income of interest on the Bonds, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purpose of the federal alternative minimum tax imposed. Interest on the bonds is exempt from taxation by the State of Georgia and any of its political subdivisions.

Although we have rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, a bondholder's federal tax liability may otherwise be affected by the ownership or disposition of the Bonds. The nature and extent of these other tax consequences will depend upon the bondholder's other items of income or deduction. We express no opinion regarding any such other tax consequences.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Yours very truly,

GRAY PANNELL & WOODWARD LLP

By: \_\_\_\_\_  
A Partner

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**APPENDIX C**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

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## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Oconee County School District (the “District”) in connection with the issuance of \$37,200,000 in aggregate principal amount of Oconee County School District (Georgia) General Obligation Bonds, Series 2021 (the “Bonds”). The Bonds are being issued pursuant to a resolution of the Board of Education of Oconee County adopted on May 18, 2021 (the “Bond Resolution”). The District covenants and agrees as follows:

**Section 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the District 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 Securities and Exchange Commission Rule 15c2-12(b)(5).

**Section 2. Definitions.** In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

“**Annual Report**” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of 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**” shall mean Digital Assurance Certification, L.L.C., Atlanta, Georgia, or any successor Dissemination Agent designated in writing by the District and which has filed with the District 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 District as its fiscal year for financial reporting purposes and shall initially mean the period beginning on July 1 of each calendar year and ending on June 30 of the next calendar year.

“**Listed Events**” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board, or any successor thereto. Currently, the MSRB address is:

MSRB  
1150 18<sup>th</sup> Street, N.W.  
Suite 400  
Washington, D.C. 20036

“**Participating Underwriter**” shall mean Raymond James & Associates, Inc.

“**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 one year after the end of each fiscal year of the District, commencing with Fiscal Year 2021, the District shall provide, or cause the Dissemination Agent (if other than the District) 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 District 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 District 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 District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide an Annual Report by the date required in paragraph (a), the Dissemination Agent shall send 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 District) file a report with the District 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 District's Annual Report shall contain or incorporate by reference the following:

(1) the District's general purpose financial statements for the preceding Fiscal Year, which shall be prepared in accordance with generally accepted accounting principles, as in effect from time to time (except that such financial statements need not (a) contain a General Fixed Assets Account Group nor (b) include school activity accounts maintained at the individual schools of the District), and which shall be accompanied by an audit report, if available at the time of submission of the Annual Report to EMMA pursuant to Section 3(a) hereof, resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards;

(2) if generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to Section 3(a) hereof and if such changes are material to the District, a narrative explanation describing the impact of such changes on the District; and

(3) information for the preceding Fiscal Year of the type set forth in the Official Statement under the headings "THE DISTRICT – Schools," "– Enrollment," and "–Employees, Employee Relations, and Labor Organizations"; "DISTRICT DEBT STRUCTURE – Summary of District Debt by Category," "–Overlapping Debt," and "– Limitations on District Debt"; "THE SALES TAX – Historical Sales Tax Data"; "DISTRICT AD VALOREM TAXATION – Historical Property Tax Data," "– Property Tax Levies and Collection," "–Millage Rates" and "– Ten Largest Taxpayers."

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 District 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 District shall clearly identify each such other document so incorporated by reference.

**Section 5. Reporting of Significant Events.**

(a) The District 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 (10) 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 of 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 District.
- (xiii) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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.
- (xv) Incurrence of a financial obligation (defined in paragraph (b) below) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material, and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) For purposes of this Section 5, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing

or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The content of any notice of the occurrence of a Listed Event shall be determined by the District and shall be in substantially the form attached as Exhibit B.

**Section 6. Termination of Reporting Obligation.** The District’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 District shall notify EMMA that the District’s obligations under this Disclosure Certificate have terminated.

**Section 7. Dissemination Agent.** The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C., Atlanta, Georgia.

**Section 8. Amendment: Waiver.** This Disclosure Certificate may not be amended unless independent counsel experienced in securities law matters has rendered an opinion to the District 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(a)(v) 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 District 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 District 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 District 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 District to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an “event of default” or “default” under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

**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, to the extent allowed by applicable law, the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its 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 negligence or willful misconduct. The obligations of the District under this Section 11 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 District, the Dissemination Agent, the Participating Underwriter, and the holders of the Bonds, and shall create no rights in any other person or entity.

**Section 13. Counterparts.** This Disclosure Certificate may be executed, several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 14. 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.

**Section 15. Governing Law.** This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Georgia.

Date: May 18, 2021

**OCONEE COUNTY SCHOOL DISTRICT**

(DISTRICT SEAL)

By: \_\_\_\_\_  
Chairman, Board of Education of Oconee County

Attest:

\_\_\_\_\_  
Ex-Officio Secretary, Board of Education  
of Oconee County

The undersigned hereby accepts its duties as Dissemination Agent under this Disclosure Certificate, this 18<sup>th</sup> day of May, 2021.

**DIGITAL ASSURANCE CERTIFICATION, L.L.C.**

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: OCONEE COUNTY SCHOOL DISTRICT (GEORGIA)  
Name of Bond Issue: \$37,200,000 OCONEE COUNTY SCHOOL DISTRICT (GEORGIA)  
GENERAL OBLIGATION BONDS, SERIES 2021  
CUSIP Number<sup>(1)</sup>: \_\_\_\_\_  
Date of Issuance: June 9, 2021

**NOTICE IS HEREBY GIVEN** that the Oconee County School District has not provided an Annual Report with respect to the above-named Bonds as required by its Disclosure Certificate, dated May 18, 2021. The Oconee County School District anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

**OCONEE COUNTY SCHOOL DISTRICT**

By: \_\_\_\_\_  
Chairman, Board of Education of Oconee County

<sup>(1)</sup> No representation is made as to the correctness of the CUSIP number either as printed on the bond or as contained herein, and reliance may only be placed on other bond identification contained herein.

**EXHIBIT B**

**NOTICE OF THE OCCURRENCE  
OF [INSERT THE LISTED EVENT]**

Relating to

OCONEE COUNTY SCHOOL DISTRICT (GEORGIA)  
GENERAL OBLIGATION BONDS, SERIES 2021  
CUSIP NUMBERS <sup>1</sup>:

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of the Listed Events described in Section 5(a)(10) shall include the following:

The District hereby expressly reserves the right to redeem such refunded or defeased bonds prior to their stated maturity date in accordance with the optional/extraordinary redemption provisions of said defeased bonds.

OR

The District hereby covenants not to exercise any optional or extraordinary redemption provisions under the Resolution; however, the sinking fund provision will survive the defeasance.

AND

The Bonds have been defeased to [maturity/the first call date, which is \_\_\_\_\_]. This notice does not constitute a notice of redemption and no bonds should be delivered to the District or the Paying Agent as a result of this mailing. A Notice of Redemption instructing you where to submit your bonds for payment will be mailed \_\_\_\_\_ to \_\_\_\_\_ days prior to the redemption date.]

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<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.

Dated: \_\_\_\_\_

**OCONEE COUNTY SCHOOL DISTRICT**

By: \_\_\_\_\_  
Chairman, Board of Education of  
Oconee County