

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 27, 2017

NEW ISSUE  
(Book-Entry Only)

RATING:  
Standard & Poor's: AA  
(See "MISCELLANEOUS - Rating")

In the opinion of Bond Counsel, under existing laws, regulations and judicial decisions, and assuming continued compliance by the County with certain covenants, interest on the Series 2017A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individual and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. INTEREST ON THE SERIES 2017B BONDS IS NOT EXCLUDABLE FROM GROSS INCOME OF A RECIPIENT THEREOF FOR FEDERAL INCOME TAX PURPOSES. In the opinion of Bond Counsel, interest on the Series 2017 Bonds is exempt from present State of Georgia income taxation. The opinion contains greater detail, and is subject to exceptions, as noted in "LEGAL MATTERS -Tax Matters" herein.

OCONEE COUNTY, GEORGIA

\$10,870,000\*

Water and Sewerage Revenue Bonds,  
Series 2017A

\$1,845,000\*

Water and Sewerage Taxable Refunding Revenue Bonds,  
Series 2017

Dated: Date of Delivery.

Due: September 1, as shown on the inside front cover.

The Oconee County, Georgia Water and Sewerage Revenue Bonds, Series 2017A (the "Series 2017A Bonds") and the Oconee County, Georgia Water and Sewerage Taxable Refunding Revenue Bonds, Series 2017B (the "Series 2017B Bonds" and, together with the Series 2017A Bonds, the "Series 2017 Bonds") are being issued in book-entry form in denominations of \$5,000 or any integral multiple thereof by Oconee County, Georgia (the "County"). The Series 2017A Bonds are being issued to (i) finance the renovation and improvement of the Calls Creek Wastewater Reclamation Facility and the acquisition, construction and installation of additional water and sewer facilities and equipment (the "Projects") and (ii) pay certain costs and expenses relating to the issuance of the Series 2017A Bonds. The Series 2017B Bonds are being issued to (i) advance refund the County's outstanding Water and Sewerage Refunding Revenue Bonds, Series 2009, and (ii) pay certain costs and expenses relating to the issuance of the Series 2017B Bonds. See "PLAN OF FINANCE." Interest on the Series 2017 Bonds is payable semiannually on March 1 and September 1 of each year, commencing on March 1, 2018. See, "DESCRIPTION OF THE SERIES 2017 BONDS" herein.

The Series 2017 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (the "Securities Depository"). The Securities Depository will act as securities depository for the Series 2017 Bonds. Purchases will be made only in book-entry form through the Participants (as herein defined) in the Securities Depository, and no physical delivery of the Series 2017 Bonds will be made to the Beneficial Owners (as herein defined). Payment of principal and interest and premium, if any, on the Series 2017 Bonds will be made to Beneficial Owners by the Securities Depository through its Participants. As long as Cede & Co. is the registered owner of the Series 2017 Bonds, as nominee of the Securities Depository, references herein to the holders of the Series 2017 Bonds or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2017 Bonds. See "DESCRIPTION OF THE SERIES 2017 BONDS" herein.

The Series 2017A Bonds are subject to redemption prior to maturity as described herein. See "DESCRIPTION OF THE SERIES 2017 BONDS - Redemption."

The Series 2017 Bonds, the Series 2003 Bonds (defined herein), the Series 2012 Bonds (defined herein), and any parity bonds hereafter issued will be secured by and are payable from a first pledge of and lien on the Net Revenues (defined herein) derived from the operation of the System (defined herein). See "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2017 BONDS."

Neither the general credit nor the taxing power of the State of Georgia or any political subdivision thereof, including the County, is pledged to the payment of the Series 2017 Bonds. The Series 2017 Bonds are limited obligations of the County and are payable solely from the Net Revenues of the System. The Series 2017 Bonds do not constitute a charge, lien or encumbrance upon any other property of the County.

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

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 THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Series 2017 Bonds are offered, when, as and if issued by the County, subject to prior sale, to the withdrawal or the modification of the offer without notice, to validation by the Superior Court of Oconee County, Georgia and to the approval of legality by Gray Pannell & Woodward LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed upon for the County by its counsel, Daniel C. Haygood, Esq., Watkinsville, Georgia and by its disclosure counsel, Gray Pannell & Woodward LLP, Atlanta, Georgia. The Series 2017 Bonds will be available for delivery through The Depository Trust Company in New York, New York on or about October 17, 2017.



Dated: October \_\_, 2017

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. The Series 2017 Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 2017 Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

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

**\$10,870,000\***  
**Water and Sewerage Revenue Bonds,**  
**Series 2017A**

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>
2024	\$550,000			
2025	580,000			
2026	610,000			
2027	640,000			
2028	670,000			
2029	705,000			
2030	740,000			
2031	780,000			
2032	820,000			
2033	860,000			
2034	905,000			
2035	955,000			
2036	1,000,000			
2037	1,055,000			

\* Preliminary, subject to change

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

**\$1,845,000\***  
**Water and Sewerage Taxable**  
**Refunding Revenue Bonds, Series 2017B**

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>
2018	\$965,000			
2019	880,000			

\* Preliminary, subject to change

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

**OCONEE COUNTY**

**Board of Commissioners**

John Daniell, *Chairman*  
Mark Thomas  
Chuck Horton  
W.E. "Bubber" Wilkes  
Mark Saxon

**Administration**

Justin Kirouac, *County Administrator*  
Wes Geddings, *Finance Director*  
Wayne Haynie, P.E., *Utility Director*

**COUNTY ATTORNEY**

Daniel C. Haygood, Esq.  
Watkinsville, Georgia

**UNDERWRITER**

Stifel Nicolaus & Company, Incorporated  
Atlanta, Georgia

**BOND COUNSEL AND DISCLOSURE COUNSEL**

Gray Pannell & Woodward LLP  
Atlanta, Georgia

**UNDERWRITER'S COUNSEL**

Holland & Knight LLP  
Atlanta, Georgia

**COUNTY AUDITOR**

Treadwell, Tamplin & Co.  
Madison, Georgia

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- Appendix B - Continuing Disclosure Certificate
- Appendix C - Audited Financial Statements for Fiscal Year Ended June 30, 2016
- Appendix D - Form of Bond Counsel Opinion
- Appendix E – Written Report of County’s Engineering Department

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 in connection with the offering contained herein, and if given or made, such other information or representations must not be relied upon. 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 2017 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Official Statement has been obtained from representatives of the County, public documents, records and other sources considered to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be constituted as a representation by the Underwriter. 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 as representations of fact.

The Underwriter intends to offer the Series 2017 Bonds to the public initially at the offering prices set forth on the inside front cover page of the 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 2017 Bonds to the public. The Underwriter may offer and sell the Series 2017 Bonds to certain dealers (including dealers depositing the Series 2017 Bonds into unit investment trusts) at prices lower than the public offering price.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Series 2017 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

**NO REGISTRATION STATEMENT RELATING TO THE SERIES 2017 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") OR ANY STATE SECURITIES AGENCY. THE SERIES 2017 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT, ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

In making an investment decision, investors must rely on their own examination of the County, the System, and the terms of the offering, including the merits and risks involved. The Series 2017 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule"), and in effect on the date of this Preliminary Official Statement, this document constitutes a Preliminary Official Statement of the County with respect to the Bonds that has been deemed "final" by the County as of its date except for the omission of no more than the information permitted by the Rule.

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**OFFICIAL STATEMENT**

**of**

**OCONEE COUNTY, GEORGIA**

**Relating to its**

**\$10,870,000\***

**Water and Sewerage Revenue Bonds,  
Series 2017A**

**\$1,845,000\***

**Water and Sewerage Taxable Refunding Revenue  
Bonds, Series 2017B**

**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 Oconee County, Georgia (the "County") of \$10,870,000\* in aggregate principal amount of its Water and Sewerage Revenue Bonds, Series 2017A (the "Series 2017A Bonds") and \$1,845,000\* in aggregate principal amount of its Water and Sewerage Taxable Refunding Revenue Bonds, Series 2017B (the "Series 2017B Bonds" and, together with the Series 2017A Bonds, the "Series 2017 Bonds"). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Bond Resolution (defined herein). See Appendix A – "SUMMARY OF CERTAIN PROVISIONS OF BOND RESOLUTION – Definitions."

This introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement and of the documents summarized or described herein, if necessary. The offering of the Series 2017 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 County**

The County, the issuer of the Series 2017 Bonds, is a political subdivision of the State of Georgia created by the laws of the State of Georgia. The County is located in northeast Georgia, approximately 6 miles south of Athens and 53 miles east of the City of Atlanta. It is bordered by Athens-Clarke, Oglethorpe, Morgan, Greene and Walton Counties. The County seat is Watkinsville. Other municipalities in the County are Bogart, Bishop and North High Shoals. See "OCONEE COUNTY GENERAL INFORMATION."

**Purpose of the Series 2017 Bonds**

The Series 2017A Bonds are being issued to (i) finance the renovation and improvement of the Calls Creek Wastewater Reclamation Facility and the acquisition, construction and installation of additional water and sewer facilities and equipment (the "Projects") and (ii) pay certain costs and expenses relating to the issuance of the Series 2017A Bonds. The Series 2017B Bonds are being issued to (i) advance refund the County's outstanding Water and Sewerage Refunding Revenue Bonds, Series 2009, and (ii) pay certain costs and expenses relating to the issuance of the Series 2017B Bonds. See "PLAN OF FINANCE."

\* Throughout this Preliminary Official Statement an asterisk indicates that the information is preliminary and subject to change.

## **Security and Sources of Payment for the Series 2017 Bonds**

The Series 2017 Bonds, the County's outstanding Water and Sewerage Revenue Bonds, Series 2003 (the "Series 2003 Bonds"), the County's outstanding Water and Sewerage Refunding Revenue Bonds, Series 2012 (the "Series 2012 Bonds") and any parity bonds hereafter issued are secured by and are payable from a first pledge of and lien on the revenues derived from the operation of the System after the payment of the reasonable costs of operating, maintaining and repairing such System (the "Net Revenues"). The Series 2017 Bonds are limited obligations of the County and are payable solely from the Net Revenues. The Series 2017 Bonds do not constitute a charge, lien or encumbrance on any other property of the County. See "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2017 BONDS."

## **Description of the Series 2017 Bonds**

*Redemption.\** The Series 2017A Bonds are subject to redemption prior to their stated maturity. The Series 2017B Bonds are not subject to redemption prior to maturity. See "DESCRIPTION OF THE SERIES 2017 BONDS - Optional Redemption and - Mandatory Sinking Fund Redemption."

*Denominations.* The Series 2017 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof. See "DESCRIPTION OF THE SERIES 2017 BONDS - Denominations, Payments, Registrations, Transfers and Exchanges."

*Registration, Transfers and Exchanges.* The Series 2017 Bonds will be issued in fully registered form. When in book-entry form, the purchasers of the Series 2017 Bonds (the "Beneficial Owners") will not receive certificates representing their ownership interest in the Series 2017 Bonds. Instead, such Series 2017 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 2017 Bonds held in book-entry form will be made through computerized book-entry changes on the books of DTC through DTC's Direct and Indirect Participants in the manner described herein under "DESCRIPTION OF THE SERIES 2017 BONDS - Book-Entry System of Registration." When not in book-entry form, ownership of any Series 2017 Bond may be transferred upon surrender of such Series 2017 Bond to the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative, subject to the conditions hereinafter described. When not in book-entry form, the Series 2017 Bonds are exchangeable for a like aggregate principal amount of Series 2017 Bonds of the same maturity in denominations of \$5,000 or integral multiples thereof, subject to the conditions hereinafter described. See "DESCRIPTION OF THE SERIES 2017 BONDS - Denominations, Payments, Registrations, Transfers and Exchanges."

*Payments.* Interest on the Series 2017 Bonds is payable on March 1 and September 1 of each year (each such date, an "Interest Payment Date"), commencing March 1, 2018. Payment of the principal of and interest on the Bonds will be made by the Paying Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to Participants hereinafter defined) and thereafter to Beneficial Owners of the Series 2017 Bonds. When not in book-entry form, interest on the Series 2017 Bonds is payable by check or draft mailed by first class mail on the Interest Payment Date to the owners thereof as shown on the books and records of the Bond Registrar on the 15th day of the calendar month next preceding the Interest Payment Date. When not in book-entry form, principal on the Bonds is payable upon surrender thereof at the corporate trust office of the Paying Agent located in Atlanta, Georgia. See "DESCRIPTION OF THE SERIES 2017 BONDS - Denominations, Payments, Registrations, Transfers and Exchanges."

*Notices.* Not less than 30 days nor more than 60 days before the date upon which redemption is to be made, a notice of such redemption will be mailed by first class mail, postage prepaid, to all registered owners of Series 2017 Bonds to be redeemed at the addresses which appear upon the bond registration books. See "DESCRIPTION OF THE SERIES 2017 BONDS - Notice of Redemption."

For a more complete description of the Series 2017 Bonds and the basic documentation pursuant to which they are issued, see "DESCRIPTION OF THE SERIES 2017 BONDS" and Appendix A.

## **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 County with certain covenants, interest on the Series 2017A 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 and corporate alternative minimum tax; however, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. See Appendix D for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2017A Bonds.

In the opinion of Bond Counsel, based on existing law, the interest on the Series 2017B Bonds is exempt from present State of Georgia income taxation. Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2017B Bonds. INTEREST ON THE SERIES 2017B BONDS IS NOT EXCLUDABLE FROM THE GROSS INCOME OF A RECIPIENT THEREOF FOR FEDERAL INCOME TAX PURPOSES.

For more complete discussion of such opinion and certain other tax consequences of owning the Series 2017 Bonds, including certain exceptions to the exclusion of the interest of the Series 2017 Bonds from gross income, see “LEGAL MATTERS – Tax Matters; -- Original Issue Discount; and – Premium Bonds” herein.

## **Bond Registrar, Paying Agent and Other Custodians and Depositories**

Regions Bank, Atlanta, Georgia will act as Bond Registrar and as Paying Agent for the Series 2017 Bonds.

On September 20, 2017, the Board of Commissioners of the County approved the designation of Regions Bank, Atlanta, Georgia, as successor Bond Registrar and Paying Agent for the outstanding Series 2003 Bonds and Series 2012 Bonds and successor Custodian of the Sinking Fund. The Bank of New York Mellon Trust Company, N.A. will serve in such capacities until such transfers are effective.

## **Professionals Involved in the Offering**

Certain legal matters pertaining to the County and its authorization and issuance of the Series 2017 Bonds are subject to the approving opinion of Gray Pannell & Woodward LLP, Atlanta, Georgia, Bond Counsel. Copies of Bond Counsel’s opinion will be available at the time of delivery of the Series 2017 Bonds, and a copy of the proposed form of such opinion is attached hereto as Appendix D. Certain legal matters will be passed on for the County by its counsel, Daniel C. Haygood, Esq., Watkinsville, Georgia and its disclosure counsel, Gray Pannell & Woodward LLP, Atlanta, Georgia. The financial statements of the County as of June 30, 2016, and for the year then ended, attached hereto as Appendix C, have been audited by Treadwell, Tamplin & Co., Madison, Georgia, independent registered public accountants as stated in their report which appears in Appendix C hereto. See “MISCELLANEOUS - Independent Professionals.”

## **Authority for Issuance**

The Series 2017 Bonds are being issued in accordance with the Constitution and laws of the State of Georgia, including but not limited to the Revenue Bond Law (O.C.G.A. Section 36-82-60 *et seq.*, as amended). The Series 2017 Bonds will be issued under and secured pursuant to the terms and conditions of a resolution adopted by the County on October 23, 1998, as amended and supplemented by resolutions adopted by the County on November 3, 1998, July 18, 2003, September 1, 2009, October 22, 2009, June 26, 2012, July 12, 2012, September 20, 2017 and to be supplemented on or about October 3, 2017 (collectively, the “Bond Resolution”). See “DESCRIPTION OF THE SERIES 2017 BONDS – Legal Authority.”

## Offering and Delivery of the Series 2017 Bonds

The Series 2017 Bonds are offered, subject prior to sale, when, as, and if issued by the County, to the withdrawal or the modification of the offer without notice, to validation by the Superior Court of Oconee, Georgia and to the approving opinion of Gray Pannell & Woodward LLP, Atlanta, Georgia, Bond Counsel. The Series 2017 Bonds are expected to be delivered through The Depository Trust Company in New York, New York, on or about October 17, 2017.

## Continuing Disclosure

The County has covenanted for the benefit of the owners of the Series 2017 Bonds in a Disclosure Certificate (the "Disclosure Certificate") to provide certain financial information and operating data relating to the System (the "Annual Report") by not later than 270 days after the end of each fiscal year of the County, commencing with fiscal year 2017, and to provide notices of the occurrence of certain events, if deemed by the County to be material (the "Material Events Notices"). The Annual Report and the Material Events Notices will be filed with the Municipal Securities Rulemaking Board through the operation of the Electronic Municipal Market Access System ("EMMA"). The County's undertaking to provide the Annual Report and Material Events Notices pursuant to the Disclosure Certificate is described in Appendix B. The covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the "Rule").

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

- (1) For fiscal years 2012 through 2014, the County failed to timely file its annual reports that were due on December 27, 2012, December 27, 2013 and, December 27, 2014, respectively, with respect to outstanding general obligation bonds and revenue bonds issued by or on behalf of the County.
- (2) The County filed its audited financial statements for fiscal year 2012 on January 1, 2013 (7 days late), its audited financial statements for fiscal year 2013 on January 2, 2014 (6 days late) and its audited financial statements for fiscal year 2014 on January 2, 2015 (6 days late).
- (3) The County filed required operating data for fiscal year 2012 on January 3, 2013, and March 31, 2013 (7 and 4 days late), required operating data for fiscal year 2013 on January 2, 2014 (6 days late).
- (4) The County filed its general fund budget for fiscal year 2013 on January 2, 2014 (371 days late), and its general fund budget for fiscal year 2014 on January 2, 2015 (371 days late).
- (5) The County failed to provide its annual reports for fiscal year 2012 and fiscal year 2013 with respect to its Revenues Series 2012, its General Obligation Refunding 2011A, and its Taxable General Obligation Refunding 2011B until August 18, 2015.
- (6) The County failed to provide the required notice of late filing for the instances described above.
- (7) The County failed to file notices of rating changes.

The County participated in the Securities and Exchange Commission's Municipal Continuing Disclosure Cooperation (MCDC) initiative regarding misstatements in prior offering documents regarding the County's prior compliance with its Prior Undertakings. On March 3, 2017, the Securities and Exchange Commission provided the County a notice that it has concluded its review of the submission pursuant to the Municipalities Continuing Disclosure Cooperation Initiative from the County and that based on the information it has as of this date, it does not intend to recommend an enforcement action by the Securities and Exchange Commission against the County. This notice was provided under the guidelines set out in the final paragraph of Securities Act Release No. 5310, which states in part that the notice "must in no way be construed as indicating that the party has been exonerated or that no action may ultimately result from the staff's investigation."



Pursuant to written procedures approved by the Board of Commissioners of the County on June 30, 2015, the County implemented additional internal written procedures designed to insure that future annual reports, including annual reports relating to the Series 2017 Bonds, will be filed on a complete and timely basis. Additionally, Digital Assurance Certification, L.L.C. (DAC) will serve as the continuing disclosure dissemination agent for the County.

### **Other Information**

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

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 County 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 County’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 County, the Series 2017 Bonds, and the security and sources of payment for the Series 2017 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Bond Resolution and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series 2017 Bonds are qualified in their entirety to the form thereof included in the Bond Resolution. Copies of the Bond Resolution and other documents and information are available, upon request and upon payment to the County of a charge for copying, mailing and handling, from Wes Geddings, Oconee County Commission, P.O. Box 145, 23 North Main Street, Watkinsville, Georgia; telephone: (706) 769-2944. During the period of the offering of the Series 2017 Bonds; copies of such documents are available upon request and upon payment of a charge for copying, mailing, and handling from Stifel Nicolaus & Company, Incorporated, 3630 Peachtree Road, N.E., Suite 400, Atlanta, Georgia, telephone (404) 504-2760.

The Series 2017 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 2017 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 County or the Underwriter 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 County or the Underwriter. Except where otherwise indicated, all information contained in this Official Statement has been provided by the County. The information set forth herein has been obtained by the County from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by the County or the Underwriter. 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 County 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.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Series 2017 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

## DESCRIPTION OF THE SERIES 2017 BONDS

### General

The Series 2017 Bonds will be dated as of their date of issuance and delivery. The Series 2017 Bonds will bear interest at the rates per annum set forth on the inside front cover page of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months). Interest on the Series 2017 Bonds is payable on March 1 and September 1 of each year, commencing March 1, 2018 (each such date an “Interest Payment Date”). The Series 2017 Bonds will mature on the dates and in the amounts set forth on the inside front cover page hereof.

### Denominations, Payments, Registrations, Transfers and Exchanges

The Series 2017 Bonds will be issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof. The County, the Bond Registrar and the Paying Agent may deem and treat the registered owner as the absolute owner of such Series 2017 Bond for purposes of receiving payment of or on account of principal and interest payable thereon, and for all other purposes; the County, the Bond Registrar and the Paying Agent will not be affected by any notice to the contrary.

When in book-entry form, the purchasers of the Series 2017 Bonds (the “Beneficial Owners”) will not receive certificates representing their ownership interest in the Series 2017 Bonds. Instead, such Series 2017 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 2017 Bonds held in book-entry form will be made through computerized book-entry changes on the books of DTC through DTC’s Direct and Indirect Participants in the manner described herein under “DESCRIPTION OF THE SERIES 2017 BONDS – Book-Entry System of Registration.”

When not in book-entry form, ownership of any Series 2017 Bond is transferable upon surrender thereof to the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney, 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 2017 Bond or Series 2017 Bonds registered in the name of the transferee in the authorized denomination in the same aggregate principal amount and interest rate as the Series 2017 Bonds surrendered for such transfer. When not in book-entry form, the Series 2017 Bonds may be exchanged for a like principal amount of Series 2017 Bonds of the same 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 2017 Bonds.

### Book Entry System of Registration

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2017 Bonds. The Series 2017 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully-registered Series 2017 Bond will be issued for each maturity and series of the Series 2017 Bonds, each in the aggregate principal amount of such maturity and series, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, 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. securities 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 a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants (collectively, the “Participants”) are on file with the Securities and Exchange Commission. More information about DTC can be found at <http://www.dtcc.com/> and <http://www.dtc.org/>.

Purchases of the Series 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 Bonds on DTC’s records. The ownership interest of actual purchasers of the Series 2017 Bonds (“Beneficial Owners”) is in turn 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 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2017 Bonds, except in the event that use of the book-entry system for the Series 2017 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2017 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 Series 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts the Series 2017 Bonds are credited, which may or may not be the Beneficial Owners. The 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 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 2017 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, defaults and proposed amendments to the security documents. For example, Beneficial Owners of Series 2017 Bonds may wish to ascertain that the nominee holding the Series 2017 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 the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all the Series 2017 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 2017 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 County 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 2017 Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal, premium (if any) and interest payments on the Series 2017 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 County or the Paying Agent, on the 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 securities 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, the Paying Agent or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium (if any) and interest

to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent or the County, 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 the Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The County 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, certificates are required to be printed and delivered.

For so long as Series 2017 Bonds are issued in book-entry form through the facilities of DTC, any Beneficial Owner desiring to cause the County or the Paying Agent to comply with any of its obligations with respect to the Series 2017 Bonds must make arrangements with the Direct Participant or Indirect Participant through whom such Beneficial Owner's ownership interest in the Series 2017 Bonds is recorded in order for the Direct Participant in whose DTC account such ownership interest is recorded to make the instructions to DTC described above.

NEITHER THE COUNTY NOR THE PAYING AGENT NOR THE UNDERWRITER (OTHER THAN IN ITS CAPACITY, IF ANY, AS A DIRECT PARTICIPANT OR AN INDIRECT PARTICIPANT) WILL HAVE ANY OBLIGATION TO THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO DTC'S PROCEDURES OR ANY PROCEDURES OR ARRANGEMENTS BETWEEN DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS AND THE PERSONS FOR WHOM THEY ACT RELATING TO THE MAKING OF ANY DEMAND BY CEDE & CO. AS THE REGISTERED OWNER OF SERIES 2017 BONDS, THE ADHERENCE TO SUCH PROCEDURES OR ARRANGEMENTS, OR THE EFFECTIVENESS OF ANY ACTION TAKEN PURSUANT TO SUCH PROCEDURES OR ARRANGEMENTS.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY BELIEVES TO BE RELIABLE, BUT THE COUNTY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. NEITHER THE COUNTY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, BENEFICIAL OWNERS, OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, INTEREST OR PURCHASE PRICE ON SERIES 2017 BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO HOLDERS OR OWNERS OF SERIES 2017 BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2017 BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF SERIES 2017 BONDS.

So long as Cede & Co. is the registered owner of Series 2017 Bonds, as nominee for DTC, references in this Official Statement to the Bondholders, holders or registered owners of Series 2017 Bonds (other than under the caption "LEGAL MATTERS – Tax Matters herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of Series 2017 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such

Beneficial Owners for such purposes. When notices are given, they shall be sent by the County or the Paying Agent to DTC only.

As long as the book-entry system is used for Series 2017 Bonds, the Paying Agent and the County will give any notices required to be given to Owners of Series 2017 Bonds only to DTC. 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 may desire to make arrangements with a Direct Participant or Indirect Participant so that all notices of redemption or other communications to DTC which affect such Beneficial Owners will be forwarded in writing by such Direct Participant or Indirect Participant.

NEITHER THE COUNTY NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS, OR THE BENEFICIAL OWNERS OF SERIES 2017 BONDS.

**Optional Redemption\***

The Series 2017A Bonds maturing on September 1, 20\_\_ and thereafter are redeemable prior to maturity at the option of the County, in whole or in part at any time on or after September 1, 20\_\_, in any order of maturity (less than all of such Series 2017A Bonds of a single maturity to be selected by lot in a manner determined by the Paying Agent) from any moneys available therefor at par plus accrued interest to the redemption date, all in the manner provided in the Bond Resolution.

The Series 2017B Bonds are not subject to redemption prior to maturity.

**Mandatory Sinking Fund Redemption\***

The Series 2017A Bonds maturing on September 1, 20\_\_, are subject to scheduled mandatory redemption prior to maturity in part at a redemption price equal to \_\_\_% of the principal amount thereof on the date of such redemption, in the following principal amounts on the dates set forth below (the September 1, 20\_\_ amount to be paid rather than redeemed):

<u>Date</u>	<u>Principal Amount</u>
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The Series 2017B Bonds maturing on September 1, 20\_\_, are subject to scheduled mandatory redemption prior to maturity in part at a redemption price equal to \_\_\_% of the principal amount thereof on the date of such redemption, in the following principal amounts on the dates set forth below (the September 1, 20\_\_ amount to be paid rather than redeemed):

<u>Date</u>	<u>Principal Amount</u>
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Optional or mandatory sinking fund redemptions shall be made pro rata, rounded to the nearest \$5,000, among the holders of the Series 2017 Bonds of each date of maturity by redeeming from each such holder that

principal amount which bears the same proportion to the principal amount of such stated maturity registered in the name of such holder of the Series 2017 Bonds as the total principal amount of such stated maturity to be redeemed on any sinking fund payment date bears to the aggregate principal amount of such stated maturity Outstanding prior to redemption. If the Bond Registrar cannot make a strict pro rata redemption among the holders of the Series 2017 Bonds of a stated maturity, the Bond Registrar shall redeem more or less than a pro rata portion from one or more holders of such stated maturity in such manner as the Bond Registrar deems fair and reasonable. In connection with any such redemption prior to maturity, the Bond Registrar shall make appropriate entries in the Bond Register to reflect a portion of any Series 2017 Bond so redeemed and the amount of the principal remaining outstanding. The Bond Registrar's notation in the Bond Register shall be conclusive as to the principal amount of any Outstanding Series 2017 Bond at any time.

### **Notice of Redemption**

Notice of redemption will be given by first class mail at least 30 days and not more than 60 days prior to the redemption date, to all registered owners of Series 2017 Bonds to be redeemed at their addresses of record as they appear on the books of the Bond Registrar. Failure to mail any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of any other Series 2017 Bond. Failure of any bondholder to receive such notice if mailed as aforesaid will not affect the validity of the proceedings for the redemption of such Series 2017 Bond. Interest shall cease to accrue on any Series 2017 Bonds duly called for redemption on the redemption date if payment thereof has been duly provided for. The privilege of transfer or exchange of any of the Series 2017 Bonds so called for redemption may be suspended for a period commencing 15 days preceding the mailing of the notice of redemption and ending on the date fixed for redemption. If on the date set for redemption any conditions to redemption stated in the notice have not been met, the Paying Agent shall return to the owners thereof any Series 2017 Bonds tendered for redemption, and as soon as practicable, send out a notice to the owners of such Series 2017 Bonds in the same manner as notices of redemption notifying them of the cancellation of such redemption.

### **Legal Authority**

Paragraph I of Section VI of Article IX of the Constitution of the State of Georgia authorizes any political subdivision to issue revenue bonds as provided by general law and provides (1) that the obligation represented by revenue bonds shall be repayable only out of the revenue derived from the project and shall not be deemed to be a debt of the issuing political subdivision and (2) that no issuing political subdivision shall exercise the power of taxation for the purpose of paying any part of the principal or interest of any such revenue bonds.

The Series 2017 Bonds are being issued and secured pursuant to the authority granted by Article 3 of Chapter 82 of Title 36 of the Official Code of Georgia Annotated, known as the "Revenue Bond Law" (the "Revenue Bond Law"), and under the provisions of the Bond Resolution.

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## SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2017 BONDS

### **Pledge of Net Revenues**

Under the terms of the Bond Resolution, the Series 2017 Bonds are secured by a first and prior pledge of and lien on the "Net Revenues." The Series 2017 Bonds rank on parity with the Series 2003 Bonds and Series 2012 Bonds. "Net Revenues" are defined as the amount of money or its equivalent actually collected from the operation of the System and remaining in the Revenue Fund (defined herein) after the payment of the reasonable and necessary cost of operating, maintaining and repairing the System, but before making provisions for depreciation or amortization charges. The County may, under certain terms and conditions as provided in the Bond Resolution, issue additional parity bonds ("Parity Bonds") payable from the Net Revenues and ranking on a parity as to lien on such Net Revenues with the lien thereon securing the Series 2017 Bonds. The Series 2003 Bonds, the Series 2012 Bonds, the Series 2017 Bonds and such Parity Bonds are collectively referred to herein as the "Bonds." See "- Rate Covenant" below and "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION."

### **Flow of Funds**

Pursuant to the Bond Resolution, the County is required to deposit all revenues derived from the System into the Oconee County, Georgia Water and Sewerage Revenue Fund (the "Revenue Fund"). The County is required first to pay the costs of operating and maintaining the System and then to make payments to the Oconee County, Georgia Water and Sewerage Sinking fund (the "Sinking Fund"). The Sinking Fund consists of one account designated as the "Debt Service Account." After making such payments, the County may fund subordinate obligations. Except for a reasonable working capital reserve in an amount not to exceed 45 days estimated operating and maintenance costs, all remaining funds will be paid from the into the Oconee County, Georgia Water and Sewerage Renewal and Extension Fund (the "Renewal and Extension Fund"). See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION."

### **Debt Service Reserve Account**

The Bond Resolution, as supplemented by the resolution of the County adopted on June 26, 2012 in connection with the issuance of the Series 2012 Bonds (the "2012 Supplemental Resolution"), provides for the establishment of separate accounts in the Reserve Account of the Sinking Fund and the designation of such separate accounts to secure one or more series of Additional Parity Bonds upon the earlier to occur: (a) the Series 2003 Bonds and the Series 2009 Bonds are no longer outstanding, (b) the requisite holders of the Series 2003 Bonds and the Series 2009 Bonds have consented to the establishment of separate accounts in the Reserve Account and the designation of such separate accounts to secure one or more series of Bonds, or (c) the Series 2012 Bonds together with any Additional Parity Bonds (as defined in the Bond Resolution) constitute 55% in aggregate principal amount of all Bonds. The 2012 Supplemental Resolution further provides that all resolutions adopted in connection with the issuance of Additional Parity Bonds must contain this provision. This modification to the Bond Resolution will also allow the County to not designate any account in the Reserve Account to secure a series of Additional Parity Bonds, with the effect that such series of Additional Parity Bonds will not be secured by, or have access to, any amounts in any of the accounts of the Reserve Account.

Upon the issuance of the Series 2012 Bonds, the owners of the Series 2012 Bonds, by their purchase thereof, were deemed to have consented to the establishment of to the establishment of separate accounts in the reserve account and the designation of such separate accounts to secure one or more series of Additional Parity Bonds. The Series 2003 Bonds and the Series 2012 Bonds will be the only Bonds which will be outstanding after the issuance of the Series 2017 Bonds which are secured by the Reserve Account. Assured Guaranty Municipal Corp. (formerly, Financial Security Assurance Inc.), as bond insurer for the Series 2003 Bonds, has consented, on behalf of the holders of the Series 2003 Bonds, to the establishing of separate accounts in the Reserve Account and the designation of such separate account to secured one or more series of Bonds.

**UPON ISSUANCE OF THE SERIES 2017 BONDS, THE OWNERS OF THE SERIES 2017 BONDS, BY THEIR PURCHASE THEREOF, WILL BE DEEMED TO HAVE CONSENTED TO THE ESTABLISHMENT OF SEPARATE ACCOUNTS IN THE RESERVE ACCOUNT AND THE DESIGNATION OF SUCH SEPARATE ACCOUNTS TO SECURE ONE OR MORE SERIES OF ADDITIONAL PARITY BONDS.**

**THE COUNTY WILL NOT DESIGNATE ANY ACCOUNT IN THE RESERVE ACCOUNT TO SECURE THE SERIES 2017 BONDS, AND, THEREFORE, THE SERIES 2017 BONDS WILL NOT BE SECURED BY, OR HAVE ACCESS TO, ANY AMOUNTS IN ANY OF THE ACCOUNTS OF THE RESERVE ACCOUNT.**

#### **Rate Covenant**

In the Bond Resolution, the County has agreed to place into effect a schedule of rates, fees and charges for the services, facilities and commodities furnished by its System to produce funds sufficient to (i) operate and maintain the System in a sound businesslike basis, (ii) make payments to the Sinking Fund equal to 115% of the principal of and interest on the Series 2012 Bonds, the Series 2017 Bonds and any additional parity bonds coming due in the current sinking fund year, (iii) pay an amount equal to 100% of the principal of and interest on any junior lien obligations and (iv) create and maintain a reserve for extensions and improvements to the System.

The rates, fees and charges shall be classified in a reasonable manner to cover users of the services and facilities furnished by the System so that as near as practicable such rates, fees and charges shall be uniform in application to all users falling within any reasonable class. No free services shall at any time be furnished from the System; provided, however, the County shall have the right to provide free service to the governmental buildings owned by the City of Watkinsville.

In the event the County shall fail to adopt a schedule or schedules of rates, fees and charges, or to revise its schedule of rates, fees and charges in accordance with the provisions of the Bond Resolution, any bondholder, without regard to whether any default, as defined in the Bond Resolution, shall have occurred, may institute and prosecute in any court of competent jurisdiction, an appropriate action to compel the adoption of a schedule or schedules of rates, fees and charges, or the revision of the schedule or schedules of rates, fees and charges in accordance with the requirements of the Bond Resolution.

#### **Parity Bonds**

Upon satisfaction of certain conditions, the Bond Resolution permits the County to issue additional parity bonds without express limit as to principal amount, which will be equally and ratably secured on a parity basis with the Series 2003 Bonds, the Series 2012 Bonds and the Series 2017 Bonds as to all of the Net Revenues. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – Parity Bonds." The County may issue additional parity bonds in the future to finance capital improvements to the System. The issuance of additional parity bonds may, for a period of time, dilute the security for the Series 2017 Bonds. The Bond Resolution also allows the County to issue obligations secured by the Net Revenues that are junior and subordinate to the Series 2017 Bonds as to lien and right of payment. Under the terms of the Bond Resolution, should revenue bonds be issued ranking as to lien on the Net Revenues junior and subordinated to the lien securing the payment of the Series 2017 Bonds, then payments to the Renewal and Extension Fund may be suspended or reduced and such money will be available to the extent necessary to pay the principal or and interest on such junior lien bonds and to create and maintain a reasonable reserve therefore, and such moneys may be allocated and pledged for that purpose. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – Flow of Funds."

#### **Limited Obligations**

The Series 2017 Bonds are special limited obligations of the County payable solely from the Net Revenues. The Series 2017 Bonds are not payable from and are not secured by a charge, lien, or encumbrance upon any funds or assets of the County other than the Net Revenues and the funds created and held under the Bond Resolution.



**The Series 2017 Bonds do not and will not constitute a debt or general obligation of the County or a pledge of the faith and credit or taxing power of the County. No governmental entity, including the County is obligated to levy any tax for the payment of the Series 2017 Bonds. No recourse may be had against the General Fund of the County for the payment of the Series 2017 Bonds. The pledge of and lien on Net Revenues securing the Series 2017 Bonds does not create a legal or equitable pledge, charge, lien, or encumbrance upon any of the County's property or income, receipts, or revenues, except the Net Revenues and the amounts on deposit in the funds held under the Bond Resolution.**

## **Remedies**

The Revenue Bond Law provides that the provisions of the Revenue Bond Law and the Bond Resolution constitute a contract between the County and the owners of the Series 2017 Bonds. The Revenue Bond Law provides that the duties of the County, the Board of Commissioners of Oconee County, Georgia, and the officers of the County under the Revenue Bond Law and the Bond Resolution are enforceable by any owner of the Series 2017 Bonds by mandamus or other appropriate action or proceeding at law or in equity.

The Revenue Bond Law also provides that in the event the County defaults in the payment of the principal or interest on any of the Series 2017 Bonds after the same becomes due, whether at maturity or upon call for redemption, and such default continues for a period of 30 days, or in the event the County or the Board of Commissioners of Oconee County, Georgia, or the officers, agents, or employees of the County fail or refuse to comply with the essential provisions of the Revenue Bond Law or default in any material respect in the Bond Resolution, any holders of the Series 2017 Bonds shall have the right to apply in an appropriate judicial proceeding to the Superior Court of Oconee County, Georgia or to any court of competent jurisdiction for the appointment of a receiver of the System, whether or not all Series 2017 Bonds have been declared due and payable and whether or not such holder is seeking or has sought to enforce any other right or to exercise any remedy in connection with the Series 2017 Bonds. Upon such application, the Superior Court of Oconee County, Georgia, if it deems such action necessary for the protection of the bondholders, may appoint and, if the application is made by the holders of 25 percent in principal amount of the Series 2017 Bonds then outstanding, shall appoint a receiver of the System.

The receiver so appointed under the Revenue Bond Law, directly or by his agents and attorneys, is required under the Revenue Bond Law to forthwith enter into and upon and take possession of the System. If the court so directs, the receiver may exclude the County, the Board of Commissioners of Oconee County, Georgia, and the County's officers, agents, and employees, and all persons claiming under them, wholly from the System. Under the Revenue Bond Law, the receiver will have, hold, use, operate, manage, and control the System, in the name of the County or otherwise, as the receiver may deem best. Under the Revenue Bond Law, the receiver will exercise all the rights and powers of the County with respect to the System as the County itself might do. The receiver will maintain, restore, insure, and keep insured the System and from time to time will make all such necessary or proper repairs as the receiver may deem expedient. Under the Revenue Bond Law, the receiver will establish, levy, maintain, and collect such fees, tolls, rentals, and other charges in connection with the System as he deems necessary or proper and reasonable. Under the Revenue Bond Law, the receiver will collect and receive all revenues and will deposit the same in a separate account and apply the revenues so collected and received in such manner as the court shall direct.

Notwithstanding the provisions of the Revenue Bond Law described above, the receiver has no power to sell, assign, mortgage, or otherwise dispose of any assets of whatever kind or character belonging to the County and useful for the System. The authority of any such receiver is limited to the operation and maintenance of the System. No court may have jurisdiction to enter any order or decree requiring or permitting the receiver to sell, assign, mortgage, or otherwise dispose of any such assets.

The receiver must, in the performance of the powers conferred upon him, act under the direction and supervision of the court making such appointment and will at all times be subject to the orders and decrees of such court and may be removed by such court.

Under the terms of the Revenue Bond Law, whenever all that is due upon the Series 2017 Bonds and interest thereon and upon any other notes, bonds or other obligations and interest thereon having a charge, lien, or encumbrance on the revenues of the System and under any of the terms of the Bond Resolution has been paid or

deposited as provided therein and whenever all defaults have been cured and made good and it appears to the court that no default is imminent, the court must direct the receiver to surrender possession of the System to the County. The same right of the holders of the Series 2017 Bonds to secure the appointment of a receiver exists upon any subsequent default as is provided in the Revenue Bond Law.

If the County were to default on the Series 2017 Bonds, the realization of value from the pledge of the Net Revenues to secure the payment of the Series 2017 Bonds would depend upon the exercise of various remedies specified by the Bond Resolution and Georgia law (including the Revenue Bond 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 2017 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 political subdivision 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, mayor, board of commissioners, or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any political subdivision 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.

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## PLAN OF FINANCE

### Estimated Sources and Uses of Funds\*

The sources and uses of funds in connection with the issuance of the Series 2017A Bonds are estimated below.

#### Sources of Funds:

Proceeds from Sale of Series 2017A Bonds  
[Plus/Less] Net Original Issue [Premium/Discount]:

Total Sources

#### Uses of Funds:

Deposit to Construction Fund  
Costs of Issuance<sup>(1)</sup>

Total Uses

---

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

The sources and uses of funds in connection with the issuance of the Series 2017B Bonds are estimated below.

#### Sources of Funds:

Proceeds from Sale of Series 2017B Bonds  
[Plus/Less] Net Original Issue [Premium/Discount]:

Total Sources

#### Uses of Funds:

Deposit to Escrow Fund  
Costs of Issuance<sup>(1)</sup>

Total Uses

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

### Discussion of Projects

A portion of the proceeds of the Series 2017A Bonds will be used for the purpose of financing or refinancing the costs of renovating and improving the Calls Creek Wastewater Reclamation Facility (the "Calls Creek WRF") and acquiring, constructing and installing additional water and sewer facilities and equipment (the "Projects").

The Projects include the renovation and improvements of the existing Calls Creek WRF from its currently permitted 0.67 MGD to 1.5 MGD. Such renovation and improvements include, but are not limited to, the following:

- 1) Upgrade influent pumping station to 7.5 MGD Peak Flow;
- 2) Chemical feed systems for phosphorus removal and pH / alkalinity control;
- 3) 1.5 MGD biological treatment system with associated tankage and aeration equipment;

- 4) Ultra-violet disinfection system;
- 5) Effluent flow monitoring flume;
- 6) Upsized effluent pipeline;
- 7) Conversion of existing 0.5 MG gallon aeration basin into solids holding tank;
- 8) Bio-solids dewatering building including screw press;
- 9) Two nominal 60-foot diameter secondary clarifiers;
- 10) Final filtration including duplex, tertiary disk filters;
- 11) Maintain use of the existing plant headworks and equalization basin; and
- 12) Septage receiving station for processing of septic waste from regional septic haulers.

A portion of the Projects use the existing plant headworks and equalization basin, and is designed to meet the new pollutant limits contained in NPDES Permit No. GA0050211 as modified by Georgia EPD.

In addition to the renovation and improvements to the Calls Creek WRF, a portion of the proceeds of the Series 2017A Bonds will be used for the purpose of financing or refinancing the costs of acquiring, constructing and installing an additional elevated water storage facility known as the Northwest Oconee Pressure Zone, which includes a 250,000 gallon elevated storage tank and a booster pumping station. Such elevated water storage facility will be constructed for the purpose of providing acceptable system pressure and fire flow for the planned Dove Creek Elementary School, located in the northwest part of the County.

The expected completion date of the total Projects is June 30, 2019. See Appendix E, "WRITTEN REPORT OF COUNTY'S ENGINEERING DEPARTMENT" for a more detailed description of the Projects.

### **Discussion of Refunding**

Pursuant to the Bond Resolution, including a resolution of the County adopted on September 1, 2009, as supplemented on October 22, 2009, the County issued and delivered \$7,095,000 in aggregate principal amount of its Oconee County, Georgia Water and Sewerage Refunding Revenue Bonds, Series 2009 (the "Series 2009 Bonds"), which bonds have as security for the payment thereof a first priority pledge of and lien on the Net Revenues of the System.

The proceeds of the Series 2009 Bonds were used to provide funds to (i) refund all of the outstanding principal amount of the Oconee County Water and Sewerage Improvement and Refunding Revenue Bonds, Series 1998, issued in the original aggregate principal amount of \$12,290,000, and (ii) pay the costs of issuing the Series 2009 Bonds. The Series 2009 Bonds are currently outstanding and unpaid in the aggregate principal amount of \$1,735,000, maturing (or subject to mandatory sinking fund redemption) on September 1, in the years 2018 and 2019.

The County will use a portion of the proceeds of the Series 2017B Bonds to advance refund all of the outstanding Series 2009 Bonds (the "Refunded Bonds").

The proceeds of the Series 2017B Bonds, after payment of the costs of issuance, will be irrevocably deposited in escrow with Regions Bank, as escrow agent (the "Escrow Agent"), pursuant to an Escrow Deposit Agreement (the "Escrow Deposit Agreement"), dated as of October 1, 2017, between the County and the Escrow Agent, and will be applied by the Escrow Agent to the purchase of certain direct obligations of the United States of America (the "Acquired Obligations"). The Acquired Obligations will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that sufficient moneys will be available to pay when due the principal of and premium and interest on the Refunded Bonds through the final maturity date for the Refunded Bonds of September 1, 2019. None of the moneys deposited with the Escrow Agent will be available to pay the principal of and interest on the Series 2017B Bonds, and the owners of the Series 2017B Bonds will have no claim to such moneys. Causey Demgen & Moore Inc. will verify the mathematical accuracy of certain computations with respect to the sufficiency for such purpose of the Acquired Obligations and cash on deposit in the escrow fund. See "MISCELLANEOUS – Verification of Arithmetical Computations" herein.

The County acknowledges and intends that, by virtue of the aforesaid deposits with the Escrow Agent, the Refunded Bonds will be deemed to have been paid and that, consequently, the rights granted to the holders of the Refunded Bonds under the Bond Resolution will have ceased, been terminated, and become void concurrently with the issuance and delivery of the Series 2017B Bonds.

**Debt Service Schedule**

The following table sets forth the debt service requirements during each fiscal year on the Series 2003 Bonds and the Series 2012 Bonds (collectively, the “Prior Bonds”) and the Series 2017 Bonds, which are all secured by and payable from the Net Revenues of the System, assuming the refunding of the Refunded Bonds. The Series 2003 Bonds, the Series 2012 Bonds and the Series 2017 Bonds will be the only debt secured by a first lien on the Net Revenues of the System.

**OCONEE COUNTY WATER AND SEWERAGE SYSTEM  
DEBT SERVICE REQUIREMENTS<sup>(1)</sup>**

Fiscal Year Ended June 30	Prior Bonds			Series 2017A Bonds*			Series 2017B Bonds*			Total Bond Debt Service*
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2018	\$250,000	\$296,350	\$546,350	\$--			\$--			
2019	265,000	288,625	553,625	--			965,000			
2020	380,000	278,950	658,950	--			880,000			
2021	1,270,000	241,500	1,511,500	--			--			
2022	1,335,000	176,375	1,511,375	--			--			
2023	1,400,000	108,000	1,508,000	--			--			
2024	1,470,000	36,500	1,506,500	--			--			
2025	--	--	--	550,000			--			
2026	--	--	--	580,000			--			
2027	--	--	--	610,000			--			
2028	--	--	--	640,000			--			
2029	--	--	--	670,000			--			
2030	--	--	--	705,000			--			
2031	--	--	--	740,000			--			
2032	--	--	--	780,000			--			
2033	--	--	--	820,000			--			
2034	--	--	--	860,000			--			
2035	--	--	--	905,000			--			
2037	--	--	--	955,000			--			
2038	--	--	--	1,000,000			--			
<b>Total</b>	<b><u>\$6,370,000</u></b>	<b><u>\$1,426,300</u></b>	<b><u>\$7,796,300</u></b>	<b><u>\$10,870,000</u></b>			<b><u>\$1,845,000</u></b>			

The Walton County Water and Sewer Authority (the “WCWSA”) entered into two notes (the “GEFA Loans”) payable with the Georgia Environmental Finance Authority (“GEFA”) in 2013 and 2015, respectively. The County is obligated to pay 28.8% of the amounts payable under this note pursuant to an intergovernmental agreement for the Hard Labor Creek Reservoir Project. As of August 1, 2017, the principal amount of the County’s obligations to WCWSA under the GEFA Loans is \$7,879,071. The GEFA Loans are subordinate to the lien on such Net Revenues securing the Series 2017 Bonds. See “SYSTEM FINANCIAL INFORMATION – Summary of Assets, Liabilities and Fund Balance” herein.

## **Other Obligations**

### *Upper Oconee Basin Water Authority (UOBWA)*

In 2015, the Upper Oconee Basin Water Authority (the “UOBWA”) issued \$14,870,000 in original aggregate principal amount of its Revenue Refunding Bonds, Series 2015A (the “UOBWA Series 2015A Bonds”) and \$15,110,000 in original aggregate principal amount of its Taxable Revenue Refunding Bonds, Series 2015B (the “UOBWA Series 2015B Bonds” and, together with the UOBWA Series 2015A Bonds, the “UOBWA Series 2015 Bonds”). The UOBWA Bonds are currently outstanding in the aggregate principal amount of \$25,695,000. The UOBWA Series 2015 Bonds refunded the UOBWA’s outstanding Revenue Refunding Bonds, Series 2005, which refunded the UOBWA’s outstanding Revenue Bonds, Series 1997 (the “UOBWA Series 1997 Bonds”). The UOBWA Series 1997 Bonds were issued to finance (i) a raw-water supply reservoir (the “Bear Creek Reservoir”) with an estimated withdrawal capacity of 52 million gallons per day (“MDG”) and (ii) a 21 MGD water treatment plant with accompanying raw and finished water mains (the “Bear Creek Water Treatment Plant”). The Bear Creek Reservoir serves as a primary water source for Barrow, Jackson and the County and as a reserve raw water supply source for Athens-Clarke County.

Pursuant to the Reservoir Agreement (as defined herein), the Water Treatment Agreement (as defined herein) and the Supplemental Contract, dated May 1, 2015, by and between the Upper Oconee Authority and the County (the “Supplemental Contract”), the County agreed to pay the UOBWA amounts sufficient to pay 20.959% of the debt service on the UOBWA Series 2015 Bonds, including the amounts necessary to fund the required reserve and renewal accounts associated with the UOBWA Series 2015 Bonds (the “UOBWA Debt Service Payment”). The UOBWA Series 2015 Bonds mature on July 1, 2027. In addition, the County must pay (a) 12% of the fixed operating and maintenance costs and administrative and general management costs of the UOBWA incurred in connection with the Bear Creek Reservoir (the “Bear Creek Reservoir Operating Costs Payments”); (b) variable operation and maintenance costs of the UOBWA on a unit cost basis (per thousand gallons purchased) in connection with each of the Bear Creek Reservoir and the Bear Creek Water Treatment Plant (the “Variable Reservoir and Treatment Plant Operating Costs Payments”); and (c) 19.05% of the fixed operating and maintenance costs and administrative and general management costs of the UOBWA incurred in connection with the Bear Creek Water Treatment Plant (the “Water Treatment Plant Operating Costs Payments” and together with the Reserve Operating Costs Payments and the Variable Reservoir and Treatment Plant Operating Costs Payments, the “UOBWA Operating Costs Payments”). The County is billed monthly for the UOBWA Operating Costs Payments. In consideration of the County’s UOBWA Debt Service Payment and UOBWA Operating Costs Payments, the County is entitled to 12% of the Bear Creek Reservoir capacity and 19.05% of the Bear Creek Water Treatment Plant capacity. See “THE SYSTEM--Water System” herein.

**THE COUNTY’S BEAR CREEK OPERATING COSTS PAYMENTS ARE TREATED AS OPERATING COSTS OF THE SYSTEM AND ARE PAID PRIOR TO THE DEBT SERVICE ON THE SERIES 2012 BONDS, THE SERIES 2017 BONDS AND ANY ADDITIONAL PARITY BONDS. THE UOBWA DEBT SERVICE PAYMENT, TO THE EXTENT MADE WITH NET REVENUES OF THE SYSTEM, WILL BE PAID AFTER THE DEBT SERVICE PAYMENTS ON THE SERIES 2003 BONDS, THE SERIES 2012 BONDS AND THE SERIES 2017 BONDS. THE COUNTY HAS COVENANTED IN THE BOND RESOLUTION THAT THE UOBWA DEBT SERVICE PAYMENT IS SUBORDINATE TO THE SERIES 2003 BONDS, THE SERIES 2012 BONDS, THE SERIES 2017 BONDS AND ANY ADDITIONAL PARITY BONDS.**

*Walton County Water and Sewerage Authority (WCWSA)*

Under the terms of an Intergovernmental Reservoir and Water Supply and Treatment Agreement, dated as of September 1, 2007 (the "Hard Labor Creek Contract"), among the Walton County Water and Sewerage Authority (the "WCWSA"), the County and Walton County, Georgia ("Walton County"), the County is responsible for 28.8% of all construction and operating costs (the "WCWSA Operating Costs Payments") of the Hard Labor Creek Project (as defined herein) and is entitled to that same percentage of treated water. See "THE SYSTEM--History" herein for more information on the Hard Labor Creek Project. Walton County is responsible for 71.2% of all construction and operating costs of the Hard Labor Creek Project and is entitled to that same percentage of treated water. The WCWSA issued \$8,425,000 in original principal amount of its Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2015 (the "WCWSA Series 2015 Bonds") and \$9,465,000 in original principal amount of its Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2016 (the "WCWSA Series 2016 Bonds" and, together with the WCWSA Series 2015 Bonds, the "WCWSA Bonds") to refund the Walton County Water and Sewer Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008 (the "WCWSA Series 2008 Bonds"). The WCWSA Bonds are currently outstanding in the aggregate principal amount of \$17,755,000. The WCWSA Series 2008 Bonds were issued to finance a portion of the Hard Labor Creek Project. Pursuant to the Intergovernmental Contract-Reservoir Project, dated as of October 1, 2007, as supplemented (the "Hard Labor Creek Debt Contract" and, together with the Hard Labor Creek Contract, the "WCWSA Contracts"), each between the County and the WCWSA, the County has agreed to pay sufficient amounts to the WCWSA to pay debt service on the WCWSA Bonds (the "WCWSA Debt Service Payments").

**THE COUNTY INTENDS TO, *BUT IS UNDER NO OBLIGATION TO*, USE THE NET REVENUES FROM ITS SYSTEM TO MAKE THE WCWSA DEBT SERVICE PAYMENTS, BUT THE NET REVENUES OF THE SYSTEM ARE NOT PLEDGED TO THE PAYMENT OF THE WCWSA DEBT SERVICE PAYMENTS. IN ADDITION, THE NET REVENUES OF THE SYSTEM *ARE NOT* PLEDGED TO THE PAYMENT OF THE COUNTY'S OBLIGATIONS UNDER THE HARD LABOR CREEK CONTRACT AND THE WALTON OPERATING COSTS PAYMENTS *ARE NOT* TREATED AS OPERATING COSTS OF THE SYSTEM. THE COUNTY HAS COVENANTED IN THE BOND RESOLUTION THAT ALL PAYMENTS UNDER THE WALTON CONTRACTS ARE SUBORDINATE TO THE SERIES 2003 BONDS, THE SERIES 2012 BONDS, THE SERIES 2017 BONDS AND ANY ADDITIONAL PARITY BONDS.**

**Proposed Debt**

After the issuance of the Series 2017 Bonds the County does not currently anticipate issuing any additional debt that will be payable from the Net Revenues within the next three years.

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## THE SYSTEM

### History

The System was created in 1989 with the transfer of all of the assets and liabilities of the Oconee Utility Authority (the "Authority") to the County. The Authority was created by an Act of the General Assembly of the State of Georgia in 1981, which act was repealed in 1989. The facilities comprising the System date to the late 1930's when the original plans for the City of Watkinsville's water and sewerage system were developed. The City of Watkinsville system was upgraded during the 1960's and further expanded in 1986 with the construction of the Calls Creek Water Reclamation Facility (formerly the Calls Creek Water Pollution Control Plant), an activated sludge wastewater treatment plant (the "Calls Creek WRF"). The operations of the City of Watkinsville system were transferred to the Authority in 1984 and the assets were transferred to the System in 1989. Since 1990, the County has expanded its systems by accepting as contributed capital, infrastructure, including both water and sewer systems, financed and constructed by private developers. Under County Water and Wastewater Standards Ordinance, all water and sewerage facilities and improvements, both public and private within the jurisdiction of the County, including wells, lines, pumping stations and force mains, must be conveyed to the County as contributed capital assets.

In 1994, the General Assembly of the State of Georgia created the Upper Oconee Basin Water Authority (the "UOBWA"), which was charged with the responsibility of securing reliable public water supply for a four-county area, which includes the County, Athens-Clarke County, Barrow County and Jackson County, Georgia. In December of 1997, the UOBWA Series 1997 Bonds were issued by the UOBWA to finance the construction of (i) a raw water supply reservoir (the "Bear Creek Reservoir") with a permitted withdrawal capacity of 52 million gallons per day ("MGD") and (ii) a 21 MGD water treatment plant with accompanying raw and finished water mains (the "Bear Creek Water Treatment Plant"). The Bear Creek Reservoir and Bear Creek Water Treatment Plant were completed in April, 2002. Pursuant to a certain Intergovernmental Reservoir and Raw Water Supply Agreement, dated as of July 22, 1996 (the "Reservoir Agreement"), and a certain Intergovernmental Water Treatment and Transmission Agreement, dated as of July 22, 1996 (the "Water Treatment Agreement"), each between the Authority and the four member counties, including the County, the County is entitled to the amounts described in "THE SYSTEM – Water System" below.

In 2007, the County and Walton County began the acquisition and construction of a 1,367 acre, 12 billion gallon reservoir on Hard Labor Creek, located near Social Circle, Georgia in Walton County. After completion, the project will include a water treatment facility, storage tanks, a pumping station and a transmission system (collectively, the "Hard Labor Creek Project"). As described above, pursuant to the Hard Labor Creek Contract, the County is responsible for 28.8% of all construction and operating costs of the Hard Labor Creek Project and is entitled to that same percentage of treated water. Walton County is responsible for 71.2% of all construction and operating costs of the Hard Labor Creek Project and is entitled to that same percentage of treated water. The County's and Walton County's interest in the Hard Labor Creek Project are herein referred to as the "Entitlement Shares." The current estimated cost of constructing the entire Hard Labor Creek Project is currently \$170,000,000 with approximately \$86,900,000 in estimated future costs, including the water treatment plant, remaining as of fiscal year ended June 30, 2017. It is anticipated that the Hard Labor Creek Reservoir Project and High Shoals Raw Water Diversion will be completed by January, 2020. As of the date of this Statement, the Hard Labor Creek Reservoir Management Board (HLC RMB) is considering options for deferring the construction of the water treatment plant until such time in the future as either party would need access to treated water capacity.

The County and Walton County each have a beneficial interest in the Hard Labor Creek Project and own an undivided interest in the raw and treated water in accordance with their Entitlement Shares. The County and Walton County are permitted to sell a portion of their Entitlement Share of treated water outside of their geographic boundaries for a period not to exceed 10 years (including all renewal options).

The County and Walton County each have a first right of refusal to purchase the other's excess raw or treated water at least every 10 years before either the County or Walton County can sell such excess raw or treated water to a third party. The County and Walton County are also permitted to sell their Entitlement Share of the Hard Labor Creek Project, subject to a first right of refusal of the other party. The Hard Labor Creek Project is currently



operated by the Hard Labor Creek Reservoir Management Board (HLC RMB) with Walton County providing most of the routine daily tasks. The County and Walton County share the operating and maintenance costs based on their respective Entitlement Shares.

### **Management and Administration**

The County is a political subdivision of the State of Georgia. The System is under the direction and control of the County's five-member Board of Commissioners (the "Board of Commissioners"). The Board of Commissioners has the sole responsibility for establishing rates and all user fees charged by the System and for setting policy regarding the billing procedures, operations and capital improvements to the System. See "OCONEE COUNTY GENERAL INFORMATION – Form of Government and County Officials" herein for information regarding the Board of Commissioners.

Following is biographical information on persons with the responsibility for the control and operations of the County and the System:

*John Daniell, Chairman, Board of Commissioners of Oconee County.* Mr. Daniell has served as Chairman since January 1, 2017. Prior to his election as Chairman, Mr. Daniell served as the Business Manager of Westminster Christian Academy. He has 22 years of experience as Senior Accountant, Controller, or CFO, and 9 years of experience as VP of Operations or Operations Manager. Mr. Daniell holds a degree in Business Administration from the University of Georgia.

*Justin Kirouac, County Administrator.* Mr. Justin Kirouac was appointed in July 2017 by the Board of Commissioners to manage the day-to-day affairs of the County and serves at the pleasure of the Board of Commissioners. Mr. Kirouac has over eighteen years of governmental experience and was appointed County Administrator in 2017 where he is responsible for government operations. Prior joining the County, he spent over ten years at the City of Johns Creek serving as Assistant City Manager, Interim Community Development Director, Deputy Director of Community Development and Planning and Zoning Administrator. Prior to Johns Creek, he has worked at Gwinnett County, Georgia Municipal Association and City of Duluth in various capacities in the Planning and Development field and research. He has a B.A. in Political Science from Grove City College and a M.P.A. from Georgia State University.

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

*Wayne Haynie, P.E., Utility Director.* Mr. Haynie was appointed in August 2015 by the Board of Commissioners to manage the day to day operations of the System, overseeing the County's drinking water distribution, wastewater treatment, water engineering and customer service areas. He serves at the discretion of the County Administrator. Before his appointment, Mr. Haynie served in the water engineering market since 1982, after graduating from the Georgia Institute of Technology with a Bachelor of Civil Engineering. He has served the engineering profession in both the private sector and local government for 34 years, overseeing, planning, permitting, designing and constructing hundreds of millions of dollars in projects across Georgia and the Southeast.

### **Water System**

*General.* Operating under Georgia EPD Permit No. CG2190000, the County's water system (the "Water System") is a Class-I system containing components for the production, treatment, storage and distribution of drinking water to County customers. The current EPD permit runs until September 17, 2019 when renewal will be required. The County's existing water system provides service to approximately 10,950 residential, commercial, institutional, and industrial customers located in the City of Watkinsville, the Town of Bishop, the City of Bogart, and in the unincorporated portions of the County through 290 miles of transmission and distribution mains. The

County also provides finished water supply to two wholesale customers, Walton County and Piedmont Water, a private water company operating within the County and the region.

*Exported Water Sales.* Pursuant to a Water Purchase Contract, dated December 28, 2009, between the County and Walton County, the County agreed to sell, and the Walton County Authority agreed to buy, potable water in an amount not to exceed 0.50 MGD as determined on a monthly basis, at a purchase price of \$1.70 per 1000 gallons (the “Walton County Contract”). In addition, Walton County may purchase under the Contract additional water in excess of the daily quantity based on availability and on the best interests of the County. The term of the original Contract extended through December 31, 2017. At present the agreement will be negotiated for renewal in October 2017 for approval by both Oconee and Walton County Boards for November consideration.

Pursuant to a Water Purchase Contract, dated May 5, 2000 and updated on August 14, 2009, by and between the County and Piedmont Water, the County agreed to sell, and Piedmont Water agreed to buy, potable water in an amount that equals the needs of Piedmont Water’s customers in Brookwood Estates subdivision, and at other locations where Piedmont operates within Oconee County, at a purchase price of \$2.46 per 1,000 gallons (the “Piedmont Contract”). The Piedmont Contract will remain in effect until the County expands service coverage to those locations, and / or the Piedmont customers desire to switch providers.

*Water Supply.* The County’s 2017 annual average daily demand of water is approximately 2.90 MGD with the maximum day estimated at 3.90 MGD. The County meets system demands using the following sources of water:

1. Approximately 96% from the Bear Creek Water Treatment Plant operated by the UOBWA,
2. Approximately 3% from four (4) County permitted active groundwater wells, with 9 permitted reserve wells,
3. Approximately 1% imported from Barrow County and Athens-Clarke County Unified Government at various border subdivisions.

*Upper Oconee Basin Water Authority (UOBWA).*

The County entered into the Reservoir Agreement and the Water Treatment Agreement (collectively, the “UOBWA Agreements”) under the terms of which the UOBWA agreed to sell at wholesale and the County is entitled to buy each year 12% of the output and services of the Bear Creek Reservoir and 19.05% of the output and services of the Bear Creek Water Treatment Plant, respectively (each percentage, its “Entitlement Share”), for the purposes of resale inside and outside the territorial boundaries of the County. The UOBWA Agreements expire 50 years from the dates of their execution at which time the County’s Entitlement Share under each contract shall be fully vested, provided that the County is not in default under the respective contract at that time.

UOBWA has previously issued its revenue bonds to finance the acquisition and construction of the Bear Creek Reservoir and the Bear Creek Water Treatment Plant. Under the UOBWA Agreements, on a monthly basis, the County pays a percentage of the required debt service on the UOBWA Bonds as well as other costs associated with the maintenance and operation of the Bear Creek Reservoir and the Bear Creek Water Treatment Plant. See “DEBT SERVICE SCHEDULE - Other Obligations” herein.

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The table below provides the County's Entitlement Shares of the capacities of the UOBWA water supply system.

<u>Description</u>	<u>Georgia EPD Permit No.</u>	<u>County's Entitlement Share of the UOBWA Facilities</u>			<u>Capacity of Facility, Monthly Average (MGD)</u>	<u>Capacity of Facility, Max Day (MGD)</u>
		<u>Average Daily Flow (MGD)</u>	<u>Maximum Day (MGD)</u>	<u>Entitlement Share</u>		
River Intake-Raw Water Withdrawal	078-0304-05	N/A	7.2	12%	60	60
Reservoir Withdrawal	078-0304-06	7.0	9.5	12%	58	79
WTP Treated Water Capacity	CS1570121	N/A	4	19%	21	21

Source: Oconee County Utility Department.

In 2008, the UOBWA received concurrence from Georgia EPD on a high rating study to increase the filtration capability of the water treatment plant from 21 to 26.5 MGD within the existing plant foot print. This study will be used to develop construction drawings, plans and specifications to construct these improvements in a very cost effective manner should an increase in treatment capacity be needed by any or all of the members of the Authority. During the years before the plant is high-rated, leasing of respective members' finished water treatment capacity is a more efficient way to conserve funding while operating the plant in a more efficient manner, as higher, steady, filtration rates tend to lower operation and maintenance costs at the plant, benefitting all members. Projections found in the County's 2050 Long Range Water Forecasts project a need for treated (drinking, potable) water capacity by year 2021. The County is currently in negotiations with the UOBWA to lease portions of available treated water capacity with its partners in the UOBWA who operate significantly within the limit of their respective Entitlement Shares. By 2018, the County projects to lease an additional 0.5 to 1 MGD for a period of 5-years, renewable annually. Additional blocks of capacity can be considered in the future, as the need arises and members can offer excess capacity.

*Hard Labor Creek Reservoir Management Board (HLC-RMB).*

In 2007, the County entered into agreements to form a partnership with Walton County for the planning, permitting and construction of the Hard Labor Creek Reservoir Project. Georgia EPD authorized the filling of the new reservoir in September 2015. Other work associated with the raw water reservoir, including the intake, raw water pipeline and ancillary facilities were completed in 2017, with long-term filling of the pool projected at full pool (700-feet MSL) by early 2018. The County's 2050 Long Range Water Forecasts predict that the County may import water from the project's yield by the year 2045 timeframe. The County will be entitled to an estimated 28.8% of the output of the facility, as discussed in "THE SYSTEM -- History" above. This future supply of water, combined with existing supplies from UOBWA, should provide the County with an ample supply of water until at least 2060, per the 2050 Long Range Water Forecasts.

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The table below describes the County’s Entitlement Shares of the capacities of the Hard Labor Creek Reservoir Management Board water supply system.

County’s Entitlement Share of the HLC Facilities

<u>Description</u>	<u>Georgia EPD Permit No.</u>	<u>Average Day (MGD)</u>	<u>Maximum Day (MGD)</u>	<u>Entitlement Share</u>	<u>Capacity of Facility, Monthly Average (MGD)</u>	<u>Capacity of Facility, Max Day (MGD)</u>
Apalachee River Intake-Raw Water Withdrawal	147-0305-03	N/A	17.3	28.8%	60.0	60.0
Reservoir Withdrawal – Initial Stage	147-0307-03	4.8	5.8	28.8%	16.60	20.0
Reservoir Withdrawal – Final Stage	147-0307-03	14.9	17.9	28.8%	51.8	62.1

Source: Oconee County Utility Department.

The County also entered into a reciprocal water supply agreement with the Athens-Clarke County Unified Government, Georgia (“ACCUG”), dated as of May 29, 2003 (the “ACCUG Water Supply Agreement”), under the terms of which each of the County and Athens-Clarke County will make available to the other on a daily basis potable water in a quantity not to exceed 100,000 gallons. In addition, each of the County and ACCUG may purchase additional potable water from one another during times of emergency, based on availability and at the discretion of the applicable seller. Based on the respective meter readings, each of the County and ACCUG shall render a monthly bill and pay such monthly bill to the other for the water received for the previous consumption period. The ACCUG Water Supply Agreement was updated on February 18, 2014 with a term of twenty years from the date of its execution.

The County also owns and maintains 4 active groundwater and 9 reserve wells, all permitted by Georgia EPD. The active groundwater wells yield a range of 50 to 200 gallons per minute, or approximately 0.250 MGD.

*Treatment.* Water supplied by the UOBWA, Barrow County and Athens-Clarke County Unified Government, is finished and ready for consumption. Finished water from the County wells is disinfected and fluoridated before distribution.

*Storage.* The County operates three (3) elevated storage tanks including one 250,000-gallon, one 500,000-gallon, and one 1 million-gallon tank. A portion of the funding resulting from this Bond Issue will serve to construct two new elevated water storage reservoirs in 2018 and 2019 increasing elevated storage by 1,000,000 gallons to 2,750,000-gallons, or approximately 1-day’s average consumption, thereby improving drought resiliency or disaster preparedness.

*Water Distribution.* The System’s water distribution is comprised of approximately 293 miles of water lines, varying in size from 4 to 24-inches in diameter.

**Wastewater System**

*General.* The County’s wastewater system (the “Wastewater System”) currently serves approximately 2,400 customers (connections) and contains components for the collection, transmission, treatment and disposal of treated wastewater. The majority of County residents rely on onsite wastewater treatment (septic systems) for wastewater disposal; however, approximately 1,700 residential customers utilize the County’s two wastewater treatment plants for wastewater treatment. The wastewater system consists of approximately 84 miles of sewers and force mains, size 6 through 18-inches in diameter. Much of the sewer system was constructed after 1990 and is relatively new compared with more urbanized areas of the State. The County promotes and conducts a preventive maintenance program of infiltration / inflow, root removal, and rehabilitation of sewer lines.

*Wastewater Treatment Capacity.* To promote orderly and balanced growth while conserving the County’s water resources, in March, 2016, the County adopted a policy by which the County reserves wastewater treatment capacity for approximately 30% of its residential subdivisions containing smaller lots. Most new residential developments will be served by septic systems (on-site treatment) and may connect to a centralized sewer system in the more distant future. In addition to the 30% reservation for residential wastewater capacity, the County reserves 50% of its wastewater treatment capacity for commercial and institutional uses, with the remaining 20% of the allowable capacity reserved for industrial uses and strategic economic development targets.

*Wastewater Treatment.* The County owns and operates two wastewater treatment plants, the Calls Creek WRF, and the Rocky Branch Land Application Facility (LAS), a land treatment system. The current permitted design capacity of Calls Creek WRF is 0.667 MGD. In 2016, the County received a Waste Load Allocation from Georgia EPD to prepare to expand Calls Creek WRF to 1.5 MGD. The 1.5 MGD Upgrade is underway and will be commissioned in August of 2018. The LAS was commissioned into service in July, 2002. This facility was initially permitted for 200,000 gallons per day (“GPD”), and was later re-rated to handle a capacity of 400,000 GPD. In 2017, Georgia EPD approved the County’s construction plans to improve and optimize the design capacity of the LAS facility. Those improvements are underway and should be commissioned by March 2018.

*Exported Wastewater.* Pursuant to the ACCUG Water Supply Agreement as described under “THE SYSTEM – Wastewater System” above, the County exports approximately 18,000 GPD of wastewater to the ACCUG sewer system at inter-county connection points. Under the agreement, the County may utilize approximately 15,000 GPD of additional wastewater treatment capacity within the ACCUG system after notification and acceptance of said County customers by ACCUG.

**Customers**

Set forth below is the number of water system customers for each of the last five fiscal years.

	Fiscal Years Ended June 30,				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Residential	6,436	6,789	7,009	7,339	7,596
Commercial/ Industrial	<u>2,657</u>	<u>2,802</u>	<u>2,893</u>	<u>3,030</u>	<u>3,136</u>
Total	9,093	9,591	9,902	10,369	10,732

Source: Oconee County Utility Department.

Set forth below is the number of sewer system customers for each of the last five fiscal years.

	Fiscal Years Ended June 30,				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Residential	1,156	1,387	1,472	1,627	1,730
Commercial/ Industrial	<u>477</u>	<u>572</u>	<u>608</u>	<u>671</u>	<u>714</u>
Total	1,633	1,959	2,080	2,298	2,444

Source: Oconee County Utility Department.

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## Largest Customers

Set forth below is information concerning the ten largest water customers of the System for the year ended June 30, 2017. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the System.

### Ten Largest Water Customers

<u>Customer</u>	<u>Business/Product</u>	<u>Annual Consumption (MG)</u>	<u>Total Billing</u>	<u>Percentage of Total Water System Revenues<sup>(1)</sup></u>	<u>Percentage of Total System Revenues<sup>(2)</sup></u>
Oconee County School District	Institutional – Bd. of Ed.	19.5	\$148,800	2.04%	1.56%
Ameripride Services, Inc.	Industrial Laundry	15.7	98,900	1.35	1.10
Athens Ridge, LLC	Residential - Campus	10.0	84,900	1.16	0.94
Walton Co. Board of Comm.	Government – Wholesale Residential -	30.9	52,500	0.72	0.58
ACG, LLC	Construction	5.68	52,100	0.71	0.58
Piedmont Water Company	Private - Wholesaler	17.4	51,000	0.70	0.57
Oconee Co. Board of Comm.	Government - Institutional	3.99	44,900	0.62	0.50
Georgia General Kipling, LLC	Residential Complex	6.96	43,200	0.59	0.48
Athens Academy	Institutional – Education	4.01	34,700	0.48	0.39
St. Mary’s Highland Hills	Institutional – Retirement	4.66	33,200	0.45	0.37
<b>TOTAL</b>			<u>\$644,200</u>	<u>8.82%</u>	<u>7.16%</u>

<sup>(1)</sup> Total unaudited operating water revenues for the System for the fiscal year ended June 30, 2017 were approximately \$7,300,000.

<sup>(2)</sup> Total unaudited total operating revenues for the System for the fiscal year ended June 30, 2017 were approximately \$9,000,000.

Source: Oconee County Utility Department.

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Set forth below is information concerning the ten largest sewer customers of the System for the year ended June 30, 2017. No independent investigation has been made of, and consequently no representation can be made as to, the stability or financial condition of any of the customers listed below or that such customers will continue to maintain their status as major customers of the System.

<u>Customer</u>	<u>Business/Product</u>	<u>Annual Demand (MG)</u>	<u>Total Billing (\$)</u>	<u>Percentage of Total Sewer System Revenues<sup>(1)</sup></u>	<u>Percentage of Total System Revenues<sup>(2)</sup></u>
Ameripride Services, Inc.	Industrial Laundry	37.5	\$233,300	13.72%	2.59%
Athens Ridge, LLC	Residential Complex	10.0	78,400	4.61	0.87
Oconee County School District	Board of Education	14.6	78,200	4.60	0.87
Bensons Bakery, Inc.	Commercial - Bakery	10.8	67,100	3.95	0.75
Georgia General Kipling, LLC	Residential Complex	6.96	35,700	2.10	0.40
St. Mary's Highland Hills	Institutional – Retirement	3.35	21,400	1.26	0.24
Cheddars Casual Café	Commercial - Restaurant	3.17	16,500	0.97	0.18
Oconee County Board of Comm.	Government – Institutional	2.18	16,200	0.95	0.18
Kroger, Inc.	Commercial - Retail	2.92	15,200	0.89	0.17
Home Depot, Inc.	Commercial - Retail	2.16	11,300	0.66	0.13
Alexion Pharmaceuticals	Industrial – Pharma / Bio	2.03	<u>11,000</u>	<u>0.5</u>	<u>0.12</u>
<b>TOTAL</b>			<b><u>\$584,000</u></b>	<b><u>34.37%</u></b>	<b><u>6.49%</u></b>

<sup>(1)</sup> Total unaudited operating sewer revenues for the System for the fiscal year ended June 30, 2017 were approximately \$1,700,000.

<sup>(2)</sup> Total unaudited total operating revenues for the System for the fiscal year ended June 30, 2017 were approximately \$9,000,000.

Source: Oconee County Utility Department.

### Historical Water and Sewer Demand

Set forth below is information concerning the amount of water and sewer service billed by the County to its customers during each of the past five fiscal years.

#### *Historical Water Demand*

	<u>Fiscal Years Ended June 30,</u>				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Average Daily Demand (MGD)	2.09	2.00	2.17	2.27	2.81
Peak Day Demand (MGD)	4.77	3.52	3.83	3.39	3.99

#### *Historical Sewer Demand*

	<u>Fiscal Years Ended June 30,</u>				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Average Daily Demand (MGD)	0.60	0.70	0.86	0.77	0.90
Peak Day Demand (MGD)	0.78	0.84	1.45	1.37	1.63

Source: Oconee County Utility Department.

### Billing Procedures

The County uses a one-cycle billing procedure in accordance with which customer meters are read and billed monthly. Bills are mailed to approximately one fourth of the accounts and are considered delinquent if not

paid by the billing due date. A late charge equal to the greater of \$2 or ten percent of the bill is assessed on the delinquent date. After approximately 7 days past the due date, a late notice phone call and/or email to the customer is made, is mailed, and after 10 to 14 additional days, water service is discontinued if the outstanding balance is not paid. Once County staff is dispatched,, a \$40 non-payment fee is imposed in addition to the ten percent penalty and must be paid before service is resumed, or in order for service to continue. The County requires a customer deposit at service commencement. The amount of the deposit varies depending on the type of service(s) provided.

**Rates, Fees and Charges**

User fees are set by the Board of Commissioners of the County to recover independently the cost of providing water and sewerage service, to pay the principal and interest on the debt obligations of the System and to generate reserves for emergencies and expansion of the System. The minimum water bill is based on meter size and will vary in relation to the meter size and volume of water used. In addition to the user fees and charges outlined below for water and sewer usage, the County charges a water connection fee based on the size of the meter being used and a sewer capacity fee based on estimated wastewater treatment capacity allocated for the customer’s use. These fees are reflective of the cost of providing such service. The Water and Sewer Rate Study and Financial Model completed in 2017 refined said fees to better allocate System costs and expenses with the appropriate fees.

Set forth below is a schedule of the water and sewer rates and fees for the System for the fiscal year ended June 30, 2017, together with the rate increases that went into effect on July 1, 2017, as approved by the Board of Commissioners of the County during the annual budget process. On June 6, 2017, the Board of Commissioners of the County have also approved rate increases for the next four years, with water rate increases of approximately 1.0% each year and sewer rates increases of approximately 4.5% each year.

**MONTHLY WATER RATES**

Base Rate – All Categories

<u>Meter Size</u>	<u>Minimum Charge (Through June 30, 2017) (0 to 1,000 gallons)</u>	<u>Minimum Charge (Effective July 1, 2017) (0 to 1,000 gallons)</u>
5/8"x3/4"	\$19.79	\$19.99
1"	31.47	39.94
1½"	46.18	73.20
2"	93.89	113.11
3"	187.78	206.22
4"	326.32	339.25
6"	400.42	400.42

Residential Water Rates

<u>Quantity (Gallons)</u>	<u>Rate per 1,000 Gallons after Minimum (Through June 30, 2017)</u>	<u>Quantity (Gallons)</u>	<u>Rate per 1,000 Gallons after Minimum (Effective July 1, 2017)</u>
1,001 – 4,000	\$5.00	1,001-7,000	\$5.18
4,001 – 8,000	6.00	7,001-14,000	7.09
8,001 – 12,000	6.87	14,001 & over	8.99
12,001 – 20,000	8.01		
20,001 & over	8.66		



Commercial and Institutional Water Rate

<u>Quantity (Gallons)</u>	<u>Rate per 1,000 Gallons after Minimum (Through June 30, 2017)</u>	<u>Rate per 1,000 Gallons after Minimum (Effective July 1, 2017)</u>
1,001 & over	\$6.17	\$6.23

*Water Connection Fees.* Each new water customer must also pay a water connection fee. For a 5/8 x 3/4-inch meter, the connection is \$1,800.00, which includes a \$1,465.00 water availability fee, a \$170.00 tap and meter fee and a \$165.00 inspection fee. The water availability fee is based on the property's equivalent capacity expressed in an "equivalent residential connection" ("ERC"). One ERC is equivalent to 220 gallons per day average usage.

MONTHLY SEWER RATES

<u>Customer</u>	<u>Base Charge (Through June 30, 2017) (0 to 2,000 Gallons)</u>	<u>Usage Over 2,000 Gallons (Through June 30, 2017) (per 1,000 Gallons)</u>	<u>Base Charge (Effective July 1, 2017) (0 to 1,000 Gallons)</u>	<u>Usage Over 1,000 Gallons (Effective July 1, 2017) (per 1,000 Gallons)</u>
Residential	\$22.62	\$4.69	\$18.74	\$5.30
Commercial	38.07	5.09	39.78	5.32
Industrial	51.50	6.18	53.82	6.46

*Sewer Capacity Fees.* Each new residential sewer customer must also pay a sewer capacity fee. This fee is based on the property's equivalent capacity expressed in an "equivalent residential connection" ("ERC"). One ERC is equivalent to a 260 gallons per day, average usage. New customers to be connected to the Calls Creek WRF or the Rocky Branch Land Application sewer service areas are charged a wastewater capacity fee of \$3,441 per ERC, including and inspection fee of \$165.00. New commercial or industrial customers are charged a wastewater capacity fee calculated by the Director using in accordance with County policies contained in the Water and Wastewater Systems Ordinance.

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## Comparison of System Rates With Rates of Other Water and Sewerage Systems

Set forth below is a 2017 comparison of representative monthly residential water and sewer bills of customers of the System and customers of comparable water and sewer utility systems.

### Residential Water and Sewer Bill Based on Consumption of 6,000 Gallons and Rates in Effect July 1, 2017

<u>Utility</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Forsyth County WSA	\$29.00	\$39.04	\$68.04
City of Covington	32.95	36.00	68.95
Butts County WSA	33.00	36.00	69.00
City of Toccoa	33.75	35.83	69.58
Barrow County WSA	45.30	31.08	76.38
City of Madison	42.40	42.40	84.80
Newton County WSA	39.23	47.78	87.01
Rockdale Water Resources	36.59	52.07	88.66
Paulding County	47.96	44.96	92.92
Douglasville-Douglas County WSA	39.10	54.96	94.06
Coweta County WSA	47.27	48.65	95.92
City of Winder	53.55	46.90	100.45
Walton County	50.52	51.50	102.02
Eatonton-Putnam WSA	47.81	54.46	102.27
Athens-Clarke County	59.35	43.34	102.69
Jackson County WSA	48.54	56.30	104.84
City of Gainesville (Outside)	46.76	59.28	106.04
<b>Oconee County</b>	45.89	45.24	91.13

Source: Oconee County Utility Department; 2017 Water & Sewer Rate Study Georgia Water Rates Dashboard; UNC Environmental Finance Center (<https://efc.sog.unc.edu/reslib/item/georgia-water-and-wastewater-rates-dashboard>)

## Rate Setting Process

Under Georgia law, the County has the exclusive authority to establish rates and charges for water and sewer service supplied by the System. The rates charged by the County for water and sewer service supplied by the System are not subject to review or approval by any federal or state regulatory body. The Board of Commissioners of the County establishes the rates, which are subject to change at any time (usually annually as adopted with the annual operating budget) as the Board of Commissioners of the County deems advisable. The Board adopts rate schedules by resolution after recommendations from the staff of the System. The staff of the System makes periodic reviews of the rate structure to determine if modifications are needed. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 BONDS - Rate Covenant” herein for a description of the County’s agreements concerning the rates, fees, and charges for the services, facilities, and commodities to be furnished by the System. No statutory procedures are required as a condition precedent to a change in rates.

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## Government Permits and Environmental Regulation

### *Water Withdrawal*

The Georgia Water Quality Control Act authorizes the State of the Georgia Department of Natural Resources, Environmental Protection Division (“EPD”) to regulate groundwater withdrawal in Georgia. EPD has issued to the County operating permits for the withdrawal of groundwater in the following amounts. The primary source of water is from the UOBWA. *See* “THE SYSTEM - - Water System” above.

<u>Water System</u>	<u>Permitted Treatment Capacity (MGD)</u>		<u>2017 Actual Treatment Flow (MGD)</u>	
	<u>Average</u>	<u>Maximum</u>	<u>Average</u>	<u>Maximum</u>
Watkinsville System	2.8 MGD	N/A	0.128 MGD	0.367 MGD
Apalachee Point System	N/A	N/A	0.005 MGD	0.011 MGD

### *Wastewater Treatment*

The County’s wastewater operations are subject to the regulatory requirements imposed by the federal Water Pollution Control Act, as amended (the “Clean Water Act”), and the Georgia Water Quality Control Act. The regulatory requirements are administered by Georgia EPD with oversight by the U.S. Environmental Protection Agency. EPD has issued to the County an operating permit for the treatment of wastewater in the following amounts at the following wastewater treatment plants:

<u>Wastewater Treatment Plant</u>	<u>NPDES Permit No.</u>	<u>Permitted Treatment Capacity (Monthly Average MGD)</u>	<u>2017 Actual Treatment Flow (Monthly Average MGD)</u>
Call Creek WRF	GA0050211	0.667 MGD	0.390 MGD
Rocky Branch LAS	GAJ020176	0.400 MGD	0.410 MGD
Rocky Branch LAS	GA0038806	1.000 MGD	Not Active

State and federal regulations applicable to the County’s wastewater operations deal with, among other issues, the quality of effluent which may be discharged from the County’s wastewater treatment facilities, the disposal of sludge generated by the wastewater treatment plants, and the nature of waste material (particularly industrial waste) discharged into the collection system. To comply with federal regulations concerning the industrial discharge of waste materials into the sewer system, the County must administer and enforce industrial pretreatment limitation standards upon users of the sewer system. Georgia EPD does not presently require the County to establish industrial pretreatment limitation standards for users of the sewer system. Instead, EPD administers the industrial pretreatment program and issues industrial pretreatment permits to those industrial users of the sewer system which are subject to federal pretreatment guidelines.

### *National Pollutant Discharge Elimination System (“NPDES”) Permits*

Under the Clean Water Act, an NPDES permit is generally required for discharges to surface water. Therefore, to comply with federally mandated effluent quality and disposal criteria, the County must operate its wastewater treatment facilities according to discharge limitations and reporting requirements set forth in NPDES permits as described in the table above. The Calls Creek WRF has an NPDES permit allowing surface water discharge to Calls Creek. The Calls Creek WRF discharge permit expires on July 14, 2019.

An application for an increase in discharges to Calls Creek from its current 0.667 MGD to 1.5 MGD will be finalized and submitted in August 2017. The County received concurrence with its Design Development Report for this expansion in February 2017.

The Rocky Branch LAS operates under an NPDES permit allowing treatment of 0.400 MGD of wastewater to permitted limits, then land application of up to 2.5-inches per week, of treated effluent over the 110 acre spray field system. The LAS permit expires on July 17, 2019. Also, in a yet-to-be activated NPDES permit the County has an NPDES permit for a stream discharge of up to 1 MGD into Barber Creek, located near the LAS. This permit,

referenced in the table above expires on May 24, 2022. As of the date hereof, a diversion pipeline, the Epps Bridge Road Force Main Replacement, is under construction to divert portions of the influent flows (up to 0.250 MGD) from the LAS to the Calls Creek WRF by August 2018. This diversion will optimize the County's discharge permits, allowing allocated residential, commercial and industrial growth to continue in the LAS service district.

As of the date hereof, the County is completing its Long Range Wastewater Forecasts which will determine the plan for development of future wastewater resources for Calls Creek, Barber Creek, and the Middle Oconee River, to the year 2050.

#### *Other Approvals*

With the arrival of Wayne Haynie, P.E., as Director in August 2015, Georgia EPD authorized the County, through a Delegation Agreement, to review and approve plans and specifications for water and sewer improvements and extensions to the County's Systems. As such plans and specifications are finalized by the development community, the Director, a licensed professional engineer in the State of Georgia, reviews them for conformance to the County's Water and Wastewater Standards Ordinance and the Georgia EPD approved Construction Standards and Specifications. The County issues approvals and permits for extensions to the Systems, then inspects said improvements for conformance to applicable standards, then accepts the improvements as extensions to the Systems with the Final Plat process. The same procedure is followed for County funded capital projects that become extensions to the Systems. As needed, the County prepares applications to obtain new or modified operating permits.

#### *Issues Relating to Noncompliance*

The County is currently in substantial compliance with all of its environmental permits and all environmental requirements applicable to the System.

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## SYSTEM FINANCIAL INFORMATION

### Accounting System and Policies

The County maintains all of its funds and accounts relating to the System separate from other County funds. The accounting practices and policies of the County relating to the System conform to generally accepted accounting principles as applied to governments. The System is accounted for as an Enterprise Fund of the County. Enterprise Funds are used to account for operations (i) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (ii) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The System is accounted for using the accrual basis of accounting. Its revenues are recognized when earned, and its expenses are recognized when incurred.

Note 1 of the audited financial statements of the System included as part of Appendix C contains a detailed discussion of the County's significant accounting policies relating to the System.

### Management Discussion and Analysis of Results of Operations

Since the System was created in 1989, the financial condition of the System has improved steadily. The System's operating revenues have increased from approximately \$8,950,000 in fiscal year 2013 to approximately \$11,500,000 in fiscal year 2017, representing an increase of approximately 28.5 percent. The System's operating expenses have decreased from approximately \$6,040,000 in fiscal year 2013 to \$5,540,000 in fiscal year 2017, representing a decrease of 8.2 percent. During the same period, total net assets for the System have increased at an average annual rate of 9.0 percent from \$57,700,000 in fiscal year 2013 to \$83,700,000 in fiscal year 2017, representing an increase of 45 percent.

System management attributes the System's financial condition to the County's policy of adhering to a rate structure designed to generate revenues sufficient to maintain the System's physical plant while providing internal capital necessary for continued growth. The County reviews the System's rate structure on an annual basis and has increased water and sewer rates five times since July 1, 2012, including a 1.0% water rate increase and a 4.5% sewer rate increase for fiscal year 2018.

### Summary of Operating Results

The following table sets forth selected historical financial information of the System for the most recent five fiscal years. The historical financial information for the fiscal years ended June 30, 2013 to 2016 presented below has been derived from the County's audited financial statements for the respective years. The historical information for the fiscal year ended June 30, 2017 has been prepared by the County without an audit. For more detailed information with respect to the fiscal year ended June 30, 2016, see Appendix C.

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**OCONEE COUNTY, GEORGIA WATER AND SEWERAGE SYSTEM  
SUMMARY OF OPERATING RESULTS**

	For the Years Ended June 30,				
	2013	2014	2015	2016	2017 <sup>(1)</sup>
Operating revenues:					
Charges for Services	\$6,389,969	\$6,902,292	\$7,900,647	\$8,415,112	\$9,109,684
Miscellaneous	236,948	245,272	248,847	272,222	253,719
<b>Total Operating Revenues</b>	<b>6,626,917</b>	<b>7,147,564</b>	<b>8,149,494</b>	<b>8,687,334</b>	<b>9,363,403</b>
Operating expenses:					
Salaries and benefits	1,192,213	1,265,331	1,346,804	1,435,654	1,312,735
Management fees	--	--	--	--	--
Other contracted services	90,756	77,168	101,628	149,744	345,563
Water purchases and treatment costs	1,157,868	1,293,365	1,100,819	1,581,715	1,383,154
Supplies and materials	44,899	70,926	83,649	75,820	27,674
Repairs and maintenance	562,441	443,596	665,893	564,294	554,277
Utilities	348,414	381,417	351,022	382,047	397,320
Insurance	11,969	9,860	11,153	8,721	12,824
Depreciation	1,445,624	1,514,280	1,601,277	1,756,086	1,836,933
Other charges	105,476	95,230	217,150	110,054	82,184
<b>Total Operating Expenses</b>	<b>4,959,660</b>	<b>5,151,173</b>	<b>5,479,395</b>	<b>6,064,135</b>	<b>5,952,663</b>
<b>Operating Income (Loss)</b>	<b><u>1,667,257</u></b>	<b><u>1,996,391</u></b>	<b><u>2,670,099</u></b>	<b><u>2,623,199</u></b>	<b><u>3,410,739</u></b>
Non-operating revenues (expenses):					
Investment earnings	39,732	24,327	24,131	36,539	59,443
Water availability fees	696,241	1,036,765	736,798	1,072,460	865,366
Sewer capacity fees	389,490	619,485	298,712	1,076,642	675,895
Sewer connection fees	54,250	228,650	39,250	137,700	145,350
Loss on disposal of assets	1,279	--	--	--	--
Gain on disposal of assets	--	--	--	2,852	--
Amortization expense – UOBWA	(167,378)	(167,378)	(167,378)	(151,654)	(151,654)
Miscellaneous income	--	--	--	--	--
Interest expense	(913,457)	(834,743)	(787,785)	(640,352)	(651,303)
<b>Total Non-Operating Income (Expenses)</b>	<b>100,157</b>	<b>907,106</b>	<b>143,728</b>	<b>1,534,187</b>	<b>943,096</b>
<b>Income (loss) before operating transfer:</b>	<b><u>1,767,414</u></b>	<b><u>2,903,497</u></b>	<b><u>2,813,827</u></b>	<b><u>4,157,386</u></b>	<b><u>4,353,835</u></b>
Capital contributions	352,208	2,216,006	2,216,006	1,960,082	2,000,000
Transfers in	<u>785,668</u>	<u>510,967</u>	<u>510,967</u>	<u>1,438,348</u>	<u>400,781</u>
<b>Change in net assets</b>	<b>2,905,290</b>	<b>5,630,470</b>	<b>6,296,679</b>	<b>7,555,816</b>	<b>7,088,810</b>
Total net assets beginning	55,512,292	57,699,669	63,330,139	69,036,406	76,592,222
Prior Period Adjustment	(717,913)	--	(590,412)		
Total net assets – beginning, restated	54,794,379	57,699,669	62,739,727	69,036,406	76,592,222
<b>Total net assets - end</b>	<b><u>\$57,699,669</u></b>	<b><u>\$63,330,139</u></b>	<b><u>\$69,036,406</u></b>	<b><u>\$76,592,222</u></b>	<b><u>\$83,681,032</u></b>

<sup>(1)</sup> Unaudited.

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## Historical Debt Service Coverage Ratios

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

	Fiscal Years Ended June 30,				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u> <sup>(3)</sup>
Historical Net Revenues Available for Debt Service <sup>(1)</sup>	\$4,293,873	\$5,419,898	\$5,370,267	\$6,705,478	\$6,934,874
Historical Debt Service On Revenue Bonds <sup>(2)</sup>	\$1,518,676	\$1,227,419	\$1,284,763	\$1,510,163	\$1,514,431
Historical Debt Service Coverage Ratio	2.83x	4.42x	4.18x	4.44x	4.58x

<sup>(1)</sup> Operating net income (loss) of the System, before capital contributions and transfers, plus depreciation and amortization (amortization of the reasonable investment cost in the Upper Oconee Basin Water Authority). Includes water availability fees, sewer capacity fees and connection fees in fiscal years 2013, 2014, 2015, 2016 and 2017 of \$1,139,981, \$1,884,900, \$1,074,760, \$2,286,802, and \$1,686,610 respectively.

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

<sup>(3)</sup> Unaudited.

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**Projected Debt Service Coverage\***

The following table sets forth the projected debt service coverage based upon the revenue available for debt service for the fiscal year ended June 30, 2017. For a forecast of projected revenues for the System for fiscal years 2018 through 2022, see APPENDIX E – “WRITTEN REPORT OF COUNTY’S ENGINEERING DEPARTMENT – Financial Projects”.

Fiscal Year Ended June 30	Gross Revenues	Net Operating and Maintenance Expenses	Net Revenues Available for Debt Service <sup>(1),(2)</sup>	Total Debt Service on Revenue Bonds <sup>(3),(4)*</sup>	Total Debt Service Coverage*
2018	\$10,263,591	\$5,328,695	\$4,934,896	\$1,686,903	2.92x
2019	10,711,825	5,347,875	5,363,950	\$2,088,725	2.57x
2020	11,129,434	5,734,595	5,394,839	\$2,090,500	2.58x
2021	11,577,230	5,681,319	5,895,912	\$2,049,200	2.88x
2022	11,806,797	5,803,971	6,002,825	\$2,049,075	2.93x

Source: Oconee County Utility Department

<sup>(1)</sup> Operating net income (loss) of the System, before capital contributions and transfers, plus depreciation and amortization (amortization of the reasonable investment cost in the Upper Oconee Basin Water Authority). Includes projected water availability fees, sewer capacity fees and connection fees in the projected amount of \$829,353 for fiscal years 2018, 2019, 2020, 2021 and 2022.

<sup>(2)</sup> Projected revenues available for debt service are based on the following factors: (1) Growth in customer base (water connections) of 17%, or 1.9% annually, as projected by State of Georgia Office of Planning & Budget (OPB) from 2016 to 2025, (2) Growth in average daily water demand of 16.7%, or 1.9%, over same period, and (3) on June 6, 2017, the Board of Commissioners of the County approved rate increases for the next four years, with water rate increases of approximately 1.0% each year and sewer rates increases of approximately 4.5% each year.

<sup>(3)</sup> Includes the projected debt service requirements on the Series 2003 Bonds, the Series 2012 Bonds and the Series 2017 Bonds. Debt service calculations are based on actual payments made in each fiscal year. Excludes expected debt service on the loan payable to GEFA because the loan is secured by a subordinate lien on the Net Revenues of the System. Also excludes the projected Upper Oconee Debt Service Payment to be made pursuant to the Upper Oconee Agreements and the Supplemental Contract and the projected Walton Authority Debt Service Payments to be made pursuant to the Walton Contracts because these obligations are subordinate to the obligations with respect to the Series 2003 Bonds, the Series 2012 Bonds and the Series 2017 Bonds.

<sup>(4)</sup> Assumes the Series 2017 Bonds have been issued, the Refunded Bonds have been refunded as described herein.

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## Capital Improvements

The following table summarizes the estimated value of capital improvements made to the System in each year for the past five fiscal years and the funding sources for such capital improvements.

<u>Fiscal Year</u>	<u>Total Value of Capital Improvements</u>
2013	\$352,208
2014	2,216,006
2015	2,216,006
2016	1,960,082
2017 <sup>(1)</sup>	2,000,000

<sup>(1)</sup> Unaudited.

There are \$8,820,000 in Water System improvements, and \$20,600,000 in Sewerage System improvements, expected to be made through fiscal year 2022. The County currently anticipates paying for the new water and sewerage system improvements, in part, with the proceeds of the Series 2017 Bonds and the proceeds of a one percent special purpose local option sales tax (“SPLOST”), the imposition of which was approved by a majority vote of voters in the County voting in an election held on November 4, 2014. There also can be no assurance that sufficient taxes will be collected from the SPLOST to fully finance the planned capital improvements.

### Hard Labor Creek Project

As described above, the County and Walton County have completed approximately 50% (in dollars) of the Hard Labor Creek Project including the dam, reservoir, raw water pumping station and pipeline. The County is responsible for 28.8% of all construction and operating costs of the Hard Labor Creek Project and is entitled to that same percentage of treated water. The current estimated cost of constructing the entire Hard Labor Creek Project is currently \$170,000,000 with approximately \$86,900,000 in estimated future costs, including the water treatment plant, remaining as of FYE June 30, 2017. It is anticipated that the Hard Labor Creek Reservoir Project and High Shoals Raw Water Diversion will be completed by January, 2020. As of the date of this Statement, the Hard Labor Creek Reservoir Management Board (HLC RMB) is considering options for deferring the construction of the water treatment plant until such time in the future as either party would need access to treated water capacity. The County’s portion of the total estimated cost is approximately \$48,900,000. See “THE SYSTEM – History” above herein.

To date, \$19,500,000 of WCWSA Bonds have been issued to finance a portion of the County’s construction obligations for the Hard Labor Creek Project. See “DEBT SERVICE SCHEDULE – Other Obligations” above herein. The County’s remaining obligations to pay for construction costs for the Hard Labor Creek Project are currently estimated at \$25,000,000, and was originally planned to be incurred over the next five years. Project expenditures, in light of reduced need for treated water capacity in the region, are under evaluation by the HLC RMB. The County intends to, but is under no obligation to, use the net revenues from the System to make WCWSA Debt Service Payments on the WCWSA Authority Bonds and to make Walton Operating Costs Payments required under the Hard Labor Creek Contract, but the Net Revenues of the System are not pledged to such payments. To the extent the County decides to use revenues from the System to finance the County’s remaining construction or operating costs for the Hard Labor Creek Project, it is anticipated that the County will need to implement water and sewerage rate increases.

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## Summary of Assets, Liabilities and Fund Balance

The following table sets forth selected historical financial information of the System for the most recent five fiscal years. For more detailed information with respect to fiscal year ended June 30, 2016, see Appendix C. See also, "LEGAL MATTERS – Pending Litigation" herein.

	SUMMARY OF ASSETS AND LIABILITIES				
	Fiscal Years Ended June 30,				
	2013	2014	2015	2016	2017 <sup>(1)</sup>
<b>ASSETS</b>					
Current Assets:					
Cash	\$3,078,666	\$4,870,783	\$5,229,443	\$7,600,325	\$5,967,022
Investments, plus accrued interest	2,732,434	2,251,761	3,422,388	4,126,392	5,369,615
Accounts receivable, less allowances	563,737	981,362	849,312	971,705	547,102
Internal balances	0	1,176	10,269	57,610	115,219
Due from other governments	11,280	7,435	88,248	144,291	343,219
Sewer capacity fees receivable	0	0	0	0	0
Prepaid items	8,114	8,864	9,257	10,599	10,599
Restricted Cash	520,636	0	0	0	0
Total current assets	<u>6,914,867</u>	<u>8,121,381</u>	<u>9,608,917</u>	<u>12,910,922</u>	<u>12,352,776</u>
Noncurrent assets:					
Restricted cash	810,262	1,114,705	1,444,689	1,910,386	2,080,341
Restricted investments	3,868,463	4,213,590	3,653,913	2,847,830	3,436,094
Sewer capacity fees receivable	0	0	0	0	0
Investment – UOBWA, net	11,004,884	10,837,506	9,724,064	9,572,410	9,572,410
Bond and note issuance costs, net	0	0	0	0	0
Deferred loss on bonds, net	0	0	0	0	0
Net pension asset	15,926	30,105	0	0	0
Capital assets					
Capital assets not being depreciated	23,711,844	28,788,929	34,481,855	35,050,538	38,578,360
Capital assets, net of accumulated depreciation	<u>53,160,134</u>	<u>53,187,574</u>	<u>53,701,115</u>	<u>57,087,733</u>	<u>58,102,323</u>
Total capital assets	<u>76,871,978</u>	<u>81,976,503</u>	<u>88,182,970</u>	<u>92,138,271</u>	<u>96,680,683</u>
Total noncurrent assets	<u>92,571,513</u>	<u>98,172,409</u>	<u>103,005,636</u>	<u>106,468,897</u>	<u>111,769,528</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amount on debt refunding	472,017	393,510	989,862	1,910,644	1,827,484
Deferred outflow related to pensions	0	0	10,128	152,190	152,190
Total deferred outflows	<u>472,017</u>	<u>393,510</u>	<u>1,000,000</u>	<u>2,062,834</u>	<u>1,979,674</u>
<b>Total assets and deferred outflows</b>	<u>\$99,958,397</u>	<u>\$106,687,300</u>	<u>\$113,614,543</u>	<u>\$121,442,653</u>	<u>\$126,101,979</u>

<sup>(1)</sup> Unaudited.

	Fiscal Years Ended June 30,				
	2013	2014	2015	2016	2017 <sup>(1)</sup>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$99,914	\$129,629	\$165,422	\$520,192	\$2,000
Accounts payable-construction from restricted investments	0	521,832	117,172	21,200	21,200
Deferred revenue	0	0	0	0	0
Retainage payable	29,143	319,018	401,827	73,181	73,181
Internal balances	108,446	108,564	117,579	384,282	2,000
Salaries and benefits payable	15,823	18,798	25,029	37,536	40,000
Accrued interest	558,968	555,030	526,594	491,751	491,751
Customer deposits-payable from restricted cash	520,636	622,943	693,937	782,404	853,112
Compensated absences	0	0	0	0	0
Bonds, notes and contracts payable	1,135,796	1,678,334	1,962,698	2,067,714	2,000,000
<b>Total current liabilities</b>	<b>2,468,726</b>	<b>3,954,148</b>	<b>4,010,258</b>	<b>4,378,260</b>	<b>3,483,244</b>
Noncurrent liabilities:					
Bonds, notes and contracts payable, net	39,720,246	39,326,801	39,952,299	39,732,171	38,347,002
Net pension liability	0	0	530,989	662,957	520,861
Compensated absences	69,755	76,212	84,591	69,840	69,840
<b>Total noncurrent liabilities</b>	<b>39,790,001</b>	<b>39,403,013</b>	<b>40,567,879</b>	<b>40,464,968</b>	<b>38,937,703</b>
DEFERRED INFLOW OF RESOURCES					
Deferred inflow related to pensions	0	0	0	7,203	0
<b>Total liabilities and deferred inflows</b>	<b>42,258,727</b>	<b>43,357,161</b>	<b>44,578,137</b>	<b>44,850,431</b>	<b>42,420,947</b>
<b>NET POSITION</b>					
Net investment in capital assets	47,298,299	50,490,178	55,243,044	58,608,292	61,500,000
Restricted for debt service	2,194,758	2,839,327	3,039,805	3,042,943	3,050,000
Unrestricted	8,206,612	10,000,634	10,753,557	14,940,987	19,131,032
<b>Total net position</b>	<b>\$57,699,669</b>	<b>\$63,330,139</b>	<b>\$69,036,406</b>	<b>\$76,592,222</b>	<b>\$83,681,032</b>

<sup>(1)</sup> Unaudited.

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## Operating Budget

The budget for the System is prepared annually by the Utility Director and the Finance Director for review by the Board of Commissioners of the County. The Board of Commissions of the County adopts the budget for the System along with all other County budgets at the first regular Board meeting in June. Set forth below is the budget for the System for fiscal year ended ending June 30, 2018.

Operating Revenues:	
Charges for Water and Sewer Services:	\$8,364,300
Misc. Revenues	<u>269,300</u>
Total Operating Revenues	<u>\$8,633,600</u>
Operating Expenses: <sup>(1)</sup>	
Salaries and Benefits	\$1,727,100
Operating Expenses	2,050,050
Water purchases and treatment costs	1,565,500
Depreciation	1,500
Total Operating Expenses	<u>5,344,150</u>
Operating Income (Loss)	<u>\$3,289,450</u>
Non-operating Revenues (Expenses):	
Water and Sewer Connection Fees	\$918,000
Interest Income	48,400
Interest Expense	<u>(834,750)</u>
Total Non-Operating Income (Expenses)	<u>\$131,650</u>
Net Income:	<u>\$3,421,100<sup>(2)</sup></u>
Additional Budgeted Expenditures:	
Capital Expenditures	\$1,815,000
Debt Principal	\$1,606,100

<sup>(1)</sup> Does not include a refund of capacity fees in the approximate amount of \$2,690,625, which amount is currently held and will be paid from a separate segregated account. See "LEGAL MATTERS – Pending Litigation" herein.

<sup>(2)</sup> The amount shown as Net Income will be used to make debt service payments scheduled for fiscal year ending June 30, 2018 in an amount equal \$2,441,000.

## Employee Benefits

### Retirement Benefits

#### *Defined Benefit Pension Plan*

The County provides a defined benefit retirement program for its employees.

#### *Plan Description*

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Oconee County Employees (The Plan). The Plan, through execution of an adoption agreement, is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan Third Restate Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp.

The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific operational provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document.

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

GEBCorp.  
 400 Galleria Parkway, Suite 1250  
 Atlanta, Georgia 30339

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits are fully vested after ten years of service. Participants employed before August 2010 become eligible to retire at age 65 with 5 years of participation in the Plan. Employees hired after August 2010 must have 10 years of service to be eligible to retire with benefits from the Plan. Upon eligibility to retire, participants are entitled to an annual of 2% of the average annual compensation multiplied by the participant’s years of service, payable as a life annuity. Average annual compensation is based on the highest average of the Participant’s compensation over two consecutive plan years during the ten plan years preceding the Participant’s date of retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

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

**Plan Asset Mix and Accounting Policies**

The Plan’s financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and increments in cash value of death benefits. Plan member contributions are recognized when due and the County has made a formal commitment to provide the contributions.

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 70% equities and 30% fixed income securities on a cost basis.

Plan assets do not include any loans, notes, bonds, or other instruments or securities of the County or related parties except for current receivables of plan contributions due from the County.

*Plan Membership*

Retirees, beneficiaries and disabled receiving benefits	77
Terminated plan members entitled to but not receiving benefits	104
Active plan members	<u>196</u>
Total	<u>377</u>
Covered compensation for active participants	\$8,439,900

*Contributions*

The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans. The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend from time to time, the contribution rates for the employer and its plan members. Administrative expenses are based on total covered

payroll of plan members and are added to the annual funding requirement. The County's actuarially required contribution was \$1,623,896 and its actual contribution was \$1,716,341, or 106% of the required contribution and 20.34% of the covered compensation. The County paid its contribution during December 2015, so the County reported no payable and the plan reported no receivable for amounts due for the 2015 plan year.

*Net Pension Liability*

The County's total pension liability was determined based on an actuarial valuation as of December 31, 2015 and the net pension liability was measured as of the same date. The December 31, 2015 actuarial valuation determined the total pension liability using assumptions that were applied to all periods included in the measurement as follows:

*Actuarial Methods and Assumptions*

Investment Return 7.50%  
 Salary Increases 5.00% with an age based scale as follows:

Age	Salary increase
Under 30	5.0% plus 1.5%
30-39	5.0% plus 1.0%
40-49	5.0% plus 0.5%
50+	5.0% plus 1.0%

Based on the results of a February 2014 experience study

Future payroll growth 5.50% per year

No cost of living adjustments are awarded after retirement.

Mortality: RP-2000, Projected with Scale AA

*Change in Assumptions*

The actuarial valuation as of December 31, 2015 used the RP-2000 mortality table, projected with Scale AA in estimating the total pension liability. Prior valuations used the RP-2000 mortality table. Changing the mortality table used in the valuation resulted in the actuarially determined total pension liability increasing by \$945,358.

*Discount Rate*

The discount rate is determined using a building block approach based on 20-year benchmarks (25% weighting), 30-year benchmarks (25% weighting), and forward-looking capital market assumptions for moderate asset allocations as determined by UBS (50% weighting). The discount rate is rounded to the nearest 0.25%.

The discount rate is calculated as follows:

	<u>Expected return</u>	<u>Weighting</u>	<u>Weighted return</u>
20-year benchmark weighted average return	7.44%	25%	1.86%
30-year benchmark weighted average return	9.49%	25%	2.37%
UBS capital market moderate asset allocation assumption	6.30%	50%	<u>3.15%</u>
Calculated discount rate			<u>7.38%</u>
Rounded to the nearest 0.25% and used as the discount rate			<b>7.50%</b>

The 20 and 30 year benchmark weighted average returns are calculated using the following asset allocation and historical returns based on their compounded annual growth rate (CAGR):

<u>Benchmark</u>	<u>Allocation</u>	<u>Average 20 Year Return</u>	<u>Average 30 Year Return</u>
S&P 500	30%	8.80%	10.74%
Barclay's Agg	30%	5.75%	7.80%
MCSE EAFE	15%	5.44%	9.51%
Citi Non US WEBI	5%	5.48%	5.48%
NAREIT Equity	5%	9.91%	11.35%
Russell 2000	5%	8.96%	9.37%
Russell 3000	5%	8.89%	10.58%
S&P Mid-cap	5%	11.83%	13.21%
	<u>100%</u>		
Weighted average return		7.44%	9.49%

The above calculated discount rate was used to calculate both the beginning and ending total pension liability. The average contribution made to the plan over the last 5 years was used to project plan assets. The projected plan assets are sufficient to pay all projected benefits promised to current plan participants. Because projected plan assets are sufficient to pay all projected promised benefits, the expected long-term rate of return was used to discount all projected benefit payments.

Because of the sensitivity of the calculation of the total pension liability to relatively small changes in the discount rate, the total pension liability calculated using discount rates one percentage point higher and lower than the discount rates actually used to calculate the total pension liability follows:

	<b>Discount Rate Sensitivity Analysis</b>	
	6.50%	8.50%
Total Pension Liability	\$27,942,540	\$21,488,486
Fiduciary Net Position	<u>15,273,164</u>	<u>15,273,164</u>
Net Pension Liability	<u>\$12,669,376</u>	<u>\$6,215,322</u>

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*Summary of Changes in Total Pension Liability, Fiduciary Net Position and Net Pension Liability*

The changes in the total pension liability from the beginning to the ending of the year are as follows:

Summary of Changes	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Beginning of year	\$22,193,423	\$14,530,746	\$7,662,677
Changes during plan year:			
Service cost	660,206	--	660,206
Interest on total pension liability	1,630,194	--	1,630,194
Liability experience (gain)/loss	(95,391)	--	(95,391)
Assumption change	945,358	--	945,358
Employer contributions	--	1,716,341	(1,716,341)
Employee contributions	--	--	--
Net investment income	--	152,431	(152,431)
Benefit payments	(914,999)	(914,999)	--
Administrative expenses	--	(44,145)	44,145
Other expense	--	(167,210)	167,210
Net change	<u>2,225,368</u>	<u>742,418</u>	<u>1,482,950</u>
End of year	<u>\$24,418,791</u>	<u>\$15,273,164</u>	<u>\$9,145,627</u>

*Pension Expense, Deferred Outflows Related to Pension Items and Deferred Inflows Related to Pension Items*

The following schedule reconciles the pension contributions to the total pension expense reported by the County in the government-wide statements:

*Pension Expense and Deferred Outflows and Inflows*

Pension Contributions	\$1,716,341
Change in net pension liability	1,482,950
Deferred outflow related to investment results	(794,259)
Deferred outflow related to change in assumptions	(945,358)
Deferred inflows related to experience gain	95,391
Amortization of deferred inflows	(14,453)
Amortization of deferred outflows	<u>143,236</u>
Pension expense	<u>\$1,683,848</u>

The unamortized deferred outflows and inflows related to pension items are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$--	\$ 80,938
Change of assumptions	802,121	--
Net difference between projected and actual earnings on Plan investments	<u>912,298</u>	<u>--</u>
	<u>\$1,714,419</u>	<u>\$80,938</u>



The County made its pension contribution for the 2015 plan year (calendar year 2015) in December 2015. Accordingly, the County did not make any contributions to the pension plan between the measurement date and the County's fiscal year-end, so the County does not report a deferred outflow of resources related to pension contributions. None of the deferred outflows of resources will be recognized as a reduction of the net pension liability.

The County amortizes the differences between projected and actual investment returns into pension expense equally over a closed five year amortization period. The County amortizes differences between actual and expected experience and any changes in assumptions over the expected remaining service period of participants. The expected amortization of the County's current deferred outflows and inflows over the next five years is:

Year ended June 30,	<u>Experience Difference</u>	<u>Assumption Change</u>	<u>Investment Results Difference</u>
2017	\$14,453	\$143,236	\$235,451
2018	14,453	143,236	235,451
2019	14,453	143,236	235,451
2020	14,453	143,236	205,945
2021	14,453	143,236	--
2022	8,673	85,941	
	<u>\$80,938</u>	<u>\$802,121</u>	<u>\$912,298</u>

*Deferred Compensation Plan*

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

*Defined Contribution Plan*

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

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

Extension Service Employees Retirement Plan

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

Probate Judge's Retirement Fund of Georgia

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

Clerk of Superior Court Retirement Fund

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

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

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

Other Postemployment Benefits (OPEB)

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, requires the recognition of certain postemployment obligations in the accrual basis financial statements of state and local governments. The purpose of the statement is to require local governments to recognize the cost of promised postemployment benefits as those benefits are earned by employees. Consequently, the expense recorded in the accrual basis statements of the County reports the actuarially determined cost of benefits earned this year plus an amortization component of benefits earned in previous years. The actuarial valuation of the County's postemployment benefits amortizes the cost of the previously earned benefits over 30 years

The County provides postretirement health care benefits under the Oconee County Health Care Plan to former employees who retired prior to 2010, certain former employees who retired in 2010 and 2011 and current employees who remain insured by the County's health plan throughout their employment with the County through at least age 65 provided that the employee has at least 5 years of service. The plan is a single employer plan, and it does not issue a separately available financial report. The County contributes toward retiree health costs on the authority of a resolution by the Board of Commissioners. Any plan amendments would similarly be approved by a resolution of the Board of Commissioners.

The County contributes around \$215 per month towards a retiree's Medicare supplement premium. Dependent cost is the responsibility of the retiree, but neither retirees nor current employees contribute toward the plan. During the fiscal year, expenditures of \$138,709 were recognized for retiree health care and Medicare supplements. The County has the following participants in its plan:

Retired participants	55
Active participants	<u>192</u>
Total participants	<u>247</u>

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

Retired participants	\$2,649,177
Active participants	<u>2,112,167</u>
Actuarial Accrued Liability (AAL)	4,761,344
Less: Present value of plan assets	<u>          --</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$4,761,344</u>

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The County finances its postemployment benefits on a pay-as-you-go basis. The cumulative Annual Required Contribution (ARC) from the implementation of GASB Statement No. 45 as determined by the actuarial valuation exceeded the County's cumulative expenditures on a pay-as-you-go basis. This results in the County reporting a Net OPEB Obligation. The ARC and the Net OPEB benefit are calculated as follows:

Normal cost (current service cost)	\$ --
Amortization of UAAL (share of past service cost)	<u>107,540</u>
Annual Required Contribution (ARC)	320,818
Interest on Net OPEB Obligation	(4,880)
Adjustment to Annual Required Contribution	<u>3,233</u>
Annual OPEB Cost	319,171
OPEB cost paid during year	<u>(138,709)</u>
Change in Net OPEB obligation	180,462
Net OPEB Obligation/(Asset), beginning	<u>(122,009)</u>
Net OPEB Obligation/(Asset), ending	<u>\$58,453</u>
Percentage of ARC contributed	43%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected unit Credit (b)	Unfunded AAL (UALL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2015	\$--	\$4,761,344	\$4,761,344	0%	\$7,951,720	59.9%

*Trend Information*

Year Ended	OPEB Cost	OPEB Cost Contributed	% of ARC Contributed	OPEB Obligation/(Asset)
6/30/2016	\$319,171	\$138,709	43%	\$58,453
6/30/2015	\$107,735	\$143,792	133%	\$(122,009)
6/30/2014	\$107,735	\$164,229	152%	\$(85,952)

*Actuarial Assumptions and Methods*

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

following table contains the significant methods used and assumptions made by the actuary for purposes of the actuarial valuation:

Valuation date	6/30/16
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	23 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return (includes 3% inflation)	4%
Medical cost trend rate	5% premium increase annually

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

Immediately following the notes is a required schedule of funding progress which presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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## OCONEE COUNTY GENERAL INFORMATION

The information contained in this section is included only for purposes of supplying general information regarding the County. The Series 2017 Bonds are payable solely from the sources described in this Official Statement under the Section entitled “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2017 Bonds.” The Series 2017 Bonds shall not be deemed to constitute a debt of the County or a pledge of the faith and credit thereof, nor shall the County be subject to any pecuniary liability thereon. The Series 2017 Bonds are limited obligations of the County and are payable solely from the Net Revenues of the System. The Series 2017 Bonds do not constitute a charge, lien or encumbrance upon any property of the County. No owner of a Series 2017 Bond shall ever have the right to compel the exercise of the taxing power of the County to pay the same, nor shall the Series 2017 Bonds constitute a charge, lien or encumbrance, legal or equitable, upon any other property of the County.

### Introduction

The County is a political subdivision of the State of Georgia created by the Constitution of the State of Georgia in 1875. The County encompasses 186 square miles and, in addition to Watkinsville, includes the municipalities of Bogart, Bishop and North High Shoals. The City of Watkinsville is the County seat. Watkinsville is located approximately 53 miles east of the City of Atlanta.

### Form of Government and County Officials

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

<u>Name</u>	<u>Principal Occupation</u>	<u>Expiration of Term of Office</u>
John Daniell, Chairman	Chairman, Board of Commissioners	December 31, 2020
Mark Thomas	Commissioner Post 1	December 31, 2018
Chuck Horton	Commissioner Post 2	December 31, 2020
WE. “Bubber” Wilkes	Commissioner Post 3	December 31, 2018
Mark Saxon	Commissioner Post 4	December 31, 2020

### *Services*

The County provides a full range of services to its citizens, including garbage collection, police and fire protection, emergency medical assistance, parks and recreation, water supply, sewage treatment, and roads and infrastructure maintenance. All services, except for water supply and sewage treatment, are paid primarily by tax revenues. Water supply and sewage treatment are paid by user charges. The citizens of the County have not experienced any recent interruptions in those services.

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

The County employs approximately 267 full-time, 80 part-time and seasonal persons in all departments of government. No employees of the County are represented by labor organizations or are covered by collective bargaining agreements, and the County is not aware of any union organizing efforts at the present time.

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## Population

The following table reflects the population estimates for the County for the years 2012 through 2016.

<u>Population</u>			
<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2016	36,838	10,310,371	323,127,513
2015	35,872	10,199,398	320,896,618
2014	35,073	10,087,231	318,563,456
2013	34,047	9,984,938	316,204,908
2012	33,526	9,914,668	313,998,379

Source: U.S. Bureau of Census, American FactFinder.

## 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 2011 through 2015 (the most current published data).

<u>Per Capital Personal Income</u>			
<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2015	\$55,216	\$40,367	\$42,095
2014	53,508	38,873	40,838
2013	49,768	37,172	39,157
2012	49,324	36,863	39,455
2011	46,359	36,863	37,811

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

## Home Values

The following table shows the median home value for the County, the State and the United States for census years 2000 and 2010 and for the years 2011 through 2015.

<u>Median Home Values</u>			
<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2015	\$235,700	\$148,100	\$178,600
2014	235,000	148,000	175,700
2013	238,200	151,300	176,700
2012	241,400	156,400	181,400
2011	234,400	160,200	186,200
2010	228,700	161,400	188,400
2000	151,600	111,200	119,600

Source: U.S. Bureau of Census.

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## Largest Employers

Set forth below are the ten largest employers located in Oconee County as of June 30, 2016, their industries and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in Oconee 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.

### Ten Largest Employers

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
Caterpillar	Machinery Manufacturing	1,550
Oconee County School System	Education	908
Oconee County Government	Local Government	357
Wal-Mart	Discount Retailer	300
St. Mary's Health Care	Health Care Provider	260
Zaxby's, Inc.	Corporate Headquarters	220
UGA Information Tech Services	Information Technology	200
Lowe's	Home Improvement Retailer	185
Industrial Mechanical Inc.	Mechanical Contractors	180
Benson's Bakery	Baked Goods Manufacturer	170

Source: Oconee County Economic Development Authority.

## 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 2012 through 2016.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
County Labor Force	17,071	17,109	17,265	17,430	18,177
County Unemployment Rate	6.3%	5.6%	5.1%	4.3%	4.1%
State Unemployment Rate	9.2%	8.2%	7.1%	5.9%	5.4%
United States Unemployment Rate	8.1%	7.4%	6.2%	5.3%	4.9%

Source: Georgia Department of Labor, Workforce Statistics & Economic Research, Local Area Unemployment Statistics Unit

## Building Permits Summary

Set forth below is information concerning residential building permits in the County for the years 2011 to 2015.

<u>Year</u>	<u>Single Family</u>		<u>Multi-Unit Buildings</u>		<u>Total</u>	
	<u># Permits</u>	<u>Value</u>	<u># Permits</u>	<u>Value</u>	<u># Permits</u>	<u>Value</u>
2015	359	\$89,083,781	10	\$4,380,000	369	\$93,463,781
2014	293	79,542,666	2	660,000	295	80,202,666
2013	482	100,984,815	4	3,750,000	486	104,734,815
2012	180	44,738,290	1	440,000	181	45,178,290
2011	91	23,901,401	0	0	91	23,901,401

Source: University of Georgia, Terry College of Business, Selig Center for Economic Growth.

## Industry Mix

The following table reflects industry mix for the fourth quarter of 2016.

<u>Industry</u>	<u>Number of Firms</u>	<u>Average Monthly Employment</u>	<u>Average Weekly Wages</u>
Agriculture, Forestry, Mining, Quarrying	19	139	\$586
Mining	1	**	**
Construction	128	507	851
Manufacturing	34	622	868
Services:			
Utilities	2	**	**
Wholesale Trade	64	427	1,017
Retail Trade	89	1,436	454
Transportation and Warehousing	17	**	**
Information	13	80	832
Finance and Insurance	75	357	1,275
Real Estate and Rental and Leasing	64	228	556
Professional Scientific/Technical Services	164	720	1,119
Management of Companies and Enterprises	3	615	1,113
Administrative and Waste Services	77	647	712
Educational Services	20	523	541
Health Care and Social Services	127	1,177	1,127
Arts, Entertainment, and Recreation	15	133	372
Accommodation and Food Services	50	1,333	227
Other Services (except Public Administration)	79	440	747
Unclassified – industry not assigned	68	68	1,089
Federal Government	11	63	1,028
State Government	9	47	461
Local Government	17	1,422	745
<b>Total All Industries</b>	<b>1,146</b>	<b>11,071</b>	<b>\$752</b>

Source: Georgia Department of Labor.

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

## Banking Deposits

The following table reflects the banking deposits in the County as of June 30 for the years 2012 through 2016.

### Total Deposits in County (in thousands)

<u>Year</u>	<u>Total Deposits</u>
2016	\$736,494
2015	741,871
2014	630,568
2013	596,989
2012	587,715

Source: Federal Deposit Insurance Corporation.

According to the Federal Deposit Insurance Corporation, as of June 30, 2016, the County had 9 financial institutions with a total of 13 branch offices.



## Categories of Land by Use

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

### Categories of Land Use

<u>Year</u>	<u>Residential</u>	<u>Agricultural</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Conservation</u>	<u>Other</u> <sup>(2)</sup>
2016	18.37%	11.57%	2.33%	0.64%	65.84%	1.26%
2015	20.12	10.81	2.54	0.70	63.47	2.35
2014	18.40	9.57	2.27	0.64	66.76	2.37
2013	18.59	9.69	2.26	0.62	66.02	2.81
2012	18.87	10.67	2.28	0.74	65.82	1.62

<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> Includes forest land, timber 100%, utilities and preferential.

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

## Other Information Concerning the County

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

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

The County has six elementary/primary, two middle, and two high schools within the county which include: Colham Ferry Elementary School, High Shoals Elementary School, Malcolm Bridge Elementary School, Oconee County Elementary School, Oconee County Primary School, Rocky Branch Elementary School, Malcolm Bridge Middle School, Oconee County Middle School, Oconee County High School, and North Oconee High School, employing approximately 471 teachers and enrolling approximately 7,500 students.

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

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

A number of recreational opportunities are available within the County. There are four athletic complexes within the County, as well as several parks. At present, the majority of programs overseen by the recreation

department occur at Oconee Veteran's Park on Hwy. 53 west of Watkinsville. This new complex consists of baseball/softball fields, tennis courts, walking track, multi-purpose facility, senior citizens center, and the veterans' memorial. Herman C. Michael Park has a gymnasium, tennis courts, softball fields, baseball fields, and a walking track.

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

There are three golf courses located entirely or partially within the County. The courses include Jennings Mill Country Club, Lane Creek Golf Club and The Georgia Club. In July 2009, Oconee County's first hotel, Spring Hill Suites opened on Daniels Bridge Road. Featuring 99 rooms, the hotel is equipped with numerous amenities and features three meeting rooms. Additionally, Ashford Manor Bed & Breakfast is located in downtown Watkinsville and has six themed rooms. The Luxury Inn is a motel located along US 441 Business in southern Watkinsville.

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

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## LEGAL MATTERS

### **Pending Litigation**

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

The County is currently involved in three law suits in the Oconee County Superior Court over the County's exercise of its rights under its ordinances to repurchase unused sewer capacity. County ordinances allow the reservation of sewer capacity through the payment of capacity fees, but also provide that such capacity may be repurchased if not used in three years. The County chose to exercise its rights as to three large subdivisions which had not utilized significant amounts of sewer for a number of years and the owners of those subdivisions are contesting that action. The refund amount is \$2,690,625, which has been accounted for separately since the exercise of its right to repurchase such unused sewer capacity.

There is no litigation now pending or, to the knowledge of the County, threatened which restrains or enjoins the issuance or delivery of the Series 2017 Bonds, the use of Net Revenues for the payment of the Series 2017 Bonds, or the use of the proceeds of the Series 2017 Bonds or which questions or contests the validity of the Series 2017 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization, or existence of the County, nor the title of the present members or other officials of the County to their respective offices, is being contested or questioned.

### **Validation Proceedings**

The County will cause proceedings to be instituted in the Superior Court of Oconee County to validate the Series 2017 Bonds. The State of Georgia will be the plaintiff in the proceeding, and the County will be the defendant. A final judgment confirming the validation of the Series 2017 Bonds is a condition to the issuance and purchase thereof.

### **Closing Certificates**

The County will deliver to the Underwriter a certificate that no litigation is pending or threatened against it which would have a material effect on the issuance or validity of the Series 2017 Bonds or the use of the Net Revenues to pay the Series 2017 Bonds or on the financial condition of the County. In addition, the County will represent to the Underwriter in the Bond Purchase Agreement that the information contained in this Official Statement does not contain any misrepresentation of a material fact and does not omit or state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

### **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 2017 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 2017A 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 2017A 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 County 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 2017A Bonds from gross income for federal income tax purposes.

Failure to comply with these covenants could result in interest on the Series 2017A 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 2017 Bonds are subject to the approving opinion of Gray, Pannell & Woodward LLP, Bond Counsel. The opinion of Bond Counsel is attached to this Official Statement as Appendix D. Copies of the opinion will be available at the time of the initial delivery of the Series 2017 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 2017A Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on such corporations. 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 2017A Bonds.

Ownership of the Series 2017A 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 2017A Bonds. Purchasers of the Series 2017A 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 2017A 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 County with respect to, among other things, the use of the proceeds of the Series 2017A Bonds without undertaking to verify the same by independent investigation and (ii) assume the continued compliance by the County with its covenants relating to the use of the proceeds of the Series 2017A 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 2017A Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2017A Bonds.

Bond Counsel expresses no opinion as to any federal tax consequences regarding the Series 2017B Bonds. **INTEREST ON THE SERIES 2017B BONDS IS NOT EXCLUDABLE FROM THE GROSS INCOME OF A RECIPIENT THEREOF FOR FEDERAL INCOME TAX PURPOSES.**

Interest payments with respect to the Series 2017B Bonds will be reported to the owners and the Internal Revenue Service (the “IRS”). Such amounts will normally not be subject to withholding of federal income tax. However, the Authority or its agent may be required to withhold federal income tax at a rate of 28% from payments to certain owners (“backup withholding”) in accordance with Section 3406 of the Internal Revenue Code. This tax may withheld from certain payments if (i) an owner fails to furnish the Authority or its agent with his or her tax identification number (“TIN”) certified under penalties of perjury, (ii) the Authority or its agent is notified by the IRS that the TIN furnished by an owner is incorrect, (iii) the IRS notifies the Authority or its agent that an owner has failed to report properly certain income to the IRS, or (iv) when required to do so, an owner fails to certify under penalty of perjury that he or she is not subject to backup withholding.

*State Tax Matters.* In the opinion of Bond Counsel, under existing statutes, interest on the Series 2017 Bonds is exempt from all present state income taxation within the State of Georgia. Interest on the Series 2017 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 2017 Bonds should consult their tax advisors as to the taxable status of the Series 2017 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 2017 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 2017 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 2017 Bonds. Purchasers of Series 2017 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 2017 Bonds.

### **Original Issue Discount**

With respect to the Series 2017A Bonds maturing September 1, 20\_\_ (collectively, the “Original Issue Discount Bonds”), the difference between the initial public offering prices of such Original Issue Discount Bonds and their respective stated principal amounts constitutes original issue discount treated as interest which is excluded from gross income for federal income tax purposes subject to the caveats and provisions described in the foregoing section.

In the case of an owner of an Original Issue Discount Bond, the amount of original issue discount which is treated as having accrued with respect to such Original Issue Discount Bond is added to the cost basis of the owner in determining, for federal income tax purposes, gain or loss upon disposition of an Original Issue Discount Bond (including its sale, redemption or payment at maturity). Amounts received upon disposition of an Original Issue Discount Bond which are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at the yield to maturity of each individual Original Issue Discount Bond, on days which are determined by reference to the maturity date of such Original Issue Discount Bond. The amount treated as original issue discount on an Original Issue Discount Bond for a particular semiannual accrual period is equal to (i) the product of (a) the yield to maturity for such Original Issue Discount Bond (determined by compounding at the close of each accrual period) and (b) the amount which would have been the tax basis for such Original Issue Discount Bond at the beginning of the particular accrual period if held by the original purchaser, (ii) less the amount of any interest payable for such Original Issue Discount Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Original Issue Discount Bond the sum of the amounts which have been treated as original issue discount for such purposes during all prior periods. If an Original Issue Discount Bond is sold between semiannual compounding dates, original issue discount which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

### **Premium Bonds**

The difference between the principal amount of the Series 2017A Bonds maturing on September 1, 20\_\_\_\_ (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 purchasers 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 2017A 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 2017A 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 2017 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 2017A 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 2017A Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2017A 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 2017A 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.

## **MISCELLANEOUS**

### **Rating**

Standard & Poor's Rating Services has assigned a rating of "AA" to the Series 2017 Bonds. The rating reflects only the respective view of the rating agency, and any desired explanation of the significance of the rating should be obtained from the rating agency furnishing such rating, at the following addresses: Standard & Poor's Rating 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 such rating 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 rating, or either of them, may have an adverse effect on the liquidity and market price of the Series 2017 Bonds.

### **Underwriting**

Stifel Nicolaus & Company, Incorporated (the "Underwriter"), has agreed to purchase the Series 2017 Bonds pursuant to a Bond Purchase Agreement entered into between the County and the Underwriter. The Underwriter has agreed to purchase the Series 2017A Bonds at a purchase price of \$\_\_\_\_\_ (par, [plus/less] net original issue [premium/discount] of \$\_\_\_\_\_, less Underwriter's discount of \$\_\_\_\_\_). The Underwriter has agreed to purchase the Series 2017B Bonds at a purchase price of \$\_\_\_\_\_ (par, [plus/less] net original issue [premium/discount] of \$\_\_\_\_\_, less Underwriter's discount of \$\_\_\_\_\_). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2017 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 2017 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 reserves the right to join with other dealers and underwriters in offering the Series 2017 Bonds to the public. The Underwriter may offer and sell the Series 2017 Bonds to certain dealers at prices lower than the public offering.

### **Independent Professionals**

Legal matters incident to the authorization, issuance and sale of the Series 2017 Bonds are subject to the approval of Gray Pannell & Woodward LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed

on for the County by Daniel C. Haygood, Esq., Watkinsville, Georgia, Counsel to the County and Gray Pannell & Woodward LLP, Atlanta, Georgia, as County's disclosure counsel.

The financial statements of the County as of June 30, 2016 and for the year then ended, attached hereto as Appendix C, have been audited by Treadwell, Tamplin & Co., Madison, Georgia independent registered public accountants, as stated in its report which appears in Appendix C.

#### **Verification of Mathematical Computations**

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

#### **Additional Information**

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

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2017 Bonds.

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**AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT**

The Official Statement has been authorized by the Board of Commissioners of the County. Concurrently with the delivery of the Series 2017 Bonds, the undersigned will furnish his certificate to the effect that nothing has come to his attention that would lead him to believe that this Official Statement contained, as of the date of delivery of the Series 2017 Bonds, any untrue statement of a material fact or omitted to state a material fact which should be included herein for the purposes for which this Official Statement is intended to be used or which is necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

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



**APPENDIX A**

**SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION**

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## APPENDIX A

### SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following summarizes certain provisions of the Bond Resolution. Reference is made to the Bond Resolution for the detailed provisions thereof.

#### Definitions

The following is a summary of the definitions of certain words and terms used in the Bond Resolution and appearing in this Appendix A and in this Official Statement. Reference is made to the Bond Resolution for the complete definitions of such words and terms.

“2003 Resolution” means that certain resolution adopted by the County on July 18, 2003.

“2009 Resolution” means that certain resolution adopted by the County on September 1, 2009, as supplemented on October 22, 2009.

“2012 Resolution” means that certain resolution adopted by the County on June 26, 2012, as supplemented on July 12, 2012.

“2017 Resolution” means that certain resolution adopted by the County on September 20, 2017, as supplemented on October \_\_\_\_, 2017.

“Additional Parity Bonds” means, after the issuance of the Series 2017 Bonds, any water and sewerage revenue bonds which might hereafter be issued on a parity with the Series 2003 Bonds, the Series 2012 Bonds, the Series 2017 Bonds or any such water and sewerage revenue bonds issued on parity therewith pursuant to the terms of the Bond Resolution subsequent to the issuance of the Series 2017 Bonds.

“Bond Resolution” means, collectively, the Original Resolution, the 2003 Resolution, the 2009 Resolution, the 2012 Resolution and the 2017 Resolution, as may be supplemented from time to time.

The term “Bonds” or “bonds” means after the issuance of the Series 2017 Bonds, the Series 2003 Bonds, the Series 2012 Bonds and the Series 2017 Bonds, and, unless the context clearly indicates otherwise, any Additional Parity Bonds.

“County” means Oconee County, Georgia, and any public corporation, entity, body or authority to which is hereafter transferred or delegated by law the duties, powers, authorities, obligations or liabilities of the County either in whole or in relation to the System.

“Net Revenues” means the gross revenues of the System remaining after the payment therefrom of the reasonable and necessary costs of operating, maintaining and repairing the System, but before making any provision for depreciation or amortization charges.

“Original Resolution” means that certain resolution of the County adopted on October 23, 1998, as supplemented on November 3, 1998, authorizing the issuance of the Series 1998 Bonds.

“Series 1998 Bonds” means the Oconee County, Georgia Water and Sewerage Improvement and Refunding Revenue Bonds issued under the Original Resolution.

“Series 2003 Bonds” means the Oconee County, Georgia Water and Sewerage Revenue Bonds, Series 2003, issued under the 2003 Resolution.

“Series 2009 Bonds” means the Oconee County, Georgia Water and Sewerage Refunding Revenue Bonds, Series 2009, issued under the 2009 Resolution.

“Series 2012 Bonds” means the Oconee County, Georgia Water and Sewerage Refunding Revenue Bonds, Series 2012, issued under the 2012 Resolution.

“Series 2017 Bonds” means the Series 2017A Bonds and the Series 2017B Bonds.

“Series 2017A Bonds” means the Oconee County, Georgia Water and Sewerage Revenue Bonds, Series 2017A, issued under the 2017 Resolution.

“Series 2017B Bonds” means the Oconee County, Georgia Water and Sewerage Taxable Refunding Revenue Bonds, Series 2017B, issued under the 2017 Resolution.

“System” means the water and sewerage facilities as now existent and as hereafter added to, extended and improved and owned by the County and used by it in furnishing water and sewerage services and facilities.

### **Limited Obligations**

The principal of, interest and the redemption premium, if any, on the Bonds shall not be payable from or a charge upon any funds of the County other than the Net Revenues of the System. No owner of the Bonds shall ever have the right to compel the exercise of the taxing power of the County to pay the same, or the interest thereon, or to enforce payment thereof against any other property of the County, nor shall the Bonds constitute a charge, lien or encumbrance, legal or equitable, upon any other property of the County other than the Net Revenues of the System pledged to the payment thereof.

### **Flow of Funds**

The County has covenanted that it will continue to maintain the special fund created in the Original Resolution and designated as “Oconee County, Georgia Water and Sewerage System Revenue Fund” (hereinafter sometimes referred to as the “Revenue Fund”), separate and apart from its other funds so long as the Series 2003 Bonds, the Series 2012 Bonds, the Series 2017 Bonds and any future issues of Additional Parity Bonds therewith hereafter issued are outstanding and unpaid or until provisions shall have been duly made for the payment thereof. Revenues of the System shall be disbursed from the Revenue Fund used only in the following manner and order:

- (a) There shall first be paid from said Revenue Fund the reasonable and necessary costs of operating, maintaining and repairing the System, including salaries, wages, the payment of any contractual obligations incurred pertaining to the operation of the System, the cost of materials and supplies, rentals of leased property, real or personal, insurance premiums, audit fees and such other charges as may properly be made for the purpose of operating, maintaining and repairing the System in accordance with sound business practice, but before making provisions for depreciation, and including that portion of the payments made by the County out of System revenues to the Upper Oconee Basin Water Authority under the Intergovernmental Reservoir and Raw Water Supply Agreement and the Upper Oconee Water Treatment and Transmission Agreement among the Upper Oconee Basin Water Authority, the County, Athens-Clarke County, Barrow County and Jackson County, Georgia, dated July 22, 1996, other than that portion of payments which relate to the debt service on the Upper Oconee Basin Water Authority Revenue Refunding Bonds, Series 2015A and Upper Oconee Basin Water Authority Taxable Revenue Refunding Bonds, Series 2015B.

(b) There shall next be paid from said Revenue Fund into the special fund created in the Original Resolution and designated as “Oconee County, Georgia Water and Sewerage System Sinking Fund” (the “Sinking Fund”). There has been created within the Sinking Fund two accounts, one of which is known as the Debt Service Account and the other is known as the Debt Service Reserve Account. After there have been paid from the Revenue Fund the sums required or permitted to be paid pursuant to the provisions of paragraph (a) above there shall be paid into said Debt Service Account for the purpose of paying the principal of and interest on the Series 2003 Bonds, the Series 2012 Bonds and the Series 2017 Bonds as the same become due and payable in the then current sinking fund year, and taking into consideration moneys already deposited into the Debt Service Account and moneys deposited therein simultaneously with the issuance and delivery of the Series 2017 Bonds, the following amounts:

(i) commencing with the month of delivery of the Series 2017 Bonds and on or before the 25<sup>th</sup> day of such month, and on or before the 25<sup>th</sup> day of each month thereafter through the month of February, 2018, an amount equal to one-sixth (1/6) of the interest coming due on March 1, 2017 for the Series 2003 Bonds and the Series 2012 Bonds;

(ii) beginning with the month of delivery of the Series 2017 Bonds and on or before the 25<sup>th</sup> day of such month, and on or before the 25<sup>th</sup> day of each month thereafter through the month of August, 2018, an amount equal to one-twelfth (1/12) of the principal of the Series 2012 Bonds coming due (whether by maturity, scheduled mandatory redemption or otherwise) on September 1, 2018;

(iii) commencing with the month of delivery of the Series 2017 Bonds and on or before the 25<sup>th</sup> day of such month, the *pro rata* amount of monthly interest due on March 1, 2018, for the number of days remaining in such month, and on or before the 25<sup>th</sup> day of each month thereafter continuing through the month of February, 2018, the interest due for such month, in order to provide an amount sufficient to pay the interest coming due on the Series 2017 Bonds on March 1, 2018;

(iv) on or before the 25th day of each month, commencing with the month of delivery of the Series 2017 Bonds and continuing from month to month thereafter through the month August, 2018, an amount equal to one-tenth (1/10) of the principal of the Series 2017 Bonds coming due (whether by maturity, scheduled mandatory redemption or otherwise) on September 1, 2018;

(v) on or before the 25th day of each month, commencing with the month of March, 2018 and continuing from month to month thereafter an amount equal to one-sixth (1/6th) of the interest on the Series 2003 Bonds, the Series 2012 Bonds and the Series 2017 Bonds coming due on the next ensuing Interest Payment Date; and

(vi) on or before the 25th day of each month, commencing with the month of September, 2018, and continuing from month to month thereafter, an amount equal to one-twelfth (1/12th) of the principal on the Series 2003 Bonds, the Series 2012 Bonds and the Series 2017 Bonds coming due (whether by maturity, scheduled mandatory redemption or otherwise) on the next ensuing principal payment date;

, such aggregate monthly payments to continue from month to month until sufficient funds are on hand in said Sinking Fund to pay all of the outstanding Series 2003 Bonds, Series 2012 Bonds and Series 2017 Bonds and the interest which will be come due and payable thereon.

(A) The Debt Service Reserve Account shall be maintained for the purpose of paying the principal of and interest on the Series 2003 Bonds, the Series 2012 Bonds and any Additional Parity Bonds designated as secured by such Debt Service Reserve Account falling due in any year as to which there would otherwise be a default and if money is taken from said Debt Service Reserve Account for the payment of such principal and interest, the money so taken shall be replaced in said Debt Service Reserve Account from the first moneys in the Revenue Fund thereafter available and not required to be used for maintenance and operation charges and not required to be paid into the Debt Service Account as hereinabove provided in paragraph (b).

In determining the amount on deposit in the Debt Service Reserve Account for any purpose hereunder, there shall be taken into account the amount available to be drawn under any "Debt Service Reserve Surety Bond", which is defined to mean an unconditional and irrevocable surety bond from an insurance company that is rated at the time of issuance of such surety bond in the highest rating category by Standard & Poor's Corporation or Moody's Investors Service, Inc. payable on any interest or principal payment date equal to any portion of the cash balance then required to be maintained in the Debt Service Reserve Account.

(B) If, in any month, for any reason, the full amount therein required to be paid in such month shall not be paid into the Sinking Fund, any deficiency shall be added to and shall become a part of the amount required to be paid into the said Sinking Fund in the next succeeding month; provided, however, the County covenants and agrees that in the event it hereafter elects to issue Additional Parity Bonds, pursuant to the provisions of the Bond Resolution, the above stated payments into the Sinking Fund will be increased to the extent necessary to pay the principal of and interest on the then outstanding Series 2003 Bonds, Series 2012 Bonds, the Series 2017 Bonds and on any Additional Parity Bonds therewith then outstanding and on the bonds proposed to be issued coming due, either at maturity or by proceedings for mandatory redemption, in the then current sinking fund year and to create and maintain a reserve for that purpose in an amount equal to the lesser of (i) the maximum annual principal and interest requirement in all succeeding sinking fund years on the then outstanding Series 2003 Bonds, Series 2012 Bonds, any outstanding Additional Parity Bonds designated as secured by the Debt Service Reserve Account and on the bonds proposed to be issued if such bonds are designated as secured by the Debt Service Reserve Account, (ii) 10% of the aggregate principal amount in all succeeding sinking fund years on the then outstanding Series 2003 Bonds, Series 2012 Bonds on any outstanding Additional Parity Bonds designated as secured by the Debt Service Reserve Account and on the bonds proposed to be issued if such bonds are designated as secured by the Debt Service Reserve Account or (iii) 125% of the average annual principal and interest requirements on outstanding Series 2003 Bonds, Series 2012 Bonds, any outstanding Additional Parity Bonds designated as secured by the Debt Service Reserve Account and on the bonds proposed to be issued if such bonds are designated as secured by the Debt Service Reserve Account (the "Reserve Requirement").

It is expressly provided, however, that if at any time there are on deposit in said Debt Service Reserve Account moneys and securities (such securities to be valued at the lower of their market value or face amount, plus accrued interest thereon) the aggregate amount of which is in excess of the Reserve Requirement, such excess shall be withdrawn from the Debt Service Reserve Account and immediately deposited into the Debt Service Account in the Sinking Fund. The calculation and determination of such excess amounts in accordance with this provision shall be the responsibility of the chief financial officer of the County and such financial officer shall notify the Sinking Fund Custodian and make or cause to be made any transfer of funds required pursuant to the provisions of this paragraph.

The net revenues remaining in the Revenue Fund after the payment of the sums required or permitted to be paid under the provisions of the preceding paragraph (a) above are pledged to the payment of the principal of and the interest on the Bonds, including the Series 2017 Bonds, and any future parity bonds issued under the provisions of the Bond Resolution. Said revenues so pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act and the lien of this pledge shall be valid and binding against it, and against all parties having claims of any kind against it, whether such claims shall have arisen in contract, tort or otherwise and irrespective of whether or not such parties have notice thereof.

(c) There will next be paid from the revenues remaining in the Revenue Fund after making the payments required or permitted to be paid pursuant to the provisions of paragraphs (a) and (b) above, such payments as may be required to be made out of net revenues of the System to repay junior lien obligations, including, but not limited to (i) any loans made by Georgia Environmental Finance Authority and the State of Georgia Revolving

Fund, (ii) that portion of the payments made by the County out of Net Revenues to the Upper Oconee Basin Water Authority under the Intergovernmental Reservoir and Raw Water Supply Agreement and the Upper Oconee Water Treatment and Transmission Agreement among the Upper Oconee Basin Water Authority, the County, Athens-Clarke County, Barrow County and Jackson County, Georgia, dated July 22, 1996, which relate to debt service on the Upper Oconee Basin Water Authority Revenue Refunding Bonds, Series 2015A and the Upper Oconee Basin Water Authority Taxable Revenue Refunding Bonds, Series 2015B, and (iii) any and all existing loans having a lien on the net revenues of the System.

(d) The County has covenanted that it will continue to maintain the special fund heretofore created in the Original Resolution and designated as "Oconee County, Georgia Water and Sewerage System Renewal and Extension Fund" (the "Renewal and Extension Fund"). After there have been paid from the Revenue Fund in each month the sums required or permitted to be paid under the provisions of paragraphs (a), (b) and (c) above, there shall next be paid from the Revenue Fund into the Renewal and Extension Fund from the moneys then remaining in said Revenue Fund (except for a working capital reserve in an amount not to exceed 45 days estimated operating and maintenance costs) as determined by the County all remaining moneys remaining in the Revenue Fund. Expenditures shall be made from said Renewal and Extension Fund only for the purpose of: (a) In case of an emergency having a major effect upon the System caused by some extraordinary occurrence which makes it necessary to use the funds of the said System for the alleviation or removal of such effects and an insufficiency of money exists in the Revenue Fund to meet such emergency; (b) Making replacements, additions, extensions and improvements and acquiring equipment and paying the cost of any engineering studies, surveys or plans and specifications pertaining to the future development or expansion of the County's System deemed to be reasonable and in the best interest of the County and the bondholders; (c) Payment of the charges of the Depository(s) for investment services; (d) Paying principal of and interest on any revenue bonds then outstanding and falling due at any time for the payment of which money is not available in the Sinking Fund securing the payment of same and the interest thereon; or (e) Acquiring bonds in the open market at a price less than or equal to the redemption price. In addition, there may be paid from such Renewal and Extension Fund (i) payments to be made by the County pursuant to the Intergovernmental Contract-Hard Labor Creek Reservoir Project, dated as of October 1, 2007, as amended and supplemented from time to time, between the County and the Walton County Water and Sewerage Authority and (ii) payments to be made by the County pursuant to the Intergovernmental Reservoir and Water Supply and Treatment Agreement, dated as of September 1, 2007, between the County, Walton County, Georgia and the Walton County Water and Sewerage Authority.

It is expressly provided, however, that should bonds be hereafter issued or obligations incurred ranking as to lien on the revenues of said System junior and subordinate to the lien securing the payment of Bonds, including the Series 2017 Bonds, including any issue or issues of parity bonds hereafter issued, then such payments into the Renewal and Extension Fund as provided in the paragraph above may be suspended and such moneys shall be available to the extent necessary to pay the principal of and interest on such junior lien bonds and to create and maintain a reasonable reserve therefor and such moneys may be allocated and pledged for that purpose.

## **Amendments**

The bond insurer for the Series 2003 Bonds, acting on behalf of the holders of the Series 2003 Bonds, has consented to the below amendment and upon the issuance of the Series 2017 Bonds, the Series 2009 Bonds will no longer be outstanding, and therefore the Bond Resolution will be amended to include the following:

Notwithstanding the foregoing, the County may, at its option, upon the issuance of a series of Additional Parity Bonds, create and establish separate additional reserve accounts for such series of Additional Parity Bonds or for one or more series of Additional Parity Bonds. The Reserve Account and any separate additional reserve accounts so established shall be for the exclusive benefit of the registered owners of the applicable series of Additional Parity Bonds designated as secured thereby and the registered owners of a series of Bonds not designated as secured by the Reserve Account or any such separate additional reserve account, as applicable, shall have no right to require payment of the principal of or interest on any held by them, from the

Reserve Account or any separate additional reserve account created for other series of Additional Parity Bonds. The County shall specify in the supplemental resolution creating and establishing of a separate additional reserve account the method for determining the amount required to be held therein (the "Additional Reserve Account Requirement"), which shall not be greater than an amount equal to the lesser of (i) the maximum annual principal and interest requirement in all succeeding sinking fund years on all outstanding Additional Parity Bonds designated as secured by such additional reserve account, (ii) 10% of the aggregate principal amount in all succeeding sinking fund years on all outstanding Additional Parity Bonds designated as secured by such additional reserve account, or (iii) 125% of the average annual principal and interest requirements on all outstanding Additional Parity Bonds designated as secured by such additional reserve account. Hereafter, the supplemental resolution providing for a series of Additional Parity Bonds shall specify whether such series of Additional Parity Bonds shall be designated as secured by the Reserve Account, shall be designated as secured by any separate additional reserve account hereafter established, or shall be designated as not secured by the Reserve Account or by any separate reserve account.

Any additional reserve account created for a series of Additional Parity Bonds, shall be maintained for the purpose of paying the principal of and interest on such Additional Parity Bonds falling due in any year as to which there would otherwise be a default and if money is taken from said additional reserve account for the payment of such principal and interest, the money so taken shall be replaced in said additional reserve account from the first moneys in the Revenue Fund thereafter available (pro rata with any amounts required to be paid into the Reserve Account and any other separate additional reserve accounts) and not required to be used for maintenance and operation charges and not required to be paid into the Debt Service Account as provided in the Bond Resolution.

#### **Debt Service Reserve Account Not Designated for Series 2017 Bonds**

The Series 2017 Bonds are hereby designated as not being secured by the Debt Service Reserve Account or any other separate reserve account.

#### **Additional Parity Bonds**

Bonds may be issued on a parity with the Series 2003 Bonds, the Series 2012 Bonds, and the Series 2017 Bonds provided that the following conditions are met:

(a) The payments covenanted to be made into the Sinking Fund, as the same may have been enlarged and extended in any proceedings authorizing the issuance of any Additional Parity Bonds, must be currently being made in full amount as required and said "Debt Service Account" and "Debt Service Reserve Account" held within said Sinking Fund must be at their proper respective balances.

(b) The net revenues of the System for a period of twelve (12) consecutive months out of the eighteen (18) consecutive months preceding the month of adoption of the proceedings authorizing the issuance of such additional bonds must have been equal to at least one and one-fifth (1 1/5) times the maximum debt service requirement for any succeeding sinking fund year on the Series 2003 Bonds, the Series 2012 Bonds, the Series 2017 Bonds and any other issue or issues of parity bonds therewith then outstanding and on the bonds proposed to be issued, or in lieu of the foregoing formula, if a new schedule of rates and charges for the services, facilities and commodities furnished by the System shall have been adopted and shall be in effect and an independent and recognized firm of Certified Public Accountants shall certify that had this new rate schedule been in effect during the period described above the net revenues of the System would have been equal to at least one and one-fifth (1 1/5) times the maximum debt service requirement for any succeeding sinking fund year on the Series 2003 Bonds, the Series 2012 Bonds, the Series 2017 Bonds and any parity bonds therewith then outstanding and on the bonds proposed to be issued. Net revenues for the purpose of this paragraph (b) shall be construed to be the gross revenues



of the System remaining after the payment of the sums required or permitted to be paid to operate and maintain said System pursuant to the provisions of Article V of the Original Resolution, but before provision for depreciation.

An adjustment may be made to “net revenues of the System” in computing the aforesaid coverage test (i) equal to 80% of additional new net revenues of the System estimated to be received in the third fiscal year after delivery of the Additional Parity Bonds from connections to the System certified in writing by the County’s consulting engineers to have been made during and after such 12-month period to the extent that such new net revenues of the System are not otherwise taken into account, or (ii) equal to 100% of the estimated net revenues, as certified by the Certified Public Accountants or consulting engineers, to be received from a system to be acquired with the proceeds of such parity bonds and which system is then in existence and whose customers are currently or will become customers of the System as of the third anniversary of the date of issuance of the such parity bonds.

(c) An independent and recognized firm of Certified Public Accountants shall certify in triplicate to the governing body of the County that the requirements of paragraph (a) above are being complied with and that the requirements of paragraph (b) above have been met. A copy of the certificate of the Certified Public Accountants shall be furnished to the designated representative of the original purchasers of the Series 2003 Bonds, the Series 2012 Bonds, the Series 2017 Bonds and any other issue or issues of Additional Parity Bonds therewith then outstanding.

(d) Except when bonds are being issued solely for the purpose of refunding outstanding revenue bonds, the County’s engineering department or consulting engineers shall provide the County with a written report recommending the additions, extensions and improvements to be made to the System and stating that same are feasible, designating in reasonable detail the work and installation proposed to be done and the estimated cost of accomplishing the Project.

An executed duplicate original of such report of said engineers as required by this provision shall be furnished to the designated representative of the original purchasers of the Series 2003 Bonds, the Series 2012 Bonds and the Series 2017 Bonds not less than thirty (30) days before any proceedings are taken to actually issue such additional bonds.

(e) The governing body of the County shall pass proper proceedings reciting that all of the above requirements have been met, shall authorize the issuance of said bonds and shall provide in such proceedings, among other things, the date such bonds shall bear, the rate or rates of interest and maturity dates, as well as the registration and redemption provisions. The interest on the bonds of any such issue shall fall due on March 1 and September 1 of each year, and the bonds shall mature in installments on September 1, but, as to principal, not necessarily in each year or in equal installments. Any such proceeding or proceedings shall require the County to increase the monthly payments then being made into the Sinking Fund to the extent necessary to pay the principal of and the interest on the Series 2003 Bonds, the Series 2012 Bonds, the Series 2017 Bonds and on all such Additional Parity Bonds therewith then outstanding and on the bonds proposed to be issued as same become due and payable in the then current sinking fund year, and to create within five (5) years from the date of the bonds to be issued a reserve in the Reserve Account that complies with the requirements of Section 28 of the Original Resolution. Any such proceeding or proceedings shall restate and reaffirm, by reference, all of the applicable terms, conditions and provisions of the Bond Resolution.

Such additional bonds or obligations and all proceedings relative thereto, and the security therefor, shall be validated as prescribed by law.

**Rate Covenant**

Pursuant to the Bond Resolution, the County covenants to place into effect a schedule of rates, fees and charges for the services, facilities and commodities furnished by the System and as often as it shall appear necessary the County covenants to revise and adjust such schedule of rates, fees and charges for water services and facilities to

the extent necessary to produce funds along with any moneys from the general fund of the County included in the System budget referred to in the Original Resolution sufficient (a) to operate and maintain said System on a sound business like basis (b) to make payments into the Sinking Fund equal to 115% of the amounts sufficient to discharge the payment of the principal of and the interest on the Series 2003 Bonds, the Series 2012 Bonds and the Series 2017 Bonds and any future parity issues as the same become due and payable in the then current sinking fund year, (c) to pay an amount equal to 100% of principal of and interest on junior lien obligations referred to in the Original Resolution, and (d) to create and maintain a reserve therefor in the amount as required therein or such larger amounts as may be required in any proceedings authorizing any such issue or issues of parity bonds, as well as to create and maintain a reserve for extensions and improvements to the System.

The rates, fees and charges shall be classified in a reasonable manner to cover users of the services and facilities furnished by the System so that as near as practicable such rates, fees and charges shall be uniform in application to all users falling within any reasonable class. No free services shall at any time be furnished from the System; provided, however, the County shall have the right to provide free services to the existing governmental buildings owned by the City of Watkinsville, Georgia. The County will undertake within its health powers or such other applicable powers now or hereafter provided by law, to require the owners of all improved property abutting any water line or sewerage line to connect with the System; provided, however, the County may waive such mandatory connections for improved property existing as of the date of the Bond Resolution. No customer shall be connected to the System or served by the County without a proper meter having been first installed. All services shall be furnished in accordance with rates now or hereafter established, including services furnished to any County, municipal corporation or other public board or body.

In the event the County shall fail to adopt a schedule or schedules of rates, fees and charges, or to revise its schedule or schedules of rates, fees and charges, in accordance with the provisions of the Original Resolution, any bondholder without regard to whether any default, shall have occurred, may institute and prosecute in any court of competent jurisdiction, an appropriate action to compel the County to adopt a schedule or schedules of rates, fees and charges or to revise its schedule or schedules of rates, fees and charges in accordance with the requirements of the Original Resolution.

### **Insurance**

The County shall procure and maintain or cause to be procured and maintained so long as the Series 2003 Bonds, the Series 2012 Bonds, the Series 2017 Bonds and any parity bonds therewith are outstanding: (a) Fire and extended coverage insurance on the insurable portions of the System in a responsible insurance company or companies authorized and qualified to do business under the laws of the State of Georgia; (b) Public liability insurance relating to the operation of the System in amounts deemed adequate by the County; and (c) Vehicular public liability insurance on any vehicle owned by the County and used in the operation of the System in amounts deemed adequate by the County. The proceeds of such fire and extended coverage policies are pledged as security for the bonds, but shall be available for and shall, to the extent necessary and desirable, be applied to the repair and replacement of the damaged or destroyed property. In the event the proceeds of such policies are not used for that purpose, then same shall be deposited in the Renewal and Extension Fund. All insurance policies shall be open to the inspection of the bondholders or their duly authorized representatives at all reasonable times

### **Payment in Full**

When sufficient moneys are deposited with the sinking fund custodian or paying agent for any issue of the Bonds, as the case may be, to pay any such issue of outstanding Bonds, and the interest due or to become due thereon, and also including any premium required to be paid should such Bonds be called for redemption, or provision having been duly made therefor, same shall constitute payment in full of such issue or issues of the Bonds.

## **Modification, Alteration, Supplementation or Amendment of Resolution**

The County may, from time to time and at any time, adopt such resolution or resolutions supplemental thereto as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Bond Resolution or in any supplemental resolution or in the bonds; provided, however, that nothing therein contained shall permit, or be construed as permitting: (a) the extension of the maturity of any bond issued thereunder; (b) the reduction in the principal amount of any bond or the alteration of the rate or rates of interest thereon or any other modification of the terms of payment of such principal or interest; (c) the reduction of the percentage of the principal amount of bonds required for consent to such supplemental resolution; and (d) the creation of any lien on the revenues of the System prior to or superior to the lien created on the revenues of the System as the security for the payment of the Bonds and the interest thereon. A modification or amendment of the provisions with respect to the Sinking Fund is not to be deemed a change in the terms of payment.

## **Event of Defaults and Remedies**

Each of the following events is declared an "event of default," that is to say, if: (a) payment of the principal of any of the Bonds shall not be made when the same shall become due and payable, at its maturity or by proceedings for mandatory redemption or optional redemption; or (b) payment of any installment of interest shall not be made when the same becomes due and payable, or within thirty (30) days thereafter; or (c) the County shall, for any reason, be rendered incapable of fulfilling its obligations hereunder; or (d) an order or decree shall be entered, with the consent or acquiescence of the County, appointing a receiver, or receivers, of the System, or of the revenues thereof, or any proceedings shall be instituted, with the consent or acquiescence of the County, for the purpose of effecting a composition between the County and its creditors, or for the purpose of adjusting claims of such creditors, pursuant to any federal or State statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable out of the revenues of the System, or if such order or decree, having been entered without the consent and acquiescence of the County, shall not be vacated or discharged or stayed on appeal within sixty (60) days after entry thereof, or if such proceeding, having been instituted without the consent or acquiescence of the County, shall not be withdrawn, or any order entered shall not be vacated, discharged or stayed on appeal, within sixty (60) days after the institution of such proceedings, or the entry of such orders; or (e) the County shall make a default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds or in the Bond Resolution, on the part of the County to be performed, and such default shall continue for thirty (30) days after written notice, specifying such default and requiring same to be remedied, shall have been given to the County by any bondholder.

Upon the happening and continuance of any "event of default" specified above, then and in every such case the owners of not less than fifty-five per centum (55%) in the principal amount of the Bonds then outstanding may, by a notice in writing to the County, declare the principal of all the Bonds then outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything in the Bonds or in the Bond Resolution contained to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, all arrears of interest, if any, upon the Bonds then outstanding, and all other indebtedness secured by the Bond Resolution, except the principal of any Bonds not then due by their terms, and the interest accrued on such Bonds since the last interest payment date, shall have been paid, or shall have been provided for any deposit with the Paying Agent for such Bonds of a sum sufficient to pay the same, and every other default in the observance or performance of any covenant, condition or agreement in the Bonds, or herein contained, shall be made good, or provisions therefor satisfactory to such bondholders shall have been made, then and in every such case the owners of not less than fifty-five percent (55%) in principal amount of the Bonds then outstanding may, by written notice to the County; rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to, or affect, any subsequent default or impair any right consequent thereto.

Upon the happening and continuance of any "event of default", as provided above, then and in every such case any bondholder may proceed, subject to the provisions of Bond Resolution, to protect and enforce the rights of the bondholders under the Bond Resolution by a suit, action or special proceedings in equity, or at law, either for the appointment of a receiver of the System as authorized by the Revenue Bond Law, or for the special performance of any covenant or agreement contained in the Bond Resolution or in aid or execution of any power granted in the Bond Resolution, or for the enforcement of any proper legal or equitable remedy as such bondholder shall deem most effectual to protect and enforce the rights aforesaid, insofar as such may be authorized by law.

In case any proceeding taken by any bondholder on account of any default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to such bondholder, then and in every such case the County and the bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the bondholders shall continue as though no such proceedings had been taken.

No one, or more, owners of the Bonds secured by the Bond Resolution shall have any right in any manner whatever by his or their action to affect, disturb, or prejudice the security granted and provided for in the Bond Resolution, or to enforce any right under the Bond Resolution, except in the manner provided in the Bond Resolution, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of such outstanding Bonds.

No remedy conferred in the Bond Resolution upon the bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given under the Bond Resolution or now or hereafter existing at law or in equity, or by statute.

No delay or omission of any bondholder to exercise any right or power accruing upon any default occurring and continuing as aforesaid, shall impair any such default or be construed as an acquiescence therein and every power and remedy given by the Bond Resolution to the owners of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

**APPENDIX B**

**FORM OF DISCLOSURE CERTIFICATE**

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## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by Oconee County, Georgia (the “County”) in connection with the issuance of \$ \_\_\_\_\_ in aggregate principal amount of the Oconee County Water and Sewerage Revenue Bonds, Series 2017A (the “Series 2017A Bonds”) and \$ \_\_\_\_\_ in aggregate principal amount of the Oconee County Water and Sewerage Taxable Revenue Bonds, Series 2017B (the “Series 2017B Bonds” and, together with the Series 2017A Bonds, the “Bonds”). The Bonds are being issued pursuant to the Bond Resolution (as defined below). The County hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Beneficial Owners (as herein defined) of the Bonds and in order to assist the Participating Underwriter (as herein defined) in complying with the Rule (as herein defined).

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

“Annual Report” shall mean any Annual Report provided by the County pursuant to the Rule and this Disclosure Certificate.

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding the Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any of the Bonds for federal income tax purposes.

“Dissemination Agent” means Digital Assurance Certification, L.L.C. (DAC), Atlanta, Georgia, or its successor in interest, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

“EMMA” means the MSRB’s Electronic Municipal Market Access System, as described in Securities Exchange Act of 1934, Act Release No. 34-59062, which receives electronic submissions of the Annual Report on the EMMA website at <http://www.emma.msrb.org>.

“Fiscal Year” shall mean any period of twelve consecutive months adopted by the County as its fiscal year for financial reporting purposes and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the next calendar year.

“Bond Resolution” shall mean the resolution adopted by the Board of Commissioners of the County on October 23, 1998, as amended and supplemented by resolutions adopted by the Board of Commissioners of the County on November 3, 1998, July 18, 2003, September 1, 2009, October 22, 2009, June 26, 2012, July 12, 2012, September 20, 2017, and \_\_\_\_\_, 2017, pursuant to which the Bonds were issued, and any amendments or supplements thereto.

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

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

MSRB  
1900 Duke Street, Suite 600  
Alexandria, VA 22314  
Attn: Disclosure

“Participating Underwriter” shall mean Stifel Nicolaus & Company, Incorporated, or its successor in interest.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

### SECTION 3. Provision of Annual Reports.

(a) Not later than 270 days after the end of the Fiscal Year, commencing with Fiscal Year 2017, the County shall provide, or cause the Dissemination Agent (if other than the County) to provide, an Annual Report electronically to EMMA. The Annual Report will be made to EMMA as PDF files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. Notwithstanding the foregoing, the audited financial statements of the County may be submitted separately from the balance of the Annual Report when such audited financial statements are available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the County shall include unaudited financial statements in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements will be submitted.

(b) Not later than 15 business days prior to the date specified in paragraph (a) of this Section 3 for providing the Annual Report to EMMA, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If the County is unable to provide an Annual Report by the date required in paragraph (a), the Dissemination Agent shall send, in a timely manner, a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall also:

(i) determine each year prior to the date for providing the Annual Report, the manner of filing with EMMA; and

(ii) (if the Dissemination Agent is other than the County) file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to EMMA.

(d) If the Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the Issuer irrevocably directs the Dissemination Agent to immediately send a Failure to File Event notice to the MSRB.

SECTION 4. Content of Annual Reports. The County’s Annual Report shall contain or incorporate by reference the following:

(a) If audited financial statements are not yet available, the unaudited financial statements of the County, and when audited financial statements are available, the audited financial statements of the County, both such types of financial statements to be prepared in conformity with generally accepted accounting principles, as in effect from time to time.

(b) If the accounting principles changed from the previous fiscal year, a description of the impact of the change as required by Section 8 of this Disclosure Certificate.

(c) A statement indicating that the fiscal year has not changed, or, if the fiscal year has changed, a statement indicating the new fiscal year.



(d) Information of the type set forth in the Official Statement under the following headings:

- (1) "THE SYSTEM -- "Customers;"
- (2) "THE SYSTEM – Largest Customers;"
- (3) "SYSTEM FINANCIAL INFORMATION – Summary of Operating Results;"
- (4) "SYSTEM FINANCIAL INFORMATION – Summary of Assets, Liabilities and Fund Balance;"  
and
- (5) "SYSTEM FINANCIAL INFORMATION – Historical Debt Service Coverage Ratios."

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the County is an "obligated person" (as defined by the Rule), which have been filed in accordance with the Rule and the other rules of the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference.

**SECTION 5. Reporting of Significant Events.**

The County shall give, or cause to be given, notice to EMMA, in an electronic format as prescribed by the MSRB, of the occurrence of any of the following events with respect to the Bonds within ten business days of the occurrence of the event:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5071-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (vii) Modifications to rights of the Bondholders, if material.
- (viii) Bond calls, if material, and tender offers.
- (ix) Defeasances.
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material.
- (xi) Rating changes.
- (xii) Bankruptcy, insolvency, receivership or similar event of the County.
- (xiii) The consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, or the entry into a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the defeasance (within the meaning of the Rule), prior redemption or payment in full of all of the Bonds. The County shall notify EMMA that the County's obligations under this Disclosure Certificate have terminated. If the County's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the County, and the original County shall have no further responsibility hereunder.

SECTION 7. Dissemination Agent. The County may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and the County may, from time to time, discharge the dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not a designated dissemination agent, the County shall be the dissemination agent. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C. (DAC), or its successor in interest.

SECTION 8. Amendment. This Disclosure Certificate may not be amended unless independent counsel experienced in securities law matters has rendered an opinion to the County to the effect that the amendment does not violate the provisions of the Rule and all current amendments thereto and interpretations thereof that are applicable to this Disclosure Certificate.

In the event that this Disclosure Certificate is amended or any provision of the Disclosure Certificate is waived, the notice of a Listed Event pursuant to Section 5(vii) hereof shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided in the Annual Report. If an amendment or waiver is made in this Disclosure Certificate which allows for a change in the accounting principles to be used in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and impact of the change in the accounting principles on the presentation of the financial information. A notice of the change in the accounting principles shall be deemed to be material and shall be sent to EMMA.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of any party to comply with this Disclosure Certificate shall be an action to compel performance. The cost to the County of performing its obligations under the provisions of this Disclosure Certificate shall be paid solely from funds lawfully available for such purpose.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The

Dissemination Agent may consult with counsel (who may, but need not, be counsel for any party hereto or the County), and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such Counsel. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Intermediaries; Expenses. The Dissemination Agent is hereby authorized to employ intermediaries to carry out its obligations hereunder. The Dissemination Agent shall be reimbursed immediately for all such expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorney's fees).

SECTION 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

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

SECTION 16. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

Date: October \_\_\_\_, 2017

OCONEE COUNTY, GEORGIA

(SEAL)

By: \_\_\_\_\_  
Chairman

Attest:

By: \_\_\_\_\_  
Clerk

The undersigned hereby accepts its duties as Dissemination Agent under this Disclosure Certificate, this \_\_\_\_\_ day of October, 2017.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.

By: \_\_\_\_\_  
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Oconee County, Georgia

Name of Bond Issue: \$ \_\_\_\_\_ Oconee County Water and Sewerage Revenue Bonds, Series 2017A; and  
\$ \_\_\_\_\_ Oconee County Water and Sewerage Taxable Revenue Bonds, Series  
2017B

CUSIP Number<sup>1</sup>: \_\_\_\_\_

Date of Issuance: October \_\_\_\_, 2017

NOTICE IS HEREBY GIVEN that Oconee County, Georgia (the "County") has not provided an Annual Report due with respect to the above-named Bonds as required by its Disclosure Certificate, dated October \_\_\_\_, 2017. The County anticipates that the Annual Report will be filed by \_\_\_\_\_.

This notice is based on the best information available at the time of dissemination. Any questions regarding this notice should be directed to \_\_\_\_\_.

Dated: \_\_\_\_\_

OCONEE COUNTY, GEORGIA

By: \_\_\_\_\_  
Chairman

<sup>1</sup> No representation is made as to the correctness of the CUSIP number either as printed on the bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.

**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2016**

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**Oconee County, Georgia**  
**Financial Statements**  
**For the Fiscal Year Ended**  
**June 30, 2016**

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**Oconee County, Georgia**  
**Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**  
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# *Treadwell, Tamplin & Co.*

Certified Public Accountants  
A Limited Liability Partnership

157 West Jefferson Street  
Madison, Georgia 30650

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

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Commissioners of  
Oconee County, Georgia

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Oconee County, Georgia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oconee County Health Department, which represents 100% of the assets, net position and revenues of the component unit column. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included in the Oconee County Health Department, is based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for Oconee County, Georgia as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Retirement Plan – Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Pension Contributions, the Other Postemployment Benefits - Schedule of Funding Progress, and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and information on pages I through IX, and pages 42-46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

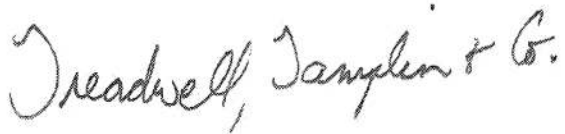
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oconee County, Georgia's financial statements as a whole. The combining and individual fund schedules, the Schedule of Projects Constructed with Special Sales Tax Proceeds, the Schedule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

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

The Certification of 9-1-1 Expenditures has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2017 on our consideration of Oconee County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oconee County, Georgia's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Treadwell, Jamplen & Co." The signature is written in dark ink and is positioned centrally on the page.

*Madison, Georgia*  
January 31, 2017

**MANAGEMENT DISCUSSION AND ANALYSIS**

**OCONEE COUNTY, GEORGIA  
YEAR ENDED JUNE 30, 2016**



**OCONEE COUNTY, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2016**

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

**Overview of the Financial Statements**

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

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

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

**Government-Wide Financial Statements**

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

The Statement of Net Position shows the County's assets less its liabilities at June 30, 2016. The difference between these assets and liabilities is reported as net position. Assets, liabilities and net position are reported for all governmental activities separate from the assets, liabilities and net position of business-type activities. Changes in net position over time may be helpful in identifying an improving or deteriorating financial position.

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

Both statements attempt to distinguish functions of Oconee County that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to

recover all or a significant portion of their costs through user fees and charges (business-type activities).

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

### **Fund Financial Statements**

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

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

By comparing functions between the two sets of statements for government funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison. The county reports two major governmental funds – General Fund and SPLOST 2015 Funds. (pg 3)

Proprietary Funds report, in greater detail, the same information presented as business-type activities in the government-wide financial statements for one major fund: water and sewer. (pg 8-10)

Fiduciary Funds are agency funds held in a custodial nature outside the general county government. Although these funds are presented in the fund set of statements, they do not appear in the government-wide financial statements because the fiduciary funds are not available to support Oconee County Government's general programs. The accrual accounting used for fiduciary funds is much like that used for proprietary funds. Funds held by Oconee County for investment are reflected in this section as the Agency Fund. The county reports six agency funds – Tax Commissioner, Sheriff, Superior Court, Probate Court, Magistrate Court and Juvenile Court. (Sch 14)

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

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

## **Governmental Activities**

For governmental activities, the change in net position amounted to \$1,094,145. (Exb 2) This increase is due to a combination of factors, including the addition of capital assets net of depreciation, developer contributions represented at an estimate of fair market value, as well as the treatment of long-term debt. Oconee County continues to practice conservative fiscal policies.

## **Business-Type Activities**

Business type activities include the County's Enterprise Funds: Water & Sewer Fund, Solid Waste Fund and Special Facilities Fund. For business-type activities, the change in net position amounted to a total of \$7,556,393 (Exb 2) as a result of operating revenues, capital contributions and transfers in from SPLOST. SPLOST 2009 Fund transferred \$1,438,348 (Exb 6) to the Water and Sewer Fund for the purposes of capital expenses. A major activity of the Water & Sewer Fund was its intergovernmental project with the Walton County Water & Sewerage Authority. This project is also referred to as the Hard Labor Creek Reservoir Project.

## **Financial Analysis of Oconee County's Funds**

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

### **Governmental Funds**

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

As of June 30, 2016, Oconee County governmental funds reported combined fund balances of \$26,865,120, (Exb 4) an increase of \$7,562,434. (Exb 4) The County continues to utilize SPLOST funds to retire debt and for the development of capital projects such as roads, water and sewer improvements.

General Fund is the chief operating fund of the county. At June 30, 2016, total fund balance in the general fund was \$10,821,520. (Exb 4) There was an increase of \$1,102,772 (Exb 4) in the general fund balance. The increase in fund balance derives from a combination of factors. A reimbursement from the State Department of Transportation for the Mars Hill Widening project accounted for \$725K. Additional increases in fund balance resulted from property digest growth. The Board of Commissioners continues to take conservative measures by working closely with Elected Officials and Department Directors to keep expenditures at a minimum.

SPLOST Capital Projects Fund reflects funds collected with the 1% sales tax and expended for capital items that are in agreement with the referendum approved by the voters. Because projects often cross several years and involve design, land acquisition and construction phases, expenditures may vary

widely from year to year. Costs expended yearly in capital projects funds are added to the County's construction-in-progress until the project is complete, and then depreciated over its useful life. Water and Sewer projects funded by SPLOST are treated as transfers out to the Water and Sewer Fund and accounted for as Capital Improvement Projects in the Water and Sewer Fund.

Industrial Development Authority Fund The Industrial Development Authority is presented within the County's Financial Statements as a blended component unit.

In March 2012, Oconee County was selected as the site for the Caterpillar facility. Caterpillar constructed a facility, approximately 850,000 sq. ft., which straddles the Oconee/Athens-Clarke County line. This facility produces small-track type tractors and mini-hydraulic excavators. As a joint venture, the counties provided infrastructure improvements to support the site, while Caterpillar provided site improvements and constructed the facility. In FY12, the Industrial Development Authority was awarded a State Edge Grant for \$18 million by the OneGeorgia Authority for the purpose of site preparation and initial construction costs associated with the Caterpillar plant. The Industrial Development Authority issued \$10,380,000 Series 2012 Revenue Bonds during March 2012 as incentive for the Caterpillar development. As of 2016, Caterpillar has created 1,500 jobs and has invested \$143M in facilities and equipment.

In March 2016, the Industrial Development Authority issued \$4,285,000 Series 2016 Revenue Bonds. The proceeds from these bonds were to be used to acquire, construct, improve, and extend certain economic development road projects. These bonds are repayable solely through the proceeds of an intergovernmental contract between the Authority and Oconee County and are listed as Contract Payable-OCIDA in the Financial Statements.

In FY16, the Authority used \$34,881 (Sch 8) in operating funds and \$260,931 in 2012 Revenue bond proceeds and \$165,173 in 2016 Revenue bond proceeds. (Sch 9)

Special Revenue Fund by ordinance the Oconee County Board of Commissioners authorized an excise tax on rooms, lodgings and accommodations to contribute to the promotion of tourism, conventions and trade shows. In fiscal year 2010, the operation of a hotel and the excise tax revenue collections was initiated. The revenue for the period ending June 30, 2016 totaled \$156,147. (Sch 8)

### **Proprietary Funds**

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

Enterprise Funds – At June 30, 2016, total net position amounted to \$78,611,000. (Exb 6) This includes a change in net position of \$7,556,393. (Exb 6) Net position changes are a result of operations, non-operating revenues, depreciation, expenses, capital contributions, donated assets and grants. The two funds in this category, Water & Sewer Fund and Other Enterprise Funds (Solid Waste Fund and Special Facilities Fund) receive additional revenue from such areas as user fees, licenses, permits, rent and donated infrastructure.

As part of the Intergovernmental Agreement between the County and the Upper Oconee Basin Water Authority (UOBWA), reconciliation is performed at the Authority's year-end (December 31) to determine the actual cost sharing by each member county.

In October 2007, the county entered into as part of an Intergovernmental Contract with Walton County and the Walton County Water and Sewerage Authority (WCWSA) for a Reservoir Project. The contract indicated that WCWSA would issue Revenue bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008 totaling \$19,535,000 (Note 7), for the purpose of financing or refinancing all or a portion of the cost of acquiring, constructing, installing and equipping a reservoir and related treatment and transmission facilities, paying capitalized interest on the Series 2008 Bonds, funding a debt service reserve and paying the costs of issuing the Series 2008 Bonds. In July 2015, Series 2015 WCWSA Refunding Bonds were issued in the amount of \$8,425,000 to partially refund the Series 2008 Revenue Bonds and to pay the costs of issuance. The county intends to make the contract payments with revenues derived from its water and sewerage system. Subsequent to year-end, Series 2016 WCWSA Refunding Bonds were issued in the amount of \$9,465,000 to partially refund the Series 2008 Revenue Bonds and to pay the costs of issuance.

During 2013, the County entered into a note payable with WCWSA and Georgia Environmental Finance Authority (GEFA). The County is obligated to pay 28.8% of the amounts payable under that note pursuant to the intergovernmental agreement that established the Hard Labor Creek Reservoir Project. The note allowed for up to \$20,000,000 of borrowing, of which the County's share would be \$5,760,000. At year-end, the entire note balance had been drawn and was outstanding. In July 2014, the county entered into a second note payable with WCWSA and GEFA. The County is obligated to pay 28.8% of the amounts payable under the note pursuant to the intergovernmental agreement that established the Hard Labor Creek Reservoir Project. The note allows for up to \$12,000,000 of borrowing of which the County's share would be \$3,456,000. At year end, the total borrowed to date was \$7,344,067 of which the County is responsible for \$2,115,091 (Note 7).

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

Total program revenues for primary government increased from the previous fiscal year. The county received operating and capital grants which were a driving force in the increase. The general state of the economy also improved, along with an improvement in Sales Tax revenues. House Bill 386 was passed by the 2012 Georgia General Assembly and provided a new method of taxation for motor vehicles, commonly referred to as Title Ad Valorem Tax or TAVT. This bill became effective March 1, 2013. Vehicles purchased after March 1, 2013 are exempt from Sales Tax and the ad valorem tax (aka "birthday tax"). These taxes are replaced by a one-time tax that is imposed on the fair market value of the vehicle called the TAVT. This fee is calculated by multiplying the fair market value by 7.0% in 2016.

### **Financial Highlights**

The economy in Oconee County is returning to normal Pre-Recession levels faster than neighboring counties in the region. Primary factors in determining normalcy are low unemployment, new revenue sources through small business activity and an increase in new housing starts. Sales Tax revenue and economic activity have increased over the period slightly faster than projected. All of these factors enabled Oconee County to maintain the budget at current levels and in some cases, coming in under

budget. The millage rate was maintained while the property digest increased. In November 2014, the voters approved via referendum SPLOST 2015. The first collections were in October 2015 and the first distribution to the County was received in November 2015. As part of the SPLOST 2015 referendum, funds were allocated for G. O. Bond debt repayment. The Transportation Improvement & Maintenance Program & Water and Sewer Improvement plans are funded through SPLOST funds and remain within budget for infrastructure improvements.

In March 2016, the Industrial Development Authority issued \$4,285,000 Series 2016 Revenue Bonds. The proceeds from these bonds were to be used to acquire and construct Parkway Boulevard and improve certain other economic development road projects.

Oconee County's total assets exceeded total liabilities at June 30, 2016, by \$162,475,448. (Exb 1) Of this amount, \$5,240,373 (Exb 1) may be used to meet the county's ongoing obligations to citizens and creditors.

As a whole, the financial position of the Oconee County government improved when compared to recent years. At June 30, 2016, Oconee County's Governmental Fund Statement Report combined ending fund balances of \$26,865,120 (Exb 4) an increase of \$7,562,434. Of this amount, \$14,994,442 (Exb 3) is restricted for Capital projects which commit the following funds: SPLOST 2004 - \$3,695,406 (Sch 6), SPLOST 2009 - \$3,670,771 (Sch 6), SPLOST 2015 - \$2,938,466 (Exb 3), Hotel Sales Tax - \$137,298 (Sch 5), Industrial Development Authority Projects - \$4,119,827 (Sch 6), and General Fund - \$432,674. (Exb 3) In addition, the General Fund has committed \$2,762,835 (Exb 3) to advance fund GDOT project SR53/Mars Hill Road. Phase I of the project included reimbursements from the State of Georgia totaling \$5,337,170.25. The County began Phase II of the project with reimbursable expenditures as of June 30, 2016 totaling \$749,491.

The General Fund reported an adequate unassigned fund balance of \$6,752,211. (Exb 3) During FY16, the government in accordance with GASB 45, accounting and financial reporting by employees for post-employment benefits other than pensions continued to remain in effect. The County implemented GASB 54 Fund Balance reporting and governmental fund type definitions in 2012. In 2013, the County implemented GASB 61. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. The amendments to the criteria for blending improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic. Oconee County and the Oconee County Industrial Development Authority were reported in FY13 as a blended component unit in accordance with GASB 61. The County also implemented GASB 63. This Statement provides guidance for deferred outflows and deferred inflows of resources and defines those elements which are distinct from assets and liabilities as a consumption or acquisition of net assets that are applicable to future reporting periods and renames net assets to net position. The County also further implemented GASB 65. This Statement reclassifies certain items as deferred outflows or as deferred inflows of resources previously reported as assets and liabilities. In FY15, the County implemented GASB 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB 27.

## **Government – Wide Financial Analysis**

Table 1 & Table 2 depict comparative data for Oconee County, Georgia for the fiscal year ended June 30, 2015 and the fiscal year ended June 30, 2016. The comparative data highlights Government-wide net position (Table 1) and changes in net position (Table 2). Fiscal year ended 2016 shows an increase in the change in net position of \$8.65 million (Exb 2) over the previous fiscal year.

### **Budget Variations**

The original General Fund budget for the fiscal year end June 30, 2016, reflected anticipated revenues of \$23,120,500 and expenditures of \$21,212,306. The final budget for the fiscal year showed revenues of \$25,451,620 and expenditures of \$23,865,801, while the actual results for fiscal year ending June 30, 2016 indicated revenues of \$25,975,968 and expenditures of \$22,850,264. (Sch. 3) The local economy improved in Oconee County. Primary factors were low unemployment, new revenue sources through small business activity and increased commercial site construction. Sales Tax revenue has increased over the period and economic activity has improved. The opening of the Epps Bridge Centre in Oconee County has generated sales tax and in turn boosted the County's economy.

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

### **Component Units**

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

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

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

Oconee County Industrial Development Authority  
Post Office Box 1527  
Watkinsville, Georgia 30677

**Oconee County, Georgia**  
**For the Year Ended June 30, 2016**

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
<b>Assets</b>						
Current & Other Assets	20.70	28.18	24.96	27.53	45.66	55.71
Capital Assets, Net	90.09	87.92	89.99	93.88	180.08	181.80
<b>Total Assets</b>	<b>110.79</b>	<b>116.10</b>	<b>114.95</b>	<b>121.41</b>	<b>225.74</b>	<b>237.51</b>
<b>Deferred Outflows of Resources</b>						
Deferred Amount on Debt Refunding	0.70	0.66	0.99	1.91	1.69	2.57
Deferred Outflow Related to Pensions	0.10	1.53	0.01	0.18	0.11	1.71
<b>Total Assets and Deferred Outflows</b>	<b>111.59</b>	<b>118.29</b>	<b>115.95</b>	<b>123.50</b>	<b>227.54</b>	<b>241.79</b>
<b>Liabilities</b>						
Current & Other Liabilities	1.31	1.43	2.03	1.99	3.34	3.42
Long-Term Liabilities						
Due Within One Year	0.81	1.09	1.96	2.06	2.77	3.15
Due in More Than One Year	26.70	31.84	40.90	40.83	67.60	72.67
<b>Total Liabilities</b>	<b>28.82</b>	<b>34.36</b>	<b>44.89</b>	<b>44.88</b>	<b>73.71</b>	<b>79.24</b>
<b>Deferred Inflows of Resources</b>						
Deferred Inflow Related to Pensions	0.00	0.07	0.00	0.01	0.00	0.08
<b>Total Liabilities and Deferred Inflows</b>	<b>28.82</b>	<b>34.43</b>	<b>44.89</b>	<b>44.89</b>	<b>73.71</b>	<b>79.32</b>
<b>Net Position</b>						
Net Investment in Capital Assets	80.71	78.24	57.06	60.35	137.77	138.59
Restricted						
Capital Projects	8.78	14.99	0.00	0.00	8.78	14.99
Judicial	0.10	0.17	0.00	0.00	0.10	0.17
Public Safety	0.16	0.20	0.00	0.00	0.16	0.20
Debt Service	0.00	0.00	3.04	3.04	3.04	3.04
Other Purposes	0.20	0.24	0.00	0.00	0.20	0.24
Unrestricted	(7.18)	(9.98)	10.96	15.22	3.78	5.24
<b>Total Net Position</b>	<b>82.77</b>	<b>83.86</b>	<b>71.05</b>	<b>78.61</b>	<b>153.82</b>	<b>162.47</b>



**Oconee County, Georgia**  
**For the Year Ended June 30, 2016**

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2015	2016	2015	2016	2015	2016
<b>Revenue</b>						
<b>Program Revenues:</b>						
Charges for Services	4.60	4.65	9.59	11.32	14.19	15.97
Operating Grants & Contributions	0.62	0.71	0.00	0.00	0.62	0.71
Capital Grants & Contributions	3.10	1.53	2.56	1.96	5.66	3.49
<b>General Revenues:</b>						
Property Taxes	11.48	12.17			11.48	12.17
Sales Taxes	12.66	13.24			12.66	13.24
Intangible Taxes	0.48	0.57			0.48	0.57
Business Taxes	1.48	1.59			1.48	1.59
Franchise Fees	0.30	0.33			0.30	0.33
Other Taxes	0.18	0.19			0.18	0.19
Investment Earnings	0.02	0.03	0.02	0.03	0.04	0.06
Gain on Disposal of Capital Asset	0.09	0.00	0.00	0.00	0.09	0.00
<b>Total Revenues</b>	<b>35.01</b>	<b>35.01</b>	<b>12.17</b>	<b>13.31</b>	<b>47.18</b>	<b>48.32</b>
<b>Program Expenses</b>						
General Government	6.09	6.59			6.09	6.59
Judicial	2.06	2.08			2.06	2.08
Public Safety	9.56	9.89			9.56	9.89
Public Works	6.44	6.48			6.44	6.48
Health & Welfare	0.73	0.73			0.73	0.73
Culture & Recreation	3.61	3.80			3.61	3.80
Housing & Development	1.54	1.67			1.54	1.67
Interest & Fiscal Charges	0.71	0.68			0.71	0.68
Water & Sewer			6.43	6.85	6.43	6.85
Solid Waste			0.47	0.44	0.47	0.44
Special Facilities			0.47	0.46	0.47	0.46
<b>Total Expenses</b>	<b>30.74</b>	<b>31.92</b>	<b>7.37</b>	<b>7.75</b>	<b>38.11</b>	<b>39.67</b>
<b>Excess (Deficiency) Before Transfers &amp; Contributions</b>	<b>4.27</b>	<b>3.09</b>	<b>4.80</b>	<b>5.56</b>	<b>9.07</b>	<b>8.65</b>
<b>Total Transfers</b>	<b>(1.83)</b>	<b>(2.00)</b>	<b>1.83</b>	<b>2.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Changes in Net Position</b>	<b>2.45</b>	<b>1.09</b>	<b>6.63</b>	<b>7.56</b>	<b>9.07</b>	<b>8.65</b>
<b>Net Position, Beginning</b>	<b>87.81</b>	<b>82.77</b>	<b>65.35</b>	<b>71.05</b>	<b>153.16</b>	<b>153.82</b>
<b>Prior Period Adj-Implementation GASB 68</b>	<b>(7.49)</b>	<b>0.00</b>	<b>(0.93)</b>	<b>0.00</b>	<b>(8.42)</b>	<b>0.00</b>
<b>Net Position, Beginning, as Restated</b>	<b>80.32</b>	<b>82.77</b>	<b>64.42</b>	<b>71.05</b>	<b>144.74</b>	<b>153.82</b>
<b>Net Position, Ending</b>	<b>82.77</b>	<b>83.86</b>	<b>71.05</b>	<b>78.61</b>	<b>153.82</b>	<b>162.47</b>

# **Basic Financial Statements**

**Oconee County, Georgia**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Health Department</b>
<b>ASSETS</b>				
Cash (Note 2)	\$ 12,850,167	\$ 7,600,863	\$ 20,451,030	\$ 537,343
Investments, plus accrued interest (Note 2)	12,908,407	4,126,392	17,034,799	-
Accounts receivable, net	314,840	976,520	1,291,360	40,358
Taxes receivable, net	175,847	-	175,847	-
Internal balances (Note 4)	(338,102)	338,102	-	-
Due from other governments	2,041,569	144,291	2,185,860	-
Prepaid expenses	219,757	14,074	233,831	-
Restricted cash (Note 2)	12,315	1,910,386	1,922,701	-
Restricted investments (Note 2)	-	2,847,830	2,847,830	-
Investment - UOBWA, net (Note 5)	-	9,572,410	9,572,410	-
Capital assets (Note 3)				
Capital assets not being depreciated	22,280,221	35,200,538	57,480,759	-
Capital assets, net of accumulated depreciation	65,638,985	58,676,249	124,315,234	25,442
<b>Total assets</b>	<b>116,104,006</b>	<b>121,407,655</b>	<b>237,511,661</b>	<b>603,143</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred amount on debt refunding	660,969	1,910,644	2,571,613	-
Deferred outflow related to pensions (Note 9)	1,530,957	183,792	1,714,749	88,504
<b>Total assets and deferred outflows</b>	<b>118,295,932</b>	<b>123,502,091</b>	<b>241,798,023</b>	<b>691,647</b>
<b>LIABILITIES</b>				
Accounts payable	771,676	567,549	1,339,225	45,515
Accounts payable from restricted assets	12,315	21,200	33,515	-
Retainage payable	-	73,181	73,181	-
Salaries and benefits payable	346,696	52,005	398,701	-
Accrued interest	301,098	491,751	792,849	-
Customer deposits	-	782,404	782,404	-
Long-term liabilities: (Note 7)				
Portion due or payable within one year:				
Bonds, notes, leases, and contracts payable	1,061,582	2,067,714	3,129,296	-
Compensated absences	23,432	-	23,432	-
Portion due or payable after one year:				
Bonds, notes, leases, and contracts payable, net	22,942,456	39,732,171	62,674,627	-
Net pension liability (Note 9)	8,145,326	1,000,303	9,145,629	452,987
OPEB obligation (Note 10)	58,453	-	58,453	-
Compensated absences	696,156	94,169	790,325	49,002
<b>Total liabilities</b>	<b>34,359,190</b>	<b>44,882,447</b>	<b>79,241,637</b>	<b>547,504</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow related to pensions	72,294	8,644	80,938	39,774
<b>Total liabilities and deferred inflows</b>	<b>34,431,484</b>	<b>44,891,091</b>	<b>79,322,575</b>	<b>587,278</b>
<b>NET POSITION</b>				
Net investment in capital assets	78,241,425	60,346,808	138,588,233	25,442
Restricted for:				
Capital projects	14,994,442	-	14,994,442	-
Judicial	172,260	-	172,260	-
Public safety	200,402	-	200,402	-
Debt service	-	3,042,943	3,042,943	-
Other purposes	236,795	-	236,795	-
Unrestricted	(9,980,876)	15,221,249	5,240,373	78,927
<b>Total net position</b>	<b>\$ 83,864,448</b>	<b>\$ 78,611,000</b>	<b>\$ 162,475,448</b>	<b>\$ 104,369</b>

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

**Oconee County, Georgia**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2016**

Activities:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Health Department
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Governmental:</b>								
General government	\$ 6,593,236	\$ 985,559	\$ 31,733	\$ -	\$ (5,575,944)		\$ (5,575,944)	
Judicial	2,077,404	709,372	290,664	-	(1,077,368)		(1,077,368)	
Public safety	9,893,572	952,343	96,559	-	(8,844,670)		(8,844,670)	
Public works	6,483,129	14,491	-	1,526,356	(4,942,282)		(4,942,282)	
Health and welfare	728,785	-	198,446	-	(530,339)		(530,339)	
Culture and recreation	3,799,207	1,153,164	86,750	-	(2,559,293)		(2,559,293)	
Housing and development	1,668,679	834,468	12,173	-	(822,038)		(822,038)	
Interest and fiscal charges	675,862	-	-	-	(675,862)		(675,862)	
<b>Total governmental activities</b>	<b>31,919,874</b>	<b>4,649,397</b>	<b>716,325</b>	<b>1,526,356</b>	<b>(25,027,796)</b>		<b>(25,027,796)</b>	
<b>Business-type:</b>								
Water and sewer	6,856,141	10,974,136	-	1,960,082		\$ 6,078,077	6,078,077	
Solid waste	443,427	179,795	-	-		(263,632)	(263,632)	
Special facilities	460,372	164,840	-	-		(295,532)	(295,532)	
<b>Total business-type activities</b>	<b>7,759,940</b>	<b>11,318,771</b>	<b>-</b>	<b>1,960,082</b>		<b>5,518,913</b>	<b>5,518,913</b>	
<b>Component units:</b>								
Oconee County Health Department	754,342	483,861	319,515	-				\$ 49,034
<b>Total Oconee County</b>	<b>\$ 40,434,156</b>	<b>\$ 16,452,029</b>	<b>\$ 1,035,840</b>	<b>\$ 3,486,438</b>	<b>(25,027,796)</b>	<b>5,518,913</b>	<b>(19,508,883)</b>	
General revenues:								
Taxes								
Property taxes, levied for general purposes					12,176,938	-	12,176,938	-
Sales tax					13,235,800	-	13,235,800	-
Intangible tax					568,488	-	568,488	-
Business taxes					1,592,698	-	1,592,698	-
Franchise taxes					325,111	-	325,111	-
Other taxes					192,078	-	192,078	-
Investment earnings					28,917	36,539	65,456	1,063
Gain on disposal of capital assets					-	2,852	2,852	-
Transfers					(1,998,089)	1,998,089	-	-
Total general revenues and transfers					26,121,941	2,037,480	28,159,421	1,063
<b>Change in net position</b>					1,094,145	7,556,393	8,650,538	50,097
<b>Net position - beginning</b>					82,770,303	71,054,607	153,824,910	54,272
<b>Net position - ending</b>					<b>\$ 83,864,448</b>	<b>\$ 78,611,000</b>	<b>\$ 162,475,448</b>	<b>\$ 104,369</b>

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

**Oconee County, Georgia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	<u>General Fund</u>	<u>SPLOST 2015 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash (Note 2)	\$ 1,097,531	\$ 2,503,557	\$ 9,249,079	\$ 12,850,167
Investments (Note 2)	9,229,989	-	3,678,418	12,908,407
Accounts receivable, net	182,452	-	132,388	314,840
Taxes receivable, net	175,068	-	779	175,847
Internal balances (Note 4)	501,465	-	301,342	802,807
Due from other governments	1,367,933	567,924	105,712	2,041,569
Prepaid items	211,800	-	7,957	219,757
Restricted cash (Note 2)	12,315	-	-	12,315
<b>Total assets</b>	<u>\$ 12,778,553</u>	<u>\$ 3,071,481</u>	<u>\$ 13,475,675</u>	<u>\$ 29,325,709</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 487,094	\$ 133,015	\$ 151,567	\$ 771,676
Internal balances (Note 4)	954,616	-	186,293	1,140,909
Salaries and benefits payable	314,722	-	31,972	346,694
Bonds and deposits payable from restricted cash	12,315	-	-	12,315
<b>Total liabilities</b>	<u>1,768,747</u>	<u>133,015</u>	<u>369,832</u>	<u>2,271,594</u>
<b>Deferred inflows of resources:</b>				
Unavailable property taxes	163,476	-	709	164,185
Unavailable grant reimbursements	24,810	-	-	24,810
<b>Total deferred inflows</b>	<u>188,286</u>	<u>-</u>	<u>709</u>	<u>188,995</u>
<b>Fund balances:</b>				
Nonspendable	211,800	-	7,957	219,757
Restricted				
Capital projects	432,674	2,938,466	11,623,302	14,994,442
Judicial	-	-	172,260	172,260
Public safety	-	-	200,402	200,402
Culture and recreation	-	-	81,971	81,971
Housing and development	-	-	154,824	154,824
Committed				
Public works	2,762,835	-	-	2,762,835
Assigned				
Subsequent years' budget	662,000	-	-	662,000
Health and welfare	-	-	168,987	168,987
Housing and development	-	-	701,109	701,109
Unassigned	6,752,211	-	(5,678)	6,746,533
<b>Total fund balances</b>	<u>10,821,520</u>	<u>2,938,466</u>	<u>13,105,134</u>	<u>26,865,120</u>
<b>Total liabilities, deferred inflows, and fund balances</b>	<u>\$ 12,778,553</u>	<u>\$ 3,071,481</u>	<u>\$ 13,475,675</u>	<u>\$ 29,325,709</u>

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

**Oconee County, Georgia**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2016**

Total *fund* balances for governmental funds (Exhibit 3) \$ 26,865,120

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

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

Capital assets not being depreciated	22,280,221	
Capital assets, net of depreciation	65,638,985	
Total capital assets	87,919,206	87,919,206

Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable property taxes in the funds. 164,185

Grant reimbursements are recorded as revenue once the costs for the grant are incurred under the accrual basis of accounting used on the Statement of Net Position. The reimbursements must be received in time to liquidate current obligations to be considered available and reported as revenue in the funds. This adjustment represents revenue not received in time to be considered available. 24,810

Deferred outflows of resources related to pensions represent unamortized differences between actual and projected income and changes in assumptions that accounting standards require be amortized into income over future periods. These deferrals do not constitute current financial resources and are not reported in the funds. 1,530,955

Deferred inflows or resources related to pensions represent unamortized differences between actuarial assumptions and actual experience. The deferrals do not constitute current financial obligations and are not reported in the funds. (72,294)

The County's normal cost and amortized past service cost of other postemployment benefits have exceeded the amounts that the County has paid toward providing these benefits. The total amount of the actuarially determined cost of these benefits have exceeded the amounts paid are reported as a liability in the Statement of Net Position. (58,453)

Gains and losses on the refunding of debt issuances are amortized into income during the shorter of the remaining life of the refunded debt or the life of the new debt issuance. The unamortized loss is reported as a deferred outflow of resources. 660,969

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

Accrued interest	\$ (301,098)	
Bonds, notes, and capital leases payable	(24,004,038)	
Net pension liability	(8,145,326)	
Compensated absences - long-term	(719,588)	
Total long-term liabilities	(33,170,050)	(33,170,050)

Total net position of governmental activities (Exhibit 1) \$ 83,864,448

**Oconee County, Georgia**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2016**

	<u>General Fund</u>	<u>SPLOST 2015 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 21,005,700	\$ 5,110,857	\$ 1,801,698	\$ 27,918,255
Licenses and permits	746,715	-	-	746,715
Intergovernmental revenue	1,236,635	-	446,513	1,683,148
Charges for services	2,486,982	-	1,067,125	3,554,107
Fines and forfeitures	326,433	-	69,495	395,928
Investment income	27,288	484	16,143	43,915
Contributions and donations	2,429	-	163,631	166,060
Miscellaneous	143,786	-	25,411	169,197
<b>Total revenues</b>	<u>25,975,968</u>	<u>5,111,341</u>	<u>3,590,016</u>	<u>34,677,325</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,105,291	-	5,453	5,110,744
Judicial	1,702,998	-	359,287	2,062,285
Public safety	7,174,260	-	1,602,031	8,776,291
Public works	3,837,796	-	236,532	4,074,328
Health and welfare	249,123	-	488,722	737,845
Culture and recreation	3,031,746	-	38,198	3,069,944
Housing and development	1,311,069	-	178,277	1,489,346
Debt service:				
Principal payments	415,000	453,518	163,998	1,032,516
Interest and fiscal charges	22,981	165,102	491,578	679,661
Debt issuance costs	-	-	85,000	85,000
Capital outlay:				
General government	-	51,947	77,444	129,391
Public safety	-	969,005	83,050	1,052,055
Public works	-	454,204	315,806	770,010
Culture and recreation	-	48,118	47,614	95,732
Housing and development	-	-	80,173	80,173
Intergovernmental	-	716,031	233,834	949,865
<b>Total expenditures</b>	<u>22,850,264</u>	<u>2,857,925</u>	<u>4,486,997</u>	<u>30,195,186</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>3,125,704</u>	<u>2,253,416</u>	<u>(896,981)</u>	<u>4,482,139</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term debt	-	685,050	4,329,141	5,014,191
Proceeds from sale of capital assets	64,193	-	-	64,193
Transfers in	82,500	-	1,682,458	1,764,958
Transfers (out)	(2,169,625)	-	(1,593,422)	(3,763,047)
<b>Total other financing sources (uses)</b>	<u>(2,022,932)</u>	<u>685,050</u>	<u>4,418,177</u>	<u>3,080,295</u>
<b>Net change in fund balances</b>	1,102,772	2,938,466	3,521,196	7,562,434
<b>Fund balances - beginning</b>	9,718,748	-	9,583,938	19,302,686
<b>Fund balances - ending</b>	<u>\$ 10,821,520</u>	<u>\$ 2,938,466</u>	<u>\$ 13,105,134</u>	<u>\$ 26,865,120</u>

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

**Oconee County, Georgia**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2016**

Net change in *fund* balances - total governmental funds (Exhibit 4) \$ 7,562,434

The change in *net position* reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$2,638,360) is exceeded by depreciation (\$5,043,420) in the current period. (2,405,060)

In the Statement of Activities, only the gain or loss on the sale/disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold/disposed (net of accumulated depreciation). (152,417)

Pension expenditures represent contributions to the pension plan made during the fiscal year and are reported in the funds. Pension expense represents the change in the net pension liability and any amortization of differences in projected and actual earnings, changes in assumptions, changes in benefits or differences between expected and actual experience. The statement of activities reports pension expense. These figures differ by: 29,022

Under the full accrual method, postemployment benefits expenses are recorded as the benefits are earned. These benefits are recognized as expenditures in the funds as they become a claim on current financial resources. The County accrued the increase in the OPEB obligation which represents the difference between the actuarially determined OPEB costs and the current payment of financial resources. (180,462)

Governmental funds do not recognize all tax revenues not collected within 60 days of year end. However, the Statement of Activities uses the accrual basis and, thus, the entire amount is recognized as revenue, regardless of the collection date. This is the net difference in revenue between the accrual basis used in the government-wide statements and the modified accrual basis used in the funds. (19,220)

Governmental funds do not recognize certain other revenues not collected within 60 days of year end. However, the Statement of Activities uses the accrual basis, and, thus, the entire amount is recognized as revenue, regardless of the collection date. This is the net difference in revenue between the accrual basis used in the government-wide statements and the modified accrual basis used in the funds. (27,792)



**Oconee County, Georgia**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2016**

Contributions of assets that do not constitute financial resources are not reported as revenue in the funds, but are reported as capital grants and contributions in the government-wide Statement of Activities because this statement reports revenue on the full accrual basis. This adjustment represents the estimated fair market value of assets contributed to the County. 381,795

Loan proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Net Position. (5,014,191)

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

Principal repayment	1,032,516	
Accrued interest on debt	(16,271)	
Amortization of deferred amount on bond refunding	(38,881)	
Amortization of bond premiums and discounts	19,879	
	997,243	997,243

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net change of the compensated absences account. (77,207)

Change in net position of governmental activities (Exhibit 2) \$ 1,094,145

**Oconee County, Georgia**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2016**

ASSETS	Enterprise Funds		Total
	Water and Sewer Fund	Other Enterprise Funds	
Current assets:			
Cash (Note 2)	\$ 7,600,325	\$ 538	\$ 7,600,863
Investments, plus accrued interest (Note 2)	4,126,392	-	4,126,392
Accounts receivable, net of allowance of \$61,904	971,705	4,815	976,520
Internal balances (Note 4)	57,610	664,774	722,384
Due from other governments	144,291	-	144,291
Prepaid items	10,599	3,475	14,074
Total current assets	12,910,922	673,602	13,584,524
Noncurrent assets:			
Restricted cash (Note 2)	1,910,386	-	1,910,386
Restricted investments (Note 2)	2,847,830	-	2,847,830
Investment - UOBWA, net (Note 5)	9,572,410	-	9,572,410
Capital assets (Note 3)			
Capital assets not being depreciated	35,050,538	150,000	35,200,538
Capital assets, net of accumulated depreciation	57,087,733	1,588,516	58,676,249
Total capital assets	92,138,271	1,738,516	93,876,787
Total noncurrent assets	106,468,897	1,738,516	108,207,413
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred amount on debt refunding	1,910,644	-	1,910,644
Deferred outflow related to pensions (Note 9)	152,190	31,602	183,792
Total deferred outflows	2,062,834	31,602	2,094,436
<b>Total assets and deferred outflows</b>	121,442,653	2,443,720	123,886,373
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	520,192	47,357	567,549
Accounts payable-construction from restricted investments	21,200	-	21,200
Retainage payable	73,181	-	73,181
Internal balances (Note 4)	384,282	-	384,282
Salaries and benefits payable	37,536	14,469	52,005
Accrued interest	491,751	-	491,751
Customer deposits-payable from restricted cash	782,404	-	782,404
Bonds, notes and contracts payable (Note 7)	2,067,714	-	2,067,714
Total current liabilities	4,378,260	61,826	4,440,086
Noncurrent liabilities:			
Bonds, notes and contracts payable, net (Note 7)	39,732,171	-	39,732,171
Net pension liability (Note 9)	662,957	337,346	1,000,303
Compensated absences (Note 7)	69,840	24,329	94,169
Total noncurrent liabilities	40,464,968	361,675	40,826,643
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow related to pensions (Note 9)	7,203	1,441	8,644
<b>Total liabilities and deferred inflows</b>	44,850,431	424,942	45,275,373
<b>NET POSITION</b>			
Net investment in capital assets	58,608,292	1,738,516	60,346,808
Restricted for debt service	3,042,943	-	3,042,943
Unrestricted	14,940,987	280,262	15,221,249
<b>Total net position</b>	\$ 76,592,222	\$ 2,018,778	\$ 78,611,000

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

Oconee County, Georgia  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2016

	Enterprise Funds		Total
	Water and Sewer Fund	Other Enterprise Funds	
<b>OPERATING REVENUES</b>			
Charges for services	\$ 8,415,112	\$ 236,589	\$ 8,651,701
Licenses and permits	-	7,500	7,500
Rents and royalties	-	100,069	100,069
Miscellaneous	272,222	477	272,699
<b>Total operating revenues</b>	<b>8,687,334</b>	<b>344,635</b>	<b>9,031,969</b>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	1,435,654	433,616	1,869,270
Other contracted services	149,744	233,797	383,541
Water purchase and treatment costs	1,581,715	-	1,581,715
Supplies and materials	75,820	37,322	113,142
Repairs and maintenance	564,294	26,671	590,965
Utilities	382,047	61,527	443,574
Insurance	8,721	9,511	18,232
Depreciation	1,756,086	74,336	1,830,422
Other charges	110,054	27,019	137,073
<b>Total operating expenses</b>	<b>6,064,135</b>	<b>903,799</b>	<b>6,967,934</b>
<b>Operating income (loss)</b>	<b>2,623,199</b>	<b>(559,164)</b>	<b>2,064,035</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	36,539	-	36,539
Gain on disposal of assets	2,852	-	2,852
Water availability fees	1,072,460	-	1,072,460
Sewer capacity fees	1,076,642	-	1,076,642
Sewer connection fees	137,700	-	137,700
Amortization expense - UOBWA	(151,654)	-	(151,654)
Interest expense	(640,352)	-	(640,352)
<b>Total nonoperating revenue</b>	<b>1,534,187</b>	<b>-</b>	<b>1,534,187</b>
<b>Income (loss) before contributions and transfers</b>	<b>4,157,386</b>	<b>(559,164)</b>	<b>3,598,222</b>
Capital contributions	1,960,082	-	1,960,082
Transfers in	1,438,348	559,741	1,998,089
<b>Change in net position</b>	<b>7,555,816</b>	<b>577</b>	<b>7,556,393</b>
<b>Total net position - beginning</b>	<b>69,036,406</b>	<b>2,018,201</b>	<b>71,054,607</b>
<b>Total net position - ending</b>	<b>\$ 76,592,222</b>	<b>\$ 2,018,778</b>	<b>\$ 78,611,000</b>

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

**Oconee County, Georgia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2016**

	Enterprise Funds		Total
	Water and Sewer Fund	Other Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 8,653,408	\$ 348,123	\$ 9,001,531
Payments to suppliers	(2,575,014)	(430,444)	(3,005,458)
Payments to employees	(1,440,789)	(435,808)	(1,876,597)
Net cash provided (used) by operating activities	<u>4,637,605</u>	<u>(518,129)</u>	<u>4,119,476</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	1,438,348	506,928	1,945,276
Interfund loans - proceeds and collections	219,362	-	219,362
Net cash provided by noncapital financing activities	<u>1,657,710</u>	<u>506,928</u>	<u>2,164,638</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(3,368,356)	-	(3,368,356)
Proceeds from issuance of debt	338,867	-	338,867
Principal payments on debt	(1,988,483)	-	(1,988,483)
Interest payments on debt	(1,552,992)	-	(1,552,992)
Sewer capacity and connection fees from customers	2,286,802	-	2,286,802
Proceeds from sale of capital assets	2,852	-	2,852
Net cash used for capital and related financing activities	<u>(4,281,310)</u>	<u>-</u>	<u>(4,281,310)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	21,717	-	21,717
Proceeds from sale of investments	800,857	-	800,857
Net cash provided by investing activities	<u>822,574</u>	<u>-</u>	<u>822,574</u>
Net change in cash	2,836,579	(11,201)	2,825,378
Cash - beginning	6,674,132	11,739	6,685,871
Cash - end	<u>\$ 9,510,711</u>	<u>\$ 538</u>	<u>\$ 9,511,249</u>
Displayed as:			
Cash	\$ 7,600,325	\$ 538	\$ 7,600,863
Restricted cash - noncurrent	1,910,386	-	1,910,386
	<u>\$ 9,510,711</u>	<u>\$ 538</u>	<u>\$ 9,511,249</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 2,623,199	\$ (559,164)	\$ 2,064,035
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,756,086	74,336	1,830,422
Change in assets, liabilities and deferred amounts:			
Receivables, net	(122,393)	3,489	(118,904)
Prepaid items	(1,342)	1,501	159
Due from other governments	(56,043)	-	(56,043)
Accounts payable	354,766	(36,098)	318,668
Accrued expenses	12,507	453	12,960
Customer deposits	88,467	-	88,467
Compensated absences	(14,751)	(2,068)	(16,819)
Net change in pension deferrals	(134,859)	(26,975)	(161,834)
Net pension liability	131,968	26,397	158,365
Net cash provided (used) by operating activities	<u>\$ 4,637,605</u>	<u>\$ (518,129)</u>	<u>\$ 4,119,476</u>
<b>Non-cash investing, capital and financing activities:</b>			
Discount on GEFA note	\$ 66,742	\$ -	\$ 66,742
Contribution of water system assets	1,893,340	-	1,893,340

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

**Oconee County, Georgia**  
**Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**June 30, 2016**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	<u>\$ 546,912</u>
<b>Total assets</b>	<u>546,912</u>
<b>LIABILITIES</b>	
Due to others	<u>546,912</u>
<b>Total liabilities</b>	<u>546,912</u>
<b>NET POSITION</b>	<u><u>\$ -</u></u>

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

## **Notes to Financial Statements**

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**A. Reporting Entity**

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

The financial statements of Oconee County, Georgia (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

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

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

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

The County made appropriations to the Health Department totaling \$90,750 during the year.

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

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

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

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

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

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

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

**Basis of Presentation**

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

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

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

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

The County reports the following major governmental funds:

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

*SPLOST 2015* – This is a capital projects fund established to account for all special local option sales tax revenues collected as a result of the County's 2015 SPLOST referendum as well as the specifically identified projects for which the SPLOST tax was established.



**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

The County reports the following major enterprise fund:

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

The County reports the following fiduciary fund type:

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

**Measurement Focus, Basis of Accounting**

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

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

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

**C. Budgets and Budgetary Accounting**

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

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

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

**D. Encumbrances**

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

**E. Deposits and Investments**

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

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

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

**F. Receivables and Payables**

All trade and property tax receivables are shown net of an allowance for uncollectibles, when material. Water and Sewer Fund allowances for uncollectible accounts, netted with accounts receivable, were \$61,904 as of year-end.

**G. Property Tax Calendar**

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

Property taxes were levied on September 3, 2015. The collection period for property taxes was September 15, 2015 through November 15, 2015. Taxes receivable at June 30, 2016 amounted to \$175,847 while unavailable property taxes totaled \$164,185.

**H. Prepaid Items**

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

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**I. Capital Assets**

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

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

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

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

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

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

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

**K. Restricted Assets**

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

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**L. Fund Equity**

The governmental funds report the following five categories of fund balance: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

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

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

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

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

**Unassigned** – all other spendable amounts.

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

**Note 2: Deposits and Investments**

**Deposits**

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The County’s policy regarding custodial credit risk is to comply with the state law requiring collateralization of uninsured deposits up to 110% of the value of the deposits. As of June 30, 2016, none of the County’s deposits was exposed to custodial credit risk.

**Restricted Cash**

At year-end, the County had the following restricted cash:

<u>Purpose</u>	<u>Balance</u>
<u>General Fund</u>	
Liability bonds payable	\$ 12,315
<u>Water and Sewer Fund</u>	
Debt service reserve 2009 bonds	760,114
Debt service reserve 2012 bonds	300,134
Construction proceeds - WCWSA 2012 GEFA	73,181
Customer deposits	776,957
Restricted cash - noncurrent	<u>\$ 1,910,386</u>

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**Investments**

**Credit Risk**

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

Obligations of the State of Georgia or any other states;

Obligations issued by the United States;

Obligations fully insured or guaranteed by the United States government or governmental agency;

Obligations of any corporation of the United States Government;

Prime bankers' acceptances;

The State of Georgia Local Government Investment Pool;

Repurchase agreements; and

Obligations of other political subdivisions of the State of Georgia.

The County has no investment policy that would further limit its investment choices. As of June 30, 2016, the County had \$17,941,627 invested in Georgia Fund 1. Georgia Fund 1, created by *O.C.G.A. 36-83-8*, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940, but is not considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool is managed by the Office of the State Treasurer. Its primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

**Interest Rate Risk**

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

**Concentration of Credit Risk**

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

**Foreign Currency Risk**

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

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

At year-end, the County had the following investments:

<u>Type of Investment</u>	<u>Credit Risk</u>	<u>Weighted Average Maturities</u>	<u>Balance</u>
<u>Unrestricted:</u>			
<u>Water and Sewer Fund</u>			
Georgia Fund 1	AAAf	42 days	\$ 2,188,655
Certificates of deposit		12 month	1,937,737
			<u>4,126,392</u>
 <u>General Fund</u>			
Georgia Fund 1	AAAf	42 days	9,229,989
 <u>SPLOST 2004 Fund</u>			
Georgia Fund 1	AAAf	42 days	3,678,418
	Total unrestricted		<u>17,034,799</u>
 <u>Restricted:</u>			
<u>Water and Sewer Fund</u>			
Georgia Fund 1	AAAf	42 days	2,844,565
Fidelity Treasury Money Market Shares	AAAm	53 days	3,265
	Total restricted		<u>2,847,830</u>
	Total investments		<u>\$ 19,882,629</u>

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

<u>Investments measured at fair value:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair value</u>
Georgia Fund 1	-	-	-	\$ 17,941,627

The County's investment in Georgia Fund 1 is not classified within the fair value hierarchy because it represents an external investment pool for which fair value is measured using a fair value per share methodology. The certificates of deposit are not negotiable or transferrable, so they meet the definition of a "nonparticipating interest earning investment contract" and are measured at cost in accordance with GASB Statement No. 31. The Fidelity Treasury Money Market Shares is a money market investment having a remaining maturity of one year or less and are reported at amortized cost in accordance with GASB 31.

The source of the restricted investments held by the County's Water and Sewer Fund is as follows:

<u>Water and Sewer Fund</u>	
Construction proceeds 2008 WCWSA Contract Payable	\$ 865,135
Debt service reserve 2008 WCWSA Contract Payable	1,408,533
Sinking Fund 2008 WCWSA Contract Payable	418,145
Debt service reserve 2003 bonds	3,265
Sinking Fund 2015 WCWSA Contract Payable	152,752
Restricted investments - noncurrent	<u>\$ 2,847,830</u>

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**Custodial Credit Risk-Investments**

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

**Note 3: Capital Assets**

Capital asset activity for the year ended June 30, 2016 was as follows:

<b><u>Primary Government</u></b>	<b><u>Beginning Balances</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balances</u></b>
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,759,938	\$ -	\$ 1,000	\$ 11,758,938
Construction in progress	8,783,576	1,278,832	84,925	9,977,483
Intangibles	430,400	113,400	-	543,800
Total capital assets not being depreciated	<u>20,973,914</u>	<u>1,392,232</u>	<u>85,925</u>	<u>22,280,221</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	109,273,054	268,395	-	109,541,449
Buildings and improvements	43,785,104	127,278	355,702	43,556,680
Equipment, furniture and vehicles	14,906,151	1,317,175	174,967	16,048,359
Total capital assets being depreciated	<u>167,964,309</u>	<u>1,712,848</u>	<u>530,669</u>	<u>169,146,488</u>
Less accumulated depreciation for:				
Infrastructure	74,212,436	2,806,292	-	77,018,728
Buildings and improvements	13,049,600	1,394,727	204,285	14,240,042
Equipment, furniture and vehicles	11,581,299	842,401	174,967	12,248,733
Total accumulated depreciation	<u>98,843,335</u>	<u>5,043,420</u>	<u>379,252</u>	<u>103,507,503</u>
Total capital assets being depreciated, net	<u>69,120,974</u>	<u>(3,330,572)</u>	<u>151,417</u>	<u>65,638,985</u>
Governmental activity capital assets, net	<u>\$ 90,094,888</u>	<u>\$ (1,938,340)</u>	<u>\$ 237,342</u>	<u>\$ 87,919,206</u>

Depreciation expense was charged to functions as follows:

General government	\$ 344,850
Judicial	796
Public safety	1,009,942
Public works	2,908,202
Health and welfare	42,343
Culture and recreation	686,870
Housing and development	50,417
Total governmental activities depreciation expense	<u>\$ 5,043,420</u>

Total interest cost incurred for governmental activities was \$679,661. All of the interest cost incurred for governmental activities was expensed.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Note 3: Capital Assets, continued**

<u><b>Business-type Activities:</b></u>	<u><b>Beginning Balances</b></u>	<u><b>Increases</b></u>	<u><b>Decreases</b></u>	<u><b>Ending Balances</b></u>
<b>Water and Sewer Fund:</b>				
Capital assets not being depreciated:				
Land	\$ 3,442,714	\$ -	\$ -	\$ 3,442,714
Construction in progress	30,980,845	3,745,359	3,176,676	31,549,528
Intangibles	58,296	-	-	58,296
Total capital assets not being depreciated	<u>34,481,855</u>	<u>3,745,359</u>	<u>3,176,676</u>	<u>35,050,538</u>
Capital assets being depreciated:				
Treatment and distribution system	75,903,764	5,090,468	-	80,994,232
Buildings and improvements	296,136	-	-	296,136
Equipment, furniture and vehicles	1,056,778	52,235	-	1,109,013
Total capital assets being depreciated	<u>77,256,678</u>	<u>5,142,703</u>	<u>-</u>	<u>82,399,381</u>
Less accumulated depreciation for:				
Treatment and distribution system	22,515,972	1,690,600	-	24,206,572
Buildings and improvements	124,201	9,559	-	133,760
Equipment, furniture and vehicles	915,390	55,926	-	971,316
Total accumulated depreciation	<u>23,555,563</u>	<u>1,756,085</u>	<u>-</u>	<u>25,311,648</u>
Capital assets being depreciated, net	<u>53,701,115</u>	<u>3,386,618</u>	<u>-</u>	<u>57,087,733</u>
Water and sewer capital assets, net	<u>88,182,970</u>	<u>7,131,977</u>	<u>3,176,676</u>	<u>92,138,271</u>
<b>Total Non-major Business-type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Total capital assets not being depreciated	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Capital assets being depreciated:				
Land improvements	44,865	-	-	44,865
Buildings and improvements	2,836,369	-	-	2,836,369
Equipment, furniture and vehicles	278,978	-	-	278,978
Total capital assets being depreciated	<u>3,160,212</u>	<u>-</u>	<u>-</u>	<u>3,160,212</u>
Less accumulated depreciation for:				
Land improvements	32,822	1,077	-	33,899
Buildings and improvements	1,250,318	63,762	-	1,314,080
Equipment, furniture and vehicles	214,220	9,497	-	223,717
Total accumulated depreciation	<u>1,497,360</u>	<u>74,336</u>	<u>-</u>	<u>1,571,696</u>
Capital assets being depreciated, net	<u>1,662,852</u>	<u>(74,336)</u>	<u>-</u>	<u>1,588,516</u>
Total non-major business-type activities, net	<u>1,812,852</u>	<u>(74,336)</u>	<u>-</u>	<u>1,738,516</u>
Business-type activities capital assets, net	<u>\$ 89,995,822</u>	<u>\$ 7,057,641</u>	<u>\$ 3,176,676</u>	<u>\$ 93,876,787</u>

The Water and Sewer Fund incurred total interest cost of \$1,514,658 of interest costs, of which \$874,306 was capitalized and \$640,352 was expensed.



**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Note 4: Interfund Balances and Activity**

**Interfund balances**

Interfund balances at June 30, 2016 consist of the following:

<u>Due to:</u>	<u>Due from:</u>			Total
	General Fund	Non-major Gov't Funds	Water & Sewer Fund	
<u>Governmental funds</u>				
General Fund	\$ -	\$ 117,183	\$ 384,282	\$ 501,465
Non-major Gov't Funds	289,842	11,500	-	301,342
<u>Enterprise funds</u>				
Water and Sewer Fund	-	57,610	-	57,610
Non-major Enterprise Funds	664,774	-	-	664,774
	<u>\$ 954,616</u>	<u>\$ 186,293</u>	<u>\$ 384,282</u>	<u>\$ 1,525,191</u>

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed or are the result of the General Fund maintaining the cash for another fund. Balances that are the result of transactions between funds are the result of current transactions and will be settled within the next year. The General Fund is the custodian for \$269,520 of cash belonging to the Hotel/Motel Fund (a non-major governmental fund) will be settled when the resources are expended by the Hotel/Motel Fund, which may be longer than one year from year-end.

The implementation of the pension accounting standard required the non-major enterprise funds to record significant net pension liabilities. The General Fund reported a transfer and related interfund liability to these funds to cover the newly reported liabilities. The General Fund will liquidate the interfund liability as payments on the pension liability become due. Principally all of these liabilities will come due more than one year from year-end.

**Transfers to/from Other Funds**

<u>Transfers Out:</u>	<u>Transfers in:</u>				Total
	General Fund	Nonmajor Gov't Funds	Water and Sewer Fund	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ 1,609,884	\$ -	\$ 559,741	\$ 2,169,625
Non-major Gov't Funds	82,500	72,574	1,438,348	-	1,593,422
	<u>\$ 82,500</u>	<u>\$ 1,682,458</u>	<u>\$ 1,438,348</u>	<u>\$ 559,741</u>	<u>\$ 3,763,047</u>

The county's funds regularly make transfers into funds that are legally required to account for certain expenditures as well as to facilitate the payment of certain expenditures that have multiple funding sources. Of the \$82,500 in transfers from the nonmajor governmental funds, \$66,000 were to assist with debt service payments that were made from the General Fund.

The General Fund transferred out \$1,609,884 to nonmajor gov't funds and \$559,741 to nonmajor enterprise funds to assist in the daily fund operations and to fund capital projects. Included in the transfers from the General Fund to the nonmajor gov't funds are transfers to the E-911 fund used to supplement the E-911 system. The transfers to the nonmajor enterprise funds include a transfer recorded as an internal balance to offset the pension obligations recorded in those funds to ensure that those funds do not have a negative net position.

The SPLOST 2009 Fund transferred \$1,438,348 to the Water and Sewer Fund to assist with capital projects as was approved by the voters in the 2009 SPLOST referendum.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Note 5: Other Assets**

**Investment in Upper Oconee Basin Water Authority**

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

In April 2015, the UOBWA issued \$29.98 million of Series 2015 Revenue Refunding Bonds. These bonds were issued to advance refund the Series 2005 Water Revenue Refunding Bonds. In March 2005, the UOBWA issued \$48,155,000 of Water Revenue Refunding Bonds, Series 2005. The proceeds of the bonds were used to advance refund the Series 1997 Bonds maturing in the years 2009 and thereafter and to pay certain expenses incident to the issuance of the bonds. The County's share of the bond debt is 20.929%. An Investment in UOBWA and an offsetting Contract Payable were recorded in the Oconee County Water and Sewer Fund to recognize this investment and obligation. The County is reducing the Contract Payable through monthly payments made from the Water and Sewer Fund which are more fully described in Note 7.

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

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

Initial cash costs	\$	70,221
Contract payable for 20.959% of revenue bond liability		11,787,064
Additional cash investments		41,250
		11,898,535
Accumulated amortization		(2,326,125)
Investment in UOBWA, net	\$	9,572,410

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

**Note 6: Unavailable Grant Reimbursement**

The County received a grant from the Georgia Department of Transportation (GDOT) to assist in funding the widening of Mars Hill Road. One of the requirements for receiving reimbursement under that grant is that the grant reimbursements be of sufficient size before they are submitted to the GDOT. The County accumulated \$24,810 of unreimbursed cost as of June 30. Because the reimbursement of costs incurred through June 30 was not received by the County soon enough to be considered "available", the County did not report revenue under the modified accrual basis of accounting in the general fund. Revenue was reported in the governmental activities on the statement of activities because there is no requirement that the funds be "available" under the accrual basis of accounting.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Note 7: Long-term Obligations**

*Governmental Activities*

**Categories of Debt**

**General Obligation Bonds**

In September 2011, the County issued \$10,095,000 of Series 2011 Oconee County, Georgia General Obligation Bonds with coupon rates ranging from 1.5% to 5.5%. The proceeds were used to advance refund the then outstanding balance of \$9,805,000 of the Series 2003 Oconee County, Georgia General Obligation Bonds, whose proceeds were used to fund the creation of a new park. Because the County irrevocably placed sufficient assets with a trustee, the remaining outstanding balance of the Series 2003 bonds of \$8,585,000 does not represent a liability of the County. The Series 2011 bonds were issued at a premium of \$428,875. The Series 2011 Bonds are being liquidated by the SPLOST 2009 Fund.

**Contracts Payable - OCIDA**

The Oconee County Industrial Development Authority (a blended component unit of the County) issued \$10,380,000 of Series 2012 Revenue Bonds with coupon rates ranging from 2% to 4% and \$4,285,000 of Series 2016 Revenue Bonds with a coupon rate of 2.38%. The proceeds from the 2012 bonds were used to provide incentives for a large private employer to locate a factory within the county. The proceeds from the 2016 bonds were used to finance the cost of constructing certain economic development road projects of the County. Both bond issuances are repayable solely through the proceeds of intergovernmental contracts which call for the County to make all of the required debt service payments on the bonds. Pursuant to this contract, the County has agreed to assess property taxes sufficient to make all of the required debt service payments provided that the necessary taxes will not exceed one mill per dollar of assessed value. Because the County is unconditionally liable for the payment of the debt, a contract payable for the entire present value of the debt is reported on the Statement of Net Position. The General Fund will liquidate this liability.

**Capital Leases**

On October 1, 2015, the County entered into a \$44,141 lease-purchase agreement for the purchase of net motion equipment. The lease is for a period of sixty months at an interest rate of 4.304% and will be liquidated by payments from the E-911 Fund. The assets received under the lease are depreciable under the County's capital asset depreciation policy and the resulting expense is reported as a component of depreciation expense.

On July 1, 2015, the County entered into a \$201,538 lease-purchase agreement for the purchase of Interact E-911 CAD upgrade equipment. The lease is for a period of thirty-six months at an interest rate of 2.082% and will be liquidated by payments from the SPLOST 2009 Fund. The lease is payable in three annual payments. The assets received under the lease are depreciable under the County's capital asset depreciation policy and the resulting expense is reported as a component of depreciation expense.

On July 1, 2015, the County entered into a \$483,512 lease-purchase agreement for the purchase of mobile data terminals. The lease is for a period of thirty-six months at an interest rate of 2.15% and will be liquidated by payments from the SPLOST 2015 Fund. The lease is payable in three annual payments. The assets received under the lease are depreciable under the County's capital asset depreciation policy and the resulting expense is reported as a component of depreciation expense.

The assets recorded under capital leases and the related accumulated amortization are as follows:

	<b>Historical Cost</b>	<b>Accumulated Amortization</b>
Mobile Data Terminals	\$ 483,512	\$ 48,219
Interact Computer Aid Dispatch	201,538	20,099
Net Motion Licenses	44,141	4,402

The County includes the amortization of leased assets in its annual calculation of depreciation expense.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**Conduit Debt**

The Oconee County Industrial Development Authority (OCIDA), a blended component unit of the County, has issued several industrial revenue bonds that were used to finance the cost of the acquisition, equipping and improvement of certain land and buildings located in Oconee County, Georgia. The total amount of industrial revenue bonds outstanding at year end was \$19,858,057, made up of three issues. The Authority receives an annual administrative fee of \$10,000 in connection with the issuance of the Series 2012 Bonds. This fee is reported as other income in the financial statements. Although this debt bears the name of the Oconee County Industrial Development Authority, the Authority has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf the debt was issued. Therefore, no liability has been reflected in the financial statements for this debt.

*Business-type Activities*

**Revenue Bonds**

*Series 2003 Bonds*

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

*Series 2009 Bonds*

In September 2009, the County issued \$7,095,000 of its Series 2009 Water and Sewerage Revenue Bonds with an average interest cost of 3.18%. These bonds consist of serial bonds bearing various fixed rates ranging from 2% to 4% with annual maturities from September 2011 through September 2019. The net proceeds of \$7,129,309 (\$7,095,000 face value plus \$227,288 issuance premium less \$192,980 in issuance costs) were used to complete a current refunding of the Series 1998 Water and Sewerage Revenue Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$557,730 and is being charged to interest expense through the year 2020 using the straight-line method.

*Series 2012 Bonds*

During July 2012, the County issued \$6,740,000 of Series 2012 Oconee County, Georgia Water and Sewerage Refunding Revenue Bonds with coupon rates ranging from 2% to 5%. The bonds were issued at a premium of \$1,295,000 with issuance costs of \$177,500 which yielded net proceeds of \$7,857,500. The proceeds of these bonds were used to advance refund \$7,390,000 of the remaining outstanding balance of the Series 2003 Oconee County, Georgia Water and Sewerage Revenue Bonds. During 2012, \$7,390,000 of the Series 2003 Bonds were called and legally retired. As of year-end, the Series 2003 Water and Sewer Revenue Bonds had an outstanding balance of \$100,000 as noted above.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$557,730. This was recorded as a deferred charge under the title "deferred amount on debt refunding" and is being amortized to interest expense through the year 2020 using the straight-line method.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**Contract Payable- UOBWA**

In April 2015, the UOBWA issued a total of \$29,980,000 of its Series 2015 Revenue Refunding Bonds (Series 2015 Bonds) which advance refunded the Series 2005 Bonds and provided additional working capital for UOBWA. The County signed an intergovernmental agreement which requires the County to make monthly interest and principal payments to UOBWA for its 20.959% share of the interest and principal payments due under the Series 2015 Bonds. The original principal of the County's share payable under this agreement is \$6,283,508. The monthly principal payments will range from \$37,115 to \$53,620 and the interest payments will accrue at a weighted average yield of 2.06%.

The County's share of the difference between UOBWA's carrying value of the Series 2005 bonds as of the refunding date and the issuance price of the Series 2015 Bonds was \$352,272 and is included in the amount entitled "deferred amount on debt refunding" on the Water and Sewer statement of net position. This amount will be amortized to interest expense over the life of the Series 2015 Bonds.

**Contracts Payable – WCWSA**

In October 2007, Oconee County entered into an Intergovernmental Contract-Reservoir Project with Walton County and the Walton County Water and Sewerage Authority (WCWSA). This contract indicated that WCWSA would issue the Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008 totaling \$19,535,000. The proceeds from the Series 2008 Bonds will be used by the Authority for the purpose of financing or refinancing all or a portion of the cost of acquiring, constructing, installing and equipping a reservoir and related treatment and transmission facilities, paying capitalized interest on the Series 2008 Bonds, funding a debt service reserve and paying the costs of issuing the Series 2008 Bonds. The Series 2008 Bonds carry a coupon rate, payable semi-annually, ranging from 4-5%. Principal on the Series 2008 Bonds is due in amounts ranging from \$470,000 to \$1,335,000 between 2015 and 2038.

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

During July 2015, the WCWSA completed a partial advance refunding for \$8,140,000 of the Series 2008 Bonds by issuing \$8,425,000 of its Series 2015. The County signed an intergovernmental contract for these bonds that is substantially the same as the one related to the Series 2008 Bonds. Immediately after the refunding, \$10,925,000 of the Series 2008 Bonds were outstanding that were not affected by the refunding. The refunded portion of the Series 2008 bonds had a carrying value as of the refunding date of \$8,283,913 and reacquisition price of the refunded bonds was \$9,397,590. This resulted in a deferred charge of \$1,113,677 that will be amortized to interest expense over the life of the Series 2015 Bonds.

The payments required to liquidate the contract payable related to the refunded portion of the Series 2008 Bonds was \$14,888,750 and the payments required to liquidate the contract payable related to the newly issued Series 2015 Bonds is \$13,893,177. This is a reduction of \$995,573. The economic gain on refunding, calculated by discounting the cash flow savings using the average yield of the Series 2015 Bonds, is \$757,832. The \$8.14 million of refunded Series 2008 Bonds are considered to be defeased because the County has irrevocably transferred to a trustee an amount adequate to completely retire the \$8.14 million of refunded bonds. Since the refunded bonds have been defeased, they are no longer accounted for as an obligation of the County even though all of the refunded bonds were still legally outstanding at year-end.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**Notes Payable – GEFA**

The Walton County Water and Sewer Authority entered into a note payable with the Georgia Environmental Finance Authority (GEFA) during 2013. Oconee County is obligated to pay 28.8% of the amounts payable under that note pursuant to the intergovernmental agreement that establishes the Hard Labor Creek Reservoir Project (HLC). The note allows for up to \$20,000,000 of borrowing, of which the County's share would be \$5,760,000. At year-end, the entire note balance had been drawn and was outstanding. The note calls for no interest to be paid during the construction period, which continues until August 2016. During the repayment period, annual interest only payments at 1% interest will be made. All remaining outstanding interest and the outstanding principal will be paid in one payment on December 31, 2052.

During July 2014, WCWSA entered into a second note payable with GEFA which allows for \$12,000,000 of borrowing, of which the County's share would be \$3,456,000. At year-end, WCWSA had drawn \$7,344,067 on the note and the County's share was \$2,115,091. All of the money drawn during the year was still outstanding at year-end. The note calls for no interest to be paid during the construction period, which could continue until January 2018. From that date, the County will make 60 monthly interest only payments with interest accruing at 2%. Afterward, the County will make equal 419 monthly principal and interest payments of an amount sufficient to pay the interest accruing at 2% and all principal due under the note. Based on current borrowings, these monthly payments would be \$7,018.

Because the notes bear interest at rates that differ substantially from the market interest rate available to the County, the accounting standards required that the County discount the required debt service payments using the County's market yield on debt with similar terms. The County estimated that the market yield that it would be required to pay would be 3% and used this rate to calculate the discount on this debt. This discount will be amortized to interest expense over the life of the loan.

Changes in long-term obligations for the year are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<b>Governmental activities:</b>					
Contracts payable - OCIDA	\$ 9,970,000	\$ 4,285,000	\$ 415,000	\$ 13,840,000	\$ 425,000
Less: discount	(10,079)	-	(540)	(9,539)	-
Net contracts payable	<u>9,959,921</u>	<u>4,285,000</u>	<u>414,460</u>	<u>13,830,461</u>	<u>425,000</u>
General obligation bonds	9,725,000	-	390,000	9,335,000	400,000
Issuance premiums	357,321	-	20,419	336,902	-
Net bonds payable	<u>10,082,321</u>	<u>-</u>	<u>410,419</u>	<u>9,671,902</u>	<u>400,000</u>
Capital leases	-	729,191	227,516	501,675	236,582
Total contracts payable, bond payable and capital leases, net	20,042,242	5,014,191	1,052,395	24,004,038	1,061,582
Net pension liability	6,820,739	3,018,550	1,693,963	8,145,326	-
Compensated absences	642,381	460,536	383,329	719,588	23,432
Total governmental activities	<u>\$ 27,505,362</u>	<u>\$ 8,493,277</u>	<u>\$ 3,129,687</u>	<u>\$ 32,868,952</u>	<u>\$ 1,085,014</u>

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
<b>Business-type activities:</b>					
Notes payable - GEFA	\$ 7,536,225	\$ 338,867	\$ -	\$ 7,875,092	\$ -
Less: discounts on GEFA notes	<u>(3,019,975)</u>	<u>(26,986)</u>	<u>-</u>	<u>(3,046,961)</u>	<u>-</u>
Total notes payable	<u>4,516,250</u>	<u>311,881</u>	<u>-</u>	<u>4,828,131</u>	<u>-</u>
Contracts payable					
UOBWA Contract payable	6,283,508	-	445,265	5,838,243	452,714
Plus: issuance premium	692,766	-	57,730	635,036	-
WCWSA Contract payable	18,369,986	8,425,000	7,939,986	18,855,000	530,000
Less: issuance discount	<u>(104,944)</u>	<u>-</u>	<u>(47,437)</u>	<u>(57,507)</u>	<u>-</u>
Total contracts payable	<u>25,241,316</u>	<u>9,194,090</u>	<u>8,431,699</u>	<u>26,003,707</u>	<u>982,714</u>
Bonds payable:					
Revenue bonds	11,110,000	-	1,050,000	10,060,000	1,085,000
Deferred amounts:					
Issuance discounts	(1,786)	-	(223)	(1,563)	-
Issuance premiums	<u>1,049,217</u>	<u>-</u>	<u>139,607</u>	<u>909,610</u>	<u>-</u>
Total bonds payable	<u>12,157,431</u>	<u>-</u>	<u>1,189,384</u>	<u>10,968,047</u>	<u>1,085,000</u>
Total notes payable, contracts payable and bonds payable, net	41,914,997	9,505,971	9,621,083	41,799,885	2,067,714
Net pension liability - Water	530,989	300,737	168,769	662,957	-
Net pension liability - Nonmajor	310,949	60,154	33,757	337,346	-
Compensated absences - Water	84,591	25,841	40,592	69,840	-
Compensated absences - Nonmajor	<u>26,397</u>	<u>21,780</u>	<u>23,848</u>	<u>24,329</u>	<u>-</u>
Total Business-type activities	<u>\$ 42,867,923</u>	<u>\$ 9,914,483</u>	<u>\$ 9,888,049</u>	<u>\$ 42,894,357</u>	<u>\$ 2,067,714</u>

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

	<u>2003 Series</u>	<u>2009 Series</u>	<u>2012 Series</u>	<u>Total</u>
Outstanding bond payable	\$ 100,000	\$ 3,450,000	\$ 6,510,000	\$ 10,060,000
Unamortized discount	(1,563)	-	-	(1,563)
Unamortized premium	-	71,975	837,635	909,610
Net total	<u>\$ 98,437</u>	<u>\$ 3,521,975</u>	<u>\$ 7,347,635</u>	<u>\$ 10,968,047</u>

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

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**Debt Service Requirements**

Debt service requirements on long-term debt at year-end are as follows:

*Governmental activities*

Year Ending June 30,	General Obligation Bonds		Contracts Payable - OCIDA	
	Principal	Interest	Principal	Interest
2017	\$ 400,000	\$ 371,235	\$ 425,000	\$ 392,865
2018	415,000	351,235	870,000	358,458
2019	435,000	330,485	890,000	339,199
2020	445,000	313,085	910,000	319,736
2021	470,000	290,835	930,000	297,941
2022 - 2026	2,615,000	1,137,613	4,985,000	1,147,086
2027 - 2031	3,125,000	617,293	2,875,000	621,389
2032 - 2034	1,430,000	82,080	1,955,000	143,815
	<u>\$ 9,335,000</u>	<u>\$ 3,493,861</u>	<u>\$ 13,840,000</u>	<u>\$ 3,620,489</u>

Future minimum lease payments at year-end are:

Year Ending June, 30	Governmental Activities
2017	247,988
2018	247,980
2019	9,829
2020	9,829
2021	4,914
Minimum lease payments	520,540
Less: Interest	(18,865)
Net present value of minimum lease payments	<u>\$ 501,675</u>

*Business-type activities*

Year Ending June 30,	Water and Sewer Fund					
	2003 Revenue Bonds		2009 Revenue Bonds		2012 Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ -	\$ 4,500	\$ 845,000	\$ 126,931	\$ 240,000	\$ 298,000
2018	-	4,500	870,000	95,800	250,000	291,850
2019	-	4,500	900,000	55,900	265,000	284,125
2020	-	4,500	835,000	16,700	380,000	274,450
2021	-	4,500	-	-	1,270,000	237,000
2022 - 2024	100,000	11,250	-	-	4,105,000	309,625
	<u>\$ 100,000</u>	<u>\$ 33,750</u>	<u>\$ 3,450,000</u>	<u>\$ 295,331</u>	<u>\$ 6,510,000</u>	<u>\$ 1,695,050</u>



**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

Year Ending June 30,	<b>Water and Sewer Fund</b>					
	<b>Contract Payable - UOBWA</b>		<b>Contract Payable - WCWSA</b>		<b>Notes Payable - GEFA</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2017	\$ 452,714	\$ 223,229	\$ 530,000	\$ 823,750	\$ -	\$ 14,346
2018	461,098	214,175	550,000	802,800	-	75,491
2019	474,721	200,342	570,000	781,050	-	100,167
2020	489,393	186,100	595,000	757,975	-	100,167
2021	504,064	171,418	620,000	733,156	-	100,167
2022 - 2026	2,812,698	564,343	3,530,000	3,231,125	148,087	495,954
2027 - 2031	643,555	32,172	4,415,000	2,349,250	235,780	474,628
2032 - 2036	-	-	5,435,000	1,386,250	260,555	449,853
2037 - 2041	-	-	2,610,000	197,250	287,934	422,474
2042 - 2046	-	-	-	-	318,190	392,218
2047 - 2051	-	-	-	-	351,625	358,783
2052 - 2056	-	-	-	-	6,148,573	206,105
2057 - 2058	-	-	-	-	124,348	1,978
	<u>\$ 5,838,243</u>	<u>\$ 1,591,779</u>	<u>\$ 18,855,000</u>	<u>\$ 11,062,606</u>	<u>\$ 7,875,092</u>	<u>\$ 3,192,331</u>

**Debt Covenants**

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

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

In 2003, 2009 and 2015, referendums were passed providing for a 1% sales tax to be used by the County for various construction projects.

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

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

Capital projects	\$ 10,441,941
Judicial	148,842
Public safety	108,490
Housing and Development	145,007
	<u>\$ 10,844,280</u>

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Note 9: Retirement Benefits**

***Defined Benefit Pension Plan***

The County provides a defined benefit retirement program for its employees.

**Plan Description**

The County sponsors the Association County Commissioners of Georgia Restated Pension Plan for Oconee County Employees (The Plan). The Plan, through execution of an adoption agreement, is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan Third Restate Defined Benefit Plan (The ACCG Plan), an agent multiple-employer pension plan administered by GEBCorp.

The ACCG, in its role as the Plan Sponsor, has the sole authority to amend the provisions of The ACCG Plan, as provided in Section 19.03 of the ACCG Plan document. The County has the authority to amend the adoption agreement, which defines the specific operational provisions of The Plan, as provided in Section 19.02 of the ACCG Plan document.

Complete financial statements for The Plan can be obtained directly from the plan administrator at:  
GEBCorp  
400 Galleria Parkway, Suite 1250  
Atlanta, Georgia 30339

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits are fully vested after ten years of service. Participants employed before August 2010 become eligible to retire at age 65 with 5 years of participation in the Plan. Employees hired after August 2010 must have 10 years of service to be eligible to retire with benefits from the Plan. Upon eligibility to retire, participants are entitled to an annual of 2% of the average annual compensation multiplied by the participant's years of service, payable as a life annuity. Average annual compensation is based on the highest average of the Participant's compensation over two consecutive plan years during the ten plan years preceding the Participant's date of retirement or termination. The Plan also provides benefits in the event of death or disability. These benefit provisions were established by an adoption agreement executed by the County Board of Commissioners.

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

**Plan Asset Mix and Accounting Policies**

The Plan's financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and increments in cash value of death benefits. Plan member contributions are recognized when due and the County has made a formal commitment to provide the contributions.

Investments in securities are valued at current market prices. The trust fund is invested, approximately, in 70% equities and 30% fixed income securities on a cost basis.

Plan assets do not include any loans, notes, bonds, or other instruments or securities of the County or related parties except for current receivables of plan contributions due from the County.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Note 9: Retirement Benefits, continued**

**Plan Membership**

Retirees, beneficiaries and disabled receiving benefits	77
Terminated plan members entitled to but not receiving benefits	104
Active plan members	196
 Total	 377
 Covered compensation for active participants	 \$ 8,439,900

**Contributions**

The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans. The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend from time to time, the contribution rates for the employer and its plan members. Administrative expenses are based on total covered payroll of plan members and are added to the annual funding requirement. The County's actuarially required contribution was \$1,623,896 and its actual contribution was \$1,716,341, or 106% of the required contribution and 20.34% of the covered compensation. The County paid its contribution during December 2015, so the County reported no payable and the plan reported no receivable for amounts due for the 2015 plan year.

**Net Pension Liability**

The County's *total pension liability* was determined based on an actuarial valuation as of December 31, 2015 and the *net pension liability* was measured as of the same date. The December 31, 2015 actuarial valuation determined the total pension liability using assumptions that were applied to all periods included in the measurement as follows:

**Actuarial Methods and Assumptions**

Investment return	7.50%
Salary increases	5.00% with an age based scale as follows:

<u>Age</u>	<u>Salary increase</u>
Under 30	5.0% plus 1.5%
30-39	5.0% plus 1.0%
40-49	5.0% less 0.5%
50+	5.0% less 1.0%

Based on the results of a February 2014 experience study

Future payroll growth	5.50% per year
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No cost of living adjustments are awarded after retirement.

Mortality:	RP-2000, Projected with Scale AA
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**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Note 9: Retirement Benefits, continued**

**Change in Assumptions**

The actuarial valuation as of December 31, 2015 used the RP-2000 mortality table, projected with Scale AA in estimating the total pension liability. Prior valuations used the RP-2000 mortality table. Changing the mortality table used in the valuation resulted in the actuarially determined total pension liability increasing by \$945,358.

**Discount Rate**

The discount rate is determined using a building block approach based on 20-year benchmarks (25% weighting), 30-year benchmarks (25% weighting), and forward-looking capital market assumptions for moderate asset allocations as determined by UBS (50% weighting). The discount rate is rounded to the nearest 0.25%.

The discount rate is calculated as follows:

	<u>Expected return</u>	<u>Weighting</u>	<u>Weighted return</u>
20-year benchmark weighted average return	7.44%	25%	1.86%
30-year benchmark weighted average return	9.49%	25%	2.37%
UBS capital market moderate asset allocation assumption	6.30%	50%	3.15%
Calculated discount rate			7.38%
Rounded to the nearest 0.25% and used as the discount rate			7.50%

The 20 and 30 year benchmark weighted average returns are calculated using the following asset allocation and historical returns based on their compounded annual growth rate (CAGR):

<u>Benchmark</u>	<u>Allocation</u>	<u>Average 20 Year Return</u>	<u>Average 30 Year Return</u>
S&P 500	30%	8.80%	10.74%
Barclay's Agg.	30%	5.75%	7.80%
MCSE EAFE	15%	5.44%	9.51%
Citi Non US WEBI	5%	5.48%	5.48%
NAREIT Equity	5%	9.91%	11.35%
Russell 2000	5%	8.96%	9.37%
Russell 3000	5%	8.89%	10.58%
S&P Mid-cap	5%	11.83%	13.21%
	100%		
Weighted average return		7.44%	9.49%

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Note 9: Retirement Benefits, continued**

The above calculated discount rate was used to calculate both the beginning and ending total pension liability. The average contribution made to the plan over the last 5 years was used to project plan assets. The projected plan assets are sufficient to pay all projected benefits promised to current plan participants. Because projected plan assets are sufficient to pay all projected benefits, the expected long-term rate of return was used to discount all projected benefit payments.

Because of the sensitivity of the calculation of the total pension liability to relatively small changes in the discount rate, the total pension liability calculated using discount rates one percentage point higher and lower than the discount rates actually used to calculate the total pension liability follows:

	<b>Discount Rate</b>	
	<b>Sensitivity Analysis</b>	
	<u>6.50%</u>	<u>8.50%</u>
Total Pension Liability	\$ 27,942,540	\$ 21,488,486
Fiduciary Net Position	<u>15,273,164</u>	<u>15,273,164</u>
Net Pension Liability	<u>\$ 12,669,376</u>	<u>\$ 6,215,322</u>

**Summary of Changes in Total Pension Liability, Fiduciary Net Position and Net Pension Liability**

The changes in the total pension liability from the beginning to the ending of the year are as follows:

<b>Summary of Changes</b>	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Beginning of year	\$ 22,193,423	\$ 14,530,746	\$ 7,662,677
Changes during the plan year:			
Service cost	660,206	-	660,206
Interest on total pension liability	1,630,194	-	1,630,194
Liability experience (gain)/loss	(95,391)	-	(95,391)
Assumption change	945,358	-	945,358
Employer contributions	-	1,716,341	(1,716,341)
Employee contributions	-	-	-
Net investment income	-	152,431	(152,431)
Benefit payments	(914,999)	(914,999)	-
Administrative expenses	-	(44,145)	44,145
Other expense	-	(167,210)	167,210
Net change	<u>2,225,368</u>	<u>742,418</u>	<u>1,482,950</u>
End of year	<u>\$ 24,418,791</u>	<u>\$ 15,273,164</u>	<u>\$ 9,145,627</u>

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Note 9: Retirement Benefits, continued**

**Pension Expense, Deferred Outflows Related to Pension Items and Deferred Inflows Related to Pension Items**

The following schedule reconciles the pension contributions to the total pension expense reported by the County in the government-wide statements:

**Pension Expense and Deferred Outflows and Inflows**

Pension contributions	\$ 1,716,341
Change in net pension liability	1,482,950
Deferred outflow related to investment results	(794,259)
Deferred outflow related to change in assumptions	(945,358)
Deferred inflows related to experience gain	95,391
Amortization of deferred inflows	(14,453)
Amortization of deferred outflows	<u>143,236</u>
Pension expense	<u>\$ 1,683,848</u>

The unamortized deferred outflows and inflows related to pension items are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 80,938
Change of assumptions	802,121	-
Net difference between projected and actual earnings on Plan investments	<u>912,298</u>	<u>-</u>
	<u>\$ 1,714,419</u>	<u>\$ 80,938</u>

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Note 9: Retirement Benefits, continued**

The County made its pension contribution for the 2015 plan year (calendar year 2015) in December 2015. Accordingly, the County did not make any contributions to the pension plan between the measurement date and the County's fiscal year-end, so the County does not report a deferred outflow of resources related to pension contributions. None of the deferred outflows of resources will be recognized as a reduction of the net pension liability.

The County amortizes the differences between projected and actual investment returns into pension expense equally over a closed five year amortization period. The County amortizes differences between actual and expected experience and any changes in assumptions over the expected remaining service period of participants. The expected amortization of the County's current deferred outflows and inflows over the next five years is:

Year ended June 30,	<u>Experience Difference</u>	<u>Assumption Change</u>	<u>Investment Results Difference</u>
2017	\$ 14,453	\$ 143,236	\$ 235,451
2018	14,453	143,236	235,451
2019	14,453	143,236	235,451
2020	14,453	143,236	205,945
2021	14,453	143,236	-
2022	8,673	85,941	
	<u>\$ 80,938</u>	<u>\$ 802,121</u>	<u>\$ 912,298</u>

***Deferred Compensation Plan***

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

***Defined Contribution Plan***

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

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

**Extension Service Employees Retirement Plan**

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

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

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

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Note 9: Retirement Benefits, continued**

**Clerk of Superior Court Retirement Fund**

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

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

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

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

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires the recognition of certain postemployment obligations in the accrual basis financial statements of state and local governments. The purpose of the statement is to require local governments to recognize the cost of promised postemployment benefits as those benefits are earned by employees. Consequently, the expense recorded in the accrual basis statements of the County reports the actuarially determined cost of benefits earned this year plus an amortization component of benefits earned in previous years. The actuarial valuation of the County's postemployment benefits amortizes the cost of the previously earned benefits over 30 years

The County provides postretirement health care benefits under the Oconee County Health Care Plan to former employees who retired prior to 2010, certain former employees who retired in 2010 and 2011 and current employees who remain insured by the County's health plan throughout their employment with the County through at least age 65 provided that the employee has at least 5 years of service. The plan is a single employer plan, and it does not issue a separately available financial report. The County contributes toward retiree health costs on the authority of a resolution by the Board of Commissioners. Any plan amendments would similarly be approved by a resolution of the Board of Commissioners.

The County contributes around \$215 per month towards a retiree's Medicare supplement premium. Dependent cost is the responsibility of the retiree, but neither retirees nor current employees contribute toward the plan. During the fiscal year, expenditures of \$138,709 were recognized for retiree health care and Medicare supplements. The County has the following participants in its plan:

Retired participants	55
Active participants	<u>192</u>
Total participants	<u><u>247</u></u>



**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

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

Retired participants	\$ 2,649,177
Active participants	<u>2,112,167</u>
Actuarial Accrued Liability (AAL)	4,761,344
Less: Present value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 4,761,344</u></u>

The County finances its postemployment benefits on a pay-as-you-go basis. The cumulative Annual Required Contribution (ARC) from the implementation of GASB Statement No. 45 as determined by the actuarial valuation exceeded the County's cumulative expenditures on a pay-as-you-go basis. This results in the County reporting a Net OPEB Obligation. The ARC and the Net OPEB benefit are calculated as follows:

Normal cost (current service cost)	\$ -
Amortization of UAAL (share of past service cost)	<u>107,540</u>
Annual Required Contribution (ARC)	320,818
Interest on Net OPEB Obligation	(4,880)
Adjustment to Annual Required Contribution	<u>3,233</u>
Annual OPEB Cost	319,171
OPEB costs paid during year	<u>(138,709)</u>
Change in Net OPEB Obligation	180,462
Net OPEB Obligation/(Asset), beginning	<u>(122,009)</u>
Net OPEB Obligation/(Asset), ending	<u><u>\$ 58,453</u></u>
Percentage of ARC contributed	43%

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2015	\$ -	\$ 4,761,344	\$ 4,761,344	0%	\$ 7,951,720	59.9%

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

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

**Trend Information**

Year Ended	OPEB Cost	OPEB Cost Contributed	% of ARC Contributed	OPEB Obligation/(Asset)
6/30/2016	\$ 319,171	\$ 138,709	43%	\$ 58,453
6/30/2015	\$ 107,735	\$ 143,792	133%	\$ (122,009)
6/30/2014	\$ 107,735	\$ 164,229	152%	\$ (85,952)

**Actuarial Assumptions and Methods**

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

Valuation date	06/30/16
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	23 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return (includes 3% inflation)	4%
Medical cost trend rate	5% premium increase annually

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

Immediately following the notes is a required schedule of funding progress which presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Note 11: Risk Management**

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

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

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

**Note 12: Landfill Costs**

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

During fiscal year 2016, the County obtained a permit from EPD to accept inert waste. The assured cost are defined as the sum of closure plus post closure plus corrective action care cost. The annual post-closure care costs are estimated at \$29,621. The 30 year post closure cost estimate is \$888,615. Therefore, the total financial assurance required is \$1,177,514.

**Note 13: Contingencies and Commitments**

**Contingent Liabilities**

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

**Litigation**

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

**Oconee County, Georgia**  
**Notes to the Financial Statements**  
**June 30, 2016**

**Note 14: Joint Ventures**

**Northeast Georgia Regional Commission (RC)**

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

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

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

**Note 15: Hotel Motel Lodging Tax**

Oconee County, Georgia has levied a 6% lodging tax. During the year ended June 30, 2016, the County received \$156,147 in hotel motel tax revenue of this amount, 60% must be spent in accordance with O.C.G.A 48-13-51(a) (4). During the current fiscal year, the Hotel Motel Tax fund had \$143,396 in expenditures. Of these expenditures, \$71,000 was spent from the restricted portion of fund balance and \$72,396 was spent from the unrestricted portion of the tax (40%). At June 30, 2016, \$282,306 was the balance of restricted fund balance and restricted net position. This amount represents the restricted portion of the tax (60%) and will be spent in accordance with O.C.G.A 48-13-51(a) (4).

**Note 16: Subsequent Event**

Subsequent to year-end, the Walton County Water and Sewerage Authority (WCWSA) issued its Series 2016 Refunding Revenue Bonds in the amount of \$9,465,000 to partially refund the portion of its Series 2008 Revenue Bonds that were not refunded with its Series 2015 Refunding Revenue Bond issuance. An intergovernmental contract between the County and the WCWSA requires the County to make the principal and interest payments on the bonds as part of its contribution toward the construction of the Hard Labor Creek Reservoir. The Series 2016 bonds have an average yield of 2.77% and are projected to result in approximately \$1,700,000 in interest savings to the County over the life of the bonds.

## **Required Supplementary Information**

**Oconee County, Georgia**  
**Required Supplementary Information**  
**Retirement Plan - Schedule of Changes in the County's Net Pension Liability and Related Ratios**

<b>Changes in Total Pension Liability</b>	Year Ended June 30,	
	<b>2015</b>	<b>2016</b>
Total Pension Liability - beginning of year	\$ 20,916,657	\$ 22,193,423
Service cost	662,925	660,206
Interest on total pension liability	1,534,234	1,630,194
Assumption change	-	945,358
Benefit payments (adjusted for interest)	(920,393)	(914,999)
Liability experience gain / loss	-	(95,391)
<b>Total Pension Liability - end of year</b>	<b>22,193,423</b>	<b>24,418,791</b>
 <b>Changes in Fiduciary Net Position</b>		
Fiduciary Net Position - beginning of year	12,912,277	14,530,746
Employer contributions	1,781,612	1,716,341
Net investment income	849,702	152,431
Benefit payments	(920,393)	(914,999)
Administrative expense	(41,842)	(44,145)
Other	(50,610)	(167,210)
<b>Fiduciary Net Position - end of year</b>	<b>14,530,746</b>	<b>15,273,164</b>
<b>Net Pension Liability</b>	<b>\$ 7,662,677</b>	<b>\$ 9,145,627</b>
 Plan Fiduciary Net Position as a % of Total Pension Liability	 65.47%	 62.55%
 Covered payroll	 \$ 8,409,345	 \$ 8,439,900
 Net Pension Liability as % of Covered Payroll	 91.12%	 108.36%

Note: As information becomes available it will be added to this schedule until a 10 year history is presented.

**Schedule of County Pension Contributions**

	Contributions in Relation to			Covered Employee Payroll	Contributions as Percentage of Covered Employee Payroll
	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)		
2016	\$ 1,623,896	\$ 1,716,341	\$ (92,445)	\$ 8,439,900	20.34%
2015	1,754,892	1,781,612	(26,720)	8,409,345	21.19%

Unavailable historical information is not required to be reported in the implementation year under GASB Statement No. 68. The information will be reported as it becomes available.

**Oconee County, Georgia**  
**Required Supplemental Information**  
**Other Postemployment Benefits - Schedule of Funding Progress**  
**June 30, 2016**

**OTHER POSTEMPLOYMENT BENEFITS**  
Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>(a) Actuarial Value of Assets</u>	<u>(b) Actuarial Accrued Liability (AAL) Projected Unit Credit</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>(c) Covered Payroll</u>	<u>UAAL as a percentage of covered payroll (b - a) / c</u>
7/1/2015	\$ -	\$ 4,761,344	\$ 4,761,344	0.0%	\$ 7,951,720	59.9%
7/1/2013	-	2,307,688	2,307,688	0.0%	-	0.0%
7/1/2011	-	2,790,731	2,790,731	0.0%	-	0.0%

**Schedule of Employer Contributions**

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Amount Contributed</u>	<u>Percentage Contributed</u>
6/30/16	\$ 319,171	\$ 138,709	43.5%
6/30/15	107,735	143,792	133.5%
6/30/14	107,735	164,229	152.4%
6/30/13	121,537	153,889	126.6%
6/30/12	121,537	164,201	135.1%
6/30/11	70,324	90,488	128.7%
6/30/10	57,702	25,000	43.3%
6/30/09	640,255	25,000	3.9%

**Oconee County, Georgia**  
**Required Supplemental Information**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget (by Department) and Actual - General Fund**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Taxes	\$ 19,637,700	\$ 20,770,520	\$ 21,005,700	\$ 235,180
Licenses and permits	557,750	557,750	746,715	188,965
Intergovernmental revenue	35,000	1,233,100	1,236,635	3,535
Charges for services	2,457,350	2,457,550	2,486,982	29,432
Fines and forfeitures	354,500	354,500	326,433	(28,067)
Investment income	13,500	13,500	27,288	13,788
Contributions and donations	-	-	2,429	2,429
Miscellaneous	64,700	64,700	143,786	79,086
<b>Total revenues</b>	<u>23,120,500</u>	<u>25,451,620</u>	<u>25,975,968</u>	<u>524,348</u>
<b>EXPENDITURES</b>				
<b>Department level:</b>				
Commission	414,495	585,095	574,706	10,389
Administration	444,126	444,126	423,565	20,561
Human resources	458,743	481,443	472,628	8,815
Finance	645,383	645,383	536,346	109,037
Law enforcement	3,538,943	3,538,943	3,383,888	155,055
Jail	2,492,098	2,627,458	2,526,652	100,806
Tax commissioner	438,227	450,227	440,959	9,268
Probate court	457,847	472,947	469,321	3,626
Clerk of courts	753,967	753,967	721,473	32,494
Juvenile court	91,975	91,975	90,024	1,951
Superior court	394,989	394,989	310,789	84,200
District attorney	27,475	27,475	26,682	793
Magistrate court	80,045	90,545	87,772	2,773
Coroner	26,644	31,644	30,583	1,061
Tax assessor	574,847	619,737	615,333	4,404
Board of elections	219,254	233,254	226,945	6,309
Public works	2,257,778	3,523,878	3,354,386	169,492
Parks and recreation	2,540,078	2,632,259	2,550,576	81,683
Operations	1,689,441	1,714,681	1,654,184	60,497
Public safety	1,233,775	1,300,955	1,233,137	67,818
Planning	194,478	194,478	154,411	40,067
Code enforcement	756,431	789,156	774,706	14,450
Information technology	603,699	660,699	640,972	19,727
Community development	-	650,561	647,520	3,041
Joint governmental programs	877,568	909,926	902,706	7,220
<b>Total expenditures</b>	<u>21,212,306</u>	<u>23,865,801</u>	<u>22,850,264</u>	<u>1,015,537</u>
Excess of revenues over expenditures	1,908,194	1,585,819	3,125,704	1,539,885
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of capital asset dispositions	-	-	64,193	64,193
Transfers in	16,500	82,500	82,500	-
Transfers (out)	(2,527,253)	(2,247,360)	(2,169,625)	77,735
<b>Total other financing sources (uses)</b>	<u>(2,510,753)</u>	<u>(2,164,860)</u>	<u>(2,022,932)</u>	<u>141,928</u>
<b>Net change in fund balances</b>	(602,559)	(579,041)	1,102,772	1,681,813
<b>Fund balance - beginning</b>	9,718,748	9,718,748	9,718,748	-
<b>Fund balances - ending</b>	<u>\$ 9,116,189</u>	<u>\$ 9,139,707</u>	<u>\$ 10,821,520</u>	<u>\$ 1,681,813</u>



**Oconee County, Georgia**  
**Reconciliation of Budget Expenditures by Department to**  
**GAAP Basis Budget - General Fund**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Current:				
General government:				
Commission	\$ 414,495	\$ 585,095	\$ 574,706	\$ 10,389
Administration	444,126	444,126	423,565	20,561
Human resources	458,743	481,443	472,628	8,815
Finance	645,383	645,383	536,346	109,037
Board of elections	219,254	233,254	226,945	6,309
Information technology	603,699	660,699	640,972	19,727
Tax commissioner	438,227	450,227	440,959	9,268
Tax assessor	574,847	619,737	615,333	4,404
Operations	1,225,749	1,225,749	1,170,774	54,975
Superior court - Board of equalization	5,500	5,500	3,063	2,437
Judicial:				
Superior court	389,489	389,489	307,726	81,763
Clerk of courts	753,967	753,967	721,473	32,494
District attorney	27,475	27,475	26,682	793
Magistrate court	80,045	90,545	87,772	2,773
Probate court	457,847	472,947	469,321	3,626
Juvenile court	91,975	91,975	90,024	1,951
Public safety:				
Law enforcement	3,538,943	3,538,943	3,383,888	155,055
Jail	2,492,098	2,627,458	2,526,652	100,806
Public safety	1,233,775	1,300,955	1,233,137	67,818
Coroner	26,644	31,644	30,583	1,061
Public works:				
Public works	2,257,778	3,523,878	3,354,386	169,492
County facilities	463,692	488,932	483,410	5,522
Health and welfare:				
Joint gov't programs-health and welfare	247,750	249,250	249,123	127
Culture and recreation:				
Parks and recreation	2,540,078	2,632,259	2,550,576	81,683
Joint gov't program-library	462,500	483,458	481,170	2,288
Housing and development:				
Community development	-	206,561	209,539	(2,978)
Joint gov't program-development	167,318	177,218	172,413	4,805
Code enforcement	756,431	789,156	774,706	14,450
Planning	194,478	194,478	154,411	40,067
Total current expenditures	<u>21,212,306</u>	<u>23,421,801</u>	<u>22,412,283</u>	<u>1,009,518</u>
Debt service:				
Principal payments:				
Community development	-	415,000	415,000	-
Total principal payments	<u>-</u>	<u>415,000</u>	<u>415,000</u>	<u>-</u>
Interest payments:				
Community development	-	29,000	22,981	6,019
Total interest payments	<u>-</u>	<u>29,000</u>	<u>22,981</u>	<u>6,019</u>
Total debt service	<u>-</u>	<u>444,000</u>	<u>437,981</u>	<u>6,019</u>
Total expenditures by department	<u>\$ 21,212,306</u>	<u>\$ 23,865,801</u>	<u>\$ 22,850,264</u>	<u>\$ 1,015,537</u>

**Oconee County, Georgia**  
**Notes to Required Supplementary Information**  
**June 30, 2016**

**Related to the Pension Data**

**NOTE A: VALUATION DATE**

The actuarially determined contribution rates are calculated as of January 1 of each year presented. The contributions are recorded during that year by the pension plan and the County and are paid using current financial resources directly following that year.

**NOTE B: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES**

Actuarial cost method	Entry age
Asset valuation method	5-year smoothed market
Amortization method	Level percentage compensation
Future payroll growth	5.50%
Investment rate of return	7.50%

**NOTE C: CHANGES IN ASSUMPTIONS**

The investment return was changed from 7.75% to 7.50% in 2014. The investment return was changed from 8.0% to 7.75% in 2009. All other years assumed an 8.0% investment return. Age and service based employee termination rates were updated to more closely reflect actual experience in 2014. The mortality table was changed from the 1983 GAM, sex distinct table to the RP-2000 combined table in 2014. Retirement rates were updated in 2014. The funding method was changed from Projected Unit Credit to Entry Age Normal in 2014.

**NOTE D: HISTORICAL DATA**

The adoption on GASB Statement No. 68 resulted in a number of new definitions and concepts regarding measuring pension liabilities. Statement 68 introduced the concept of a total pension liability and a fiduciary net position. While the County has historical data that might be similar to these two amounts, the calculation of the amounts that the County has differ enough that presenting this information might be misleading. Accordingly, the County has not presented historical information about the changes in the total pension liability or the fiduciary net position. Statement 68 also requires the County to present historical contribution data of its pension plan if the plan has calculated an "actuarially determined contribution". The County believes that the Annual Required Contribution as calculated by the actuaries of the plan prior to the implementation of Statement 68 is an actuarially determined contribution. Therefore, the County presented the comparison of its contribution to the actariially determined contribution for the past 10 years.

**Related to the Budget to Actual Comparison**

**NOTE E: BASIS OF PRESENTATION**

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

## **Supplementary Information**

# Nonmajor Governmental Funds

## SPECIAL REVENUE FUNDS

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

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

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

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

**Drug Abuse Treatment Education Fund** - The D.A.T.E Fund accounts for the cash received from surcharges added to the base fine and collected by the courts. Funds are expended for drug abuse treatment and education programs or a Drug/DUI court.

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

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

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

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

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

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

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

## CAPITAL PROJECTS FUNDS

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

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

**SPLOST 2009 Fund** - This fund accounts for capital projects financed from SPLOST funds.

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

**Industrial Development Capital Projects Fund** - This fund accounts for all of the funds received and expended related to the Authority's issuance of its Series 2012 and Series 2016 revenue bonds.

**Oconee County, Georgia**  
**All Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2016**

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Capital Projects Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>			
Cash	\$ 1,381,608	\$ 7,867,471	\$ 9,249,079
Investments, plus accrued interest	-	3,678,418	3,678,418
Accounts receivable, net	132,388	-	132,388
Taxes receivable, net	779	-	779
Internal balances	301,342	-	301,342
Due from other governments	105,712	-	105,712
Prepaid items	7,957	-	7,957
<b>Total assets</b>	<b>\$ 1,929,786</b>	<b>\$ 11,545,889</b>	<b>\$ 13,475,675</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 149,292	\$ 2,275	\$ 151,567
Internal balances	128,683	57,610	186,293
Salaries and benefits payable	31,972	-	31,972
<b>Total liabilities</b>	<b>309,947</b>	<b>59,885</b>	<b>369,832</b>
<b>Deferred inflows of resources:</b>			
Unavailable property taxes	709	-	709
<b>Total deferred inflows</b>	<b>709</b>	<b>-</b>	<b>709</b>
<b>Fund balances:</b>			
Nonspendable	7,957	-	7,957
Restricted			
Capital projects	137,298	11,486,004	11,623,302
Judicial	172,260	-	172,260
Public safety	200,402	-	200,402
Culture and recreation	81,971	-	81,971
Housing and development	154,824	-	154,824
Assigned			
Health and welfare	168,987	-	168,987
Housing and development	701,109	-	701,109
Unassigned	(5,678)	-	(5,678)
<b>Total fund balances</b>	<b>1,619,130</b>	<b>11,486,004</b>	<b>13,105,134</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 1,929,786</b>	<b>\$ 11,545,889</b>	<b>\$ 13,475,675</b>

Oconee County, Georgia  
 Nonmajor Governmental Funds - Special Revenue Funds  
 Combining Balance Sheet  
 June 30, 2016

	Council on Aging	Law Library	Confiscated Assets	Drug Abuse Treatment & Education Fund	Special Revenue Fund	Victims Services and Forfeited Property	E-911	Multiple Grant Fund	Special Lighting District	Hotel/Motel Tax	Industrial Development Authority	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>												
Cash	\$ 197,982	\$ 104,913	\$ 19,109	\$ 68,837	\$ 228,841	\$ 38,136	\$ -	\$ -	\$ 77	\$ -	\$ 723,713	\$ 1,381,608
Accounts receivable, net	20,600	-	-	-	25	-	97,043	-	-	14,720	-	132,388
Taxes receivable, net	-	-	-	-	-	-	-	-	779	-	-	779
Internal balances	-	-	-	-	12,836	-	-	-	18,986	269,520	-	301,342
Due from other governments	-	-	-	-	13,263	80,949	-	11,500	-	-	-	105,712
Prepaid items	2,276	-	-	-	-	-	5,287	-	-	394	-	7,957
<b>Total assets</b>	<b>\$ 220,858</b>	<b>\$ 104,913</b>	<b>\$ 19,109</b>	<b>\$ 68,837</b>	<b>\$ 254,965</b>	<b>\$ 119,085</b>	<b>\$ 102,330</b>	<b>\$ 11,500</b>	<b>\$ 19,842</b>	<b>\$ 284,634</b>	<b>\$ 723,713</b>	<b>\$ 1,929,786</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>												
<b>Liabilities:</b>												
Accounts payable	\$ 4,898	\$ -	\$ -	\$ -	\$ 9,214	\$ 71,514	\$ 21,482	\$ -	\$ 19,133	\$ 447	\$ 22,604	\$ 149,292
Internal balances	38,248	3,642	-	-	18,089	-	57,204	11,500	-	-	-	128,683
Salaries and benefits payable	6,449	-	-	-	-	-	23,644	-	-	1,879	-	31,972
<b>Total liabilities</b>	<b>49,595</b>	<b>3,642</b>	<b>-</b>	<b>-</b>	<b>27,303</b>	<b>71,514</b>	<b>102,330</b>	<b>11,500</b>	<b>19,133</b>	<b>2,326</b>	<b>22,604</b>	<b>309,947</b>
<b>Deferred inflows of resources:</b>												
Unavailable property taxes	-	-	-	-	-	-	-	-	709	-	-	709
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>709</b>	<b>-</b>	<b>-</b>	<b>709</b>
<b>Fund balances:</b>												
Nonspendable	2,276	-	-	-	-	-	5,287	-	-	394	-	7,957
Restricted												
Capital Projects	-	-	-	-	-	-	-	-	-	137,298	-	137,298
Judicial	-	101,271	-	-	23,418	47,571	-	-	-	-	-	172,260
Public safety	-	-	19,109	68,837	112,456	-	-	-	-	-	-	200,402
Culture and recreation	-	-	-	-	81,971	-	-	-	-	-	-	81,971
Housing and development	-	-	-	-	9,817	-	-	-	-	145,007	-	154,824
Assigned												
Health and welfare	168,987	-	-	-	-	-	-	-	-	-	-	168,987
Housing and development	-	-	-	-	-	-	-	-	-	-	701,109	701,109
Unassigned	-	-	-	-	-	-	(5,287)	-	-	(391)	-	(5,678)
<b>Total fund balances</b>	<b>171,263</b>	<b>101,271</b>	<b>19,109</b>	<b>68,837</b>	<b>227,662</b>	<b>47,571</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>282,308</b>	<b>701,109</b>	<b>1,619,130</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 220,858</b>	<b>\$ 104,913</b>	<b>\$ 19,109</b>	<b>\$ 68,837</b>	<b>\$ 254,965</b>	<b>\$ 119,085</b>	<b>\$ 102,330</b>	<b>\$ 11,500</b>	<b>\$ 19,842</b>	<b>\$ 284,634</b>	<b>\$ 723,713</b>	<b>\$ 1,929,786</b>

**Oconee County, Georgia**  
**Nonmajor Governmental Funds - Capital Projects Funds**  
**Combining Balance Sheet**  
**June 30, 2016**

	<b>SPLOST 2004 Fund</b>	<b>SPLOST 2009 Fund</b>	<b>Local Resources Capital Projects Fund</b>	<b>Industrial Development Authority Projects Fund</b>	<b>Industrial Development Authority Parkway Blvd Fund</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>ASSETS</b>						
Cash	\$ 19,263	\$ 3,728,381	\$ -	-	4,119,827	\$ 7,867,471
Investments	3,678,418	-	-	-	-	3,678,418
<b>Total assets</b>	<b><u>\$ 3,697,681</u></b>	<b><u>\$ 3,728,381</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,119,827</u></b>	<b><u>\$ 11,545,889</u></b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 2,275	\$ -	\$ -	\$ -	\$ -	\$ 2,275
Internal balances	-	57,610	-	-	-	57,610
<b>Total liabilities</b>	<b><u>2,275</u></b>	<b><u>57,610</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>59,885</u></b>
Fund balances:						
Restricted						
Capital projects	3,695,406	3,670,771	-	-	4,119,827	11,486,004
<b>Total fund balances</b>	<b><u>3,695,406</u></b>	<b><u>3,670,771</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>4,119,827</u></b>	<b><u>11,486,004</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 3,697,681</u></b>	<b><u>\$ 3,728,381</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,119,827</u></b>	<b><u>\$ 11,545,889</u></b>

**Oconee County, Georgia**  
**All Nonmajor Governmental Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>			
Taxes	\$ 156,147	\$ 1,645,551	\$ 1,801,698
Intergovernmental revenue	446,513	-	446,513
Charges for services	1,067,125	-	1,067,125
Fines and forfeitures	69,495	-	69,495
Investment income	1,630	14,513	16,143
Contributions and donations	163,631	-	163,631
Miscellaneous	25,411	-	25,411
<b>Total revenues</b>	<u>1,929,952</u>	<u>1,660,064</u>	<u>3,590,016</u>
<b>EXPENDITURES</b>			
Current:			
General government	5,453	-	5,453
Judicial	359,287	-	359,287
Public safety	1,602,031	-	1,602,031
Public works	236,532	-	236,532
Health and welfare	488,722	-	488,722
Culture and recreation	38,198	-	38,198
Housing and development	178,277	-	178,277
Debt service:			
Principal payments	3,998	160,000	163,998
Interest and fiscal charges	917	490,661	491,578
Debt issuance costs	-	85,000	85,000
Capital outlay			
General government	-	77,444	77,444
Public safety	-	83,050	83,050
Public works	-	315,806	315,806
Culture and recreation	-	47,614	47,614
Housing and development	-	80,173	80,173
Intergovernmental	-	233,834	233,834
<b>Total expenditures</b>	<u>2,913,415</u>	<u>1,573,582</u>	<u>4,486,997</u>
Deficiency of revenues under expenditures	<u>(983,463)</u>	<u>86,482</u>	<u>(896,981)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Proceeds from long-term debt	44,141	4,285,000	4,329,141
Transfers in	1,365,602	316,856	1,682,458
Transfers (out)	(155,074)	(1,438,348)	(1,593,422)
<b>Total other financing sources (uses)</b>	<u>1,254,669</u>	<u>3,163,508</u>	<u>4,418,177</u>
<b>Change in fund balances</b>	271,206	3,249,990	3,521,196
<b>Fund balances - beginning</b>	<u>1,347,924</u>	<u>8,236,014</u>	<u>9,583,938</u>
<b>Fund balances - ending</b>	<u>\$ 1,619,130</u>	<u>\$ 11,486,004</u>	<u>\$ 13,105,134</u>



**Oconee County, Georgia**  
**Nonmajor Governmental Funds - Special Revenue Fund:**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2016**

	<b>Council on Aging</b>	<b>Law Library</b>	<b>Confiscated Assets</b>	<b>Drug Abuse Treatment &amp; Education Fund</b>	<b>Special Revenue Fund</b>	<b>Victims Services and Forfeited Property</b>	<b>E-911</b>	<b>Multiple Grant Fund</b>	<b>Special Lighting District</b>	<b>Hotel/Motel Tax</b>	<b>Industrial Development Authority</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>REVENUES</b>												
Taxes	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 156,147	\$ -	\$ 156,147
Intergovernmental revenue	127,035	-	-		13,263	242,027	-	64,188	-	-	-	446,513
Charges for services	-	-	-		36,484	-	715,398	-	192,078	-	123,165	1,067,125
Fines and forfeitures	-	17,284	15,097	17,713	-	19,401	-	-	-	-	-	69,495
Investment income	46	96	6		233	-	-	-	-	-	1,249	1,630
Contributions and donations	-	-	-		163,631	-	-	-	-	-	-	163,631
Miscellaneous	25,411	-	-		-	-	-	-	-	-	-	25,411
<b>Total revenues</b>	<b>152,492</b>	<b>17,380</b>	<b>15,103</b>	<b>17,713</b>	<b>213,611</b>	<b>261,428</b>	<b>715,398</b>	<b>64,188</b>	<b>192,078</b>	<b>156,147</b>	<b>124,414</b>	<b>1,929,952</b>
<b>EXPENDITURES</b>												
Current:												
General government	-	-	-	-	5,453	-	-	-	-	-	-	5,453
Judicial	-	6,952	-	-	1,819	350,516	-	-	-	-	-	359,287
Public safety	-	-	8,796	-	68,491	-	1,506,556	18,188	-	-	-	1,602,031
Public works	-	-	-	-	3,051	-	-	-	233,481	-	-	236,532
Health and welfare	442,722	-	-	-	-	-	-	46,000	-	-	-	488,722
Culture and recreation	-	-	-	-	38,198	-	-	-	-	-	-	38,198
Housing and development	-	-	-	-	-	-	-	-	-	143,396	34,881	178,277
Debt service:												
Principal payments	-	-	-	-	-	-	3,998	-	-	-	-	3,998
Interest and fiscal charges	-	-	-	-	-	-	917	-	-	-	-	917
<b>Total expenditures</b>	<b>442,722</b>	<b>6,952</b>	<b>8,796</b>	<b>-</b>	<b>117,012</b>	<b>350,516</b>	<b>1,511,471</b>	<b>64,188</b>	<b>233,481</b>	<b>143,396</b>	<b>34,881</b>	<b>2,913,415</b>
Excess (deficiency) of revenues over (under) expenditures	(290,230)	10,428	6,307	17,713	96,599	(89,088)	(796,073)	-	(41,403)	12,751	89,533	(983,463)
<b>OTHER FINANCING SOURCES (USES)</b>												
Proceeds from long-term debt	-	-	-	-	-	-	44,141	-	-	-	-	44,141
Transfers in	361,820	-	-	59,124	5,800	135,975	751,932	-	41,403	9,548	-	1,365,602
Transfers (out)	-	-	-	(8,000)	(81,074)	-	-	-	-	-	(66,000)	(155,074)
<b>Total other financing sources (uses)</b>	<b>361,820</b>	<b>-</b>	<b>-</b>	<b>51,124</b>	<b>(75,274)</b>	<b>135,975</b>	<b>796,073</b>	<b>-</b>	<b>41,403</b>	<b>9,548</b>	<b>(66,000)</b>	<b>1,254,669</b>
<b>Net change in fund balances</b>	<b>71,590</b>	<b>10,428</b>	<b>6,307</b>	<b>68,837</b>	<b>21,325</b>	<b>46,887</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,299</b>	<b>23,533</b>	<b>271,206</b>
<b>Fund balances - beginning</b>	<b>99,673</b>	<b>90,843</b>	<b>12,802</b>	<b>-</b>	<b>206,337</b>	<b>684</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>260,009</b>	<b>677,576</b>	<b>1,347,924</b>
<b>Fund balances - ending</b>	<b>\$ 171,263</b>	<b>\$ 101,271</b>	<b>\$ 19,109</b>	<b>\$ 68,837</b>	<b>\$ 227,662</b>	<b>\$ 47,571</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 282,308</b>	<b>\$ 701,109</b>	<b>\$ 1,619,130</b>

**Oconee County, Georgia**  
**Nonmajor Governmental Funds - Capital Projects Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2016**

	<b>SPLOST 2004 Fund</b>	<b>SPLOST 2009 Fund</b>	<b>Local Resources Capital Projects Fund</b>	<b>Industrial Development Authority Projects Fund</b>	<b>Industrial Development Authority Parkway Blvd Fund</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>REVENUES</b>						
Taxes	\$ -	\$ 1,645,551	\$ -	\$ -	\$ -	\$ 1,645,551
Investment income	10,012	4,501	-	-	-	14,513
<b>Total revenues</b>	<u>10,012</u>	<u>1,650,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,660,064</u>
<b>EXPENDITURES</b>						
Debt service:						
Principal payments	-	160,000	-	-	-	160,000
Interest and fiscal charges	-	229,730	-	260,931	-	490,661
Debt issuance costs	-	-	-	-	85,000	85,000
Capital outlay						
General government	55,894	-	21,550	-	-	77,444
Public safety	-	78,000	5,050	-	-	83,050
Public works	-	25,550	290,256	-	-	315,806
Culture and recreation	-	47,614	-	-	-	47,614
Housing and development	-	-	-	-	80,173	80,173
Intergovernmental	-	233,834	-	-	-	233,834
<b>Total expenditures</b>	<u>55,894</u>	<u>774,728</u>	<u>316,856</u>	<u>260,931</u>	<u>165,173</u>	<u>1,573,582</u>
Deficiency of revenues under expenditures	<u>(45,882)</u>	<u>875,324</u>	<u>(316,856)</u>	<u>(260,931)</u>	<u>(165,173)</u>	<u>86,482</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from long-term debt	-	-	-	-	4,285,000	4,285,000
Transfers in	-	-	316,856	-	-	316,856
Transfers (out)	-	(1,438,348)	-	-	-	(1,438,348)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(1,438,348)</u>	<u>316,856</u>	<u>-</u>	<u>4,285,000</u>	<u>3,163,508</u>
<b>Net change in fund balances</b>	(45,882)	(563,024)	-	(260,931)	4,119,827	3,249,990
<b>Fund balances - beginning</b>	<u>3,741,288</u>	<u>4,233,795</u>	<u>-</u>	<u>260,931</u>	<u>-</u>	<u>8,236,014</u>
<b>Fund balances - ending</b>	<u>\$ 3,695,406</u>	<u>\$ 3,670,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,119,827</u>	<u>\$ 11,486,004</u>

# **Nonmajor Proprietary Funds**

## **Enterprise Funds**

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

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

**Oconee County, Georgia**  
**Nonmajor Proprietary Funds**  
**Combining Schedule of Net Position**  
**June 30, 2016**

	<b>Solid Waste Fund</b>	<b>Special Facilities Fund</b>	<b>Total Nonmajor Proprietary Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 538	\$ -	\$ 538
Accounts receivable, net	1,787	3,028	4,815
Internal balances	148,887	515,887	664,774
Prepaid items	1,352	2,123	3,475
Total current assets	<u>152,564</u>	<u>521,038</u>	<u>673,602</u>
Noncurrent assets:			
Capital assets not being depreciated	125,000	25,000	150,000
Capital assets, net of depreciation	45,296	1,543,220	1,588,516
Total capital assets	<u>170,296</u>	<u>1,568,220</u>	<u>1,738,516</u>
<b>Total assets</b>	<u>322,860</u>	<u>2,089,258</u>	<u>2,412,118</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow related to pensions	5,167	26,435	31,602
<b>Total assets and deferred outflows</b>	<u>328,027</u>	<u>2,115,693</u>	<u>2,443,720</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	37,869	9,488	47,357
Internal balances	-	-	-
Salaries and benefits payable	4,884	9,585	14,469
Total current liabilities	<u>42,753</u>	<u>19,073</u>	<u>61,826</u>
Noncurrent liabilities:			
Compensated absences	7,732	16,597	24,329
Net pension liability	83,400	253,946	337,346
Total noncurrent liabilities	<u>91,132</u>	<u>270,543</u>	<u>361,675</u>
<b>Total liabilities</b>	<u>133,885</u>	<u>289,616</u>	<u>423,501</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow related to pensions	243	1,198	1,441
<b>Total liabilities and deferred inflows</b>	<u>134,128</u>	<u>290,814</u>	<u>424,942</u>
<b>NET POSITION</b>			
Net investment in capital assets	170,296	1,568,220	1,738,516
Unrestricted	23,603	256,659	280,262
<b>Total net position</b>	<u>\$ 193,899</u>	<u>\$ 1,824,879</u>	<u>\$ 2,018,778</u>

**Oconee County, Georgia**  
**Nonmajor Proprietary Funds**  
**Combining Schedule of Revenues, Expenses and Changes in Fund Net Position**  
**For the Fiscal Year Ended June 30, 2016**

	<b>Solid Waste Fund</b>	<b>Special Facilities Fund</b>	<b>Total Nonmajor Proprietary Funds</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 172,018	\$ 64,571	\$ 236,589
Licenses and permits	7,500	-	7,500
Rents and royalties	-	100,069	100,069
Miscellaneous	277	200	477
<b>Total operating revenues</b>	<u>179,795</u>	<u>164,840</u>	<u>344,635</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	168,237	265,379	433,616
Other contracted services	229,700	4,097	233,797
Supplies and materials	10,046	27,276	37,322
Repairs and maintenance	4,415	22,256	26,671
Utilities	9,782	51,745	61,527
Insurance	6,162	3,349	9,511
Depreciation and amortization	5,210	69,126	74,336
Other charges	9,875	17,144	27,019
<b>Total operating expenses</b>	<u>443,427</u>	<u>460,372</u>	<u>903,799</u>
<b>Operating loss</b>	<u>(263,632)</u>	<u>(295,532)</u>	<u>(559,164)</u>
<b>Loss before contributions and transfers</b>	(263,632)	(295,532)	(559,164)
Transfers in	<u>263,729</u>	<u>296,012</u>	<u>559,741</u>
<b>Change in net position</b>	97	480	577
<b>Total net assets - beginning</b>	193,802	1,824,399	2,018,201
<b>Total net position - ending</b>	<u>\$ 193,899</u>	<u>\$ 1,824,879</u>	<u>\$ 2,018,778</u>

**Oconee County, Georgia**  
**Nonmajor Proprietary Funds**  
**Combining Schedule of Cash Flows**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Solid Waste Fund</u>	<u>Special Facilities Fund</u>	<u>Total Nonmajor Proprietary Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 179,169	\$ 168,954	\$ 348,123
Payments to suppliers	(305,754)	(124,690)	(430,444)
Payments to employees	(165,434)	(270,374)	(435,808)
Net cash (used) by operating activities	<u>(292,019)</u>	<u>(226,110)</u>	<u>(518,129)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	292,448	214,480	506,928
Net cash provided by noncapital financing activities	<u>292,448</u>	<u>214,480</u>	<u>506,928</u>
Net change in cash and cash equivalents	429	(11,630)	(11,201)
Cash - beginning of the year	109	11,630	11,739
Cash - end of the year	<u>\$ 538</u>	<u>\$ -</u>	<u>\$ 538</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>			
Operating loss	\$ (263,632)	\$ (295,532)	\$ (559,164)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation and amortization expense	5,210	69,126	74,336
Change in assets and liabilities:			
Receivables, net	(626)	4,115	3,489
Prepaid items	141	1,360	1,501
Due from other governments	-	-	-
Accounts payable	(35,915)	(183)	(36,098)
Accrued expenses	1,002	(549)	453
Compensated absences	1,898	(3,966)	(2,068)
Net change in pension deferrals	(4,546)	(22,429)	(26,975)
Net pension liability	4,449	21,948	26,397
Net cash (used) by operating activities	<u>\$ (292,019)</u>	<u>\$ (226,110)</u>	<u>\$ (518,129)</u>

# **Fiduciary Funds**

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

**Oconee County, Georgia**  
**Fiduciary Funds**  
**Combining Schedule of Fiduciary Assets and Liabilities**  
**June 30, 2016**

	<u>Tax Commissioner</u>	<u>Sheriff</u>	<u>Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Juvenile Court</u>	<u>Total Fiduciary Funds</u>
<b>ASSETS</b>							
Cash	\$ 33,945	\$ 15,909	\$ 344,585	\$ 72,143	\$ 79,922	\$ 408	\$ 546,912
<b>Total Assets</b>	<u>\$ 33,945</u>	<u>\$ 15,909</u>	<u>\$ 344,585</u>	<u>\$ 72,143</u>	<u>\$ 79,922</u>	<u>\$ 408</u>	<u>\$ 546,912</u>
<b>LIABILITIES</b>							
Due to others	\$ 33,945	\$ 15,909	\$ 344,585	\$ 72,143	\$ 79,922	\$ 408	\$ 546,912
<b>Total Liabilities</b>	<u>\$ 33,945</u>	<u>\$ 15,909</u>	<u>\$ 344,585</u>	<u>\$ 72,143</u>	<u>\$ 79,922</u>	<u>\$ 408</u>	<u>\$ 546,912</u>



**Oconee County, Georgia**  
**Fiduciary Funds**  
**Combining Schedule of Changes in Fiduciary Net Position**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Balance 6/30/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2016</u>
<b>TAX COMMISSIONER</b>				
Assets				
Cash	\$ -	\$ 47,196,945	\$ 47,163,000	\$ 33,945
	<u>-</u>	<u>47,196,945</u>	<u>47,163,000</u>	<u>33,945</u>
Liabilities				
Due to others	-	47,196,945	47,163,000	33,945
	<u>-</u>	<u>47,196,945</u>	<u>47,163,000</u>	<u>33,945</u>
<b>SHERIFF</b>				
Assets				
Cash	3,301	56,982	44,374	15,909
	<u>3,301</u>	<u>56,982</u>	<u>44,374</u>	<u>15,909</u>
Liabilities				
Due to others	3,301	56,982	44,374	15,909
	<u>3,301</u>	<u>56,982</u>	<u>44,374</u>	<u>15,909</u>
<b>SUPERIOR COURT</b>				
Assets				
Cash	303,807	1,918,161	1,877,383	344,585
	<u>303,807</u>	<u>1,918,161</u>	<u>1,877,383</u>	<u>344,585</u>
Liabilities				
Due to others	303,807	1,918,161	1,877,383	344,585
	<u>\$ 303,807</u>	<u>\$ 1,918,161</u>	<u>\$ 1,877,383</u>	<u>\$ 344,585</u>

Oconee County, Georgia  
Fiduciary Funds  
Combining Schedule of Changes in Assets and Liabilities  
For the Fiscal Year Ended June 30, 2016

	<u>Balance 6/30/2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2016</u>
<b>PROBATE COURT</b>				
Assets				
Cash	\$ 51,132	\$ 544,906	\$ 523,895	\$ 72,143
	<u>51,132</u>	<u>544,906</u>	<u>523,895</u>	<u>72,143</u>
Liabilities				
Due to others	51,132	544,906	523,895	72,143
	<u>51,132</u>	<u>544,906</u>	<u>523,895</u>	<u>72,143</u>
<b>MAGISTRATE COURT</b>				
Assets				
Cash	64,282	200,169	184,529	79,922
	<u>64,282</u>	<u>200,169</u>	<u>184,529</u>	<u>79,922</u>
Liabilities				
Due to others	64,282	200,169	184,529	79,922
	<u>64,282</u>	<u>200,169</u>	<u>184,529</u>	<u>79,922</u>
<b>JUVENILE COURT</b>				
Assets				
Cash	304	5,609	5,505	408
	<u>304</u>	<u>5,609</u>	<u>5,505</u>	<u>408</u>
Liabilities				
Due to others	304	5,609	5,505	408
	<u>304</u>	<u>5,609</u>	<u>5,505</u>	<u>408</u>
<b>TOTALS</b>				
Assets				
Cash	422,826	49,922,772	49,798,686	546,912
	<u>422,826</u>	<u>49,922,772</u>	<u>49,798,686</u>	<u>546,912</u>
Liabilities				
Due to others	422,826	49,922,772	49,798,686	546,912
	<u>\$ 422,826</u>	<u>\$ 49,922,772</u>	<u>\$ 49,798,686</u>	<u>\$ 546,912</u>

# **Compliance**

# Treadwell, Tamplin & Co.

Certified Public Accountants  
A Limited Liability Partnership

157 West Jefferson Street  
Madison, Georgia 30650

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

To the Honorable Commissioners of  
Oconee County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Oconee County, Georgia as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Oconee County, Georgia's basic financial statements and have issued our report thereon dated January 31, 2017. Our report includes a reference to other auditors who audited the financial statements of the Oconee County Health Department, as described in our report on Oconee County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Internal Control Over Financial Reporting

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

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

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

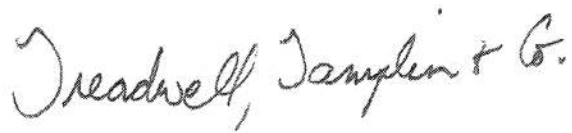
### Compliance and Other Matters

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

We noted certain other matters that we have reported to management of Oconee County, Georgia in a separate letter dated January 31, 2017.

**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.

A handwritten signature in cursive script that reads "Dreadwell, Jamplin & Co." The signature is written in dark ink and is positioned above the typed address and date.

*Madison, Georgia*  
January 31, 2017

Oconee County, Georgia  
Schedule of Special Purpose Local Option Sales Tax  
For the Fiscal Year Ended June 30, 2016

	Original Estimated Cost	Revised Estimated Cost	Expenditures			Estimated Percentages of Completion
			Prior Years	Current Year	Total	
<b>2004 Referendum***</b>						
Water & Sewer improvements	\$ 6,000,000	\$ 6,970,000	\$ 6,970,000	\$ -	\$ 6,970,000	100.00%
Recreation & cultural facilities	5,000,000	5,031,350	5,031,350	-	5,031,350	100.00%
Roads	6,000,000	6,276,264	6,276,264	-	6,276,264	100.00%
Jail expansion	1,300,000	1,319,670	1,319,670	-	1,319,670	100.00%
Emergency operations center	600,000	681,721	681,721	-	681,721	100.00%
Fire station project	1,500,000	1,500,000	1,500,000	-	1,500,000	100.00%
County facilities expansion and renovation	<u>4,600,000</u>	<u>4,600,000</u>	<u>1,010,854</u>	<u>55,894</u>	<u>1,066,748</u>	23.19%
<b>Totals</b>	<b><u>\$ 25,000,000</u></b>	<b><u>\$ 26,379,005</u></b>	<b><u>\$ 22,789,859</u></b>	<b><u>\$ 55,894</u></b>	<b><u>\$ 22,845,753</u></b>	
<b>2009 Referendum***</b>						
Recreation facilities	\$ 4,847,985	\$ 4,053,402	\$ 3,663,672	\$ 389,730	\$ 4,053,402	100.00%
County Jail and Emergency Operation Center-911 Building	6,059,981	5,857,522	5,857,522	-	5,857,522	100.00%
Water & Sewer facilities	6,884,176	4,212,355	1,052,125	1,438,348	2,490,473	59.12%
Roads, Streets & Bridges	8,080,020	6,755,704	6,755,704	-	6,755,704	100.00%
Recreational, Historic and Scenic Facilities	1,110,999	928,906	474,761	73,164	547,925	58.99%
Fire Station Facilities and Equipment	3,939,014	3,293,400	1,912,483	78,000	1,990,483	60.44%
Communication Facilities	3,232,001	3,454,937	3,454,937	-	3,454,937	100.00%
Farmland Protection	504,984	422,216	198,500	-	198,500	47.01%
Payment to Cities						
City of Watkinsville	3,227,960	2,698,890	2,567,411	131,480	2,698,891	100.00%
Town of Bogart	1,616,000	1,351,134	1,285,312	65,822	1,351,134	100.00%
Town of North High Shoals	674,680	564,098	536,618	27,481	564,099	100.00%
Town of Bishop	<u>222,200</u>	<u>185,781</u>	<u>176,730</u>	<u>9,051</u>	<u>185,781</u>	100.00%
<b>Totals</b>	<b><u>\$ 40,400,000</u></b>	<b><u>\$ 33,778,345</u></b>	<b><u>\$ 27,935,775</u></b>	<b><u>\$ 2,213,076</u></b>	<b><u>\$ 30,148,851</u></b>	

**Oconee County, Georgia**  
**Schedule of Special Purpose Local Option Sales Tax**  
**For the Fiscal Year Ended June 30, 2016**

**2015 Referendum\*\*\***

Recreation facilities	\$ 5,592,000	\$ 5,592,000	\$ -	380,470	\$ 380,470	6.80%
Water & Sewer facilities	12,100,000	12,100,000	-	-	-	0.00%
Roads, Streets & Bridges	12,000,000	12,000,000	-	454,204	454,204	3.79%
Farmland Protection	500,000	500,000	-	-	-	0.00%
Fire Station and Rescue Facilities and equipment	3,019,500	3,019,500	-	-	-	0.00%
Civic Center Facilities	1,500,000	1,500,000	-	-	-	0.00%
Historic and Scenic Facilities	250,000	250,000	-	-	-	0.00%
Library Facilities	2,000,000	2,000,000	-	-	-	0.00%
General County Facilities	2,000,000	2,000,000	-	51,947	51,947	2.60%
Animal Control Facilities	750,000	750,000	-	-	-	0.00%
Economic Development Facilities	850,000	850,000	-	-	-	0.00%
Recreational and Park Facilities	3,158,000	3,158,000	-	48,118	48,118	1.52%
Law Enforcement Facilities and equipment	3,100,000	3,100,000	-	983,637	983,637	31.73%
Technology Facilities	475,000	475,000	-	-	-	0.00%
Payment to Cities						
City of Watkinsville	4,746,500	4,746,500	-	441,067	441,067	9.29%
Town of Bogart	1,496,000	1,496,000	-	139,015	139,015	9.29%
Town of North High Shoals	1,089,000	1,089,000	-	101,195	101,195	9.29%
Town of Bishop	374,000	374,000	-	34,754	34,754	9.29%
<b>Totals</b>	<b>\$ 55,000,000</b>	<b>\$ 55,000,000</b>	<b>\$ -</b>	<b>2,634,407</b>	<b>\$ 2,634,407</b>	
Principal payment on law enforcement equipment purchased using capital lease				<u>223,518</u>		
Total expenditures and transfers reported in the SPLOST 2015 fund				<u>\$ 2,857,925</u>		

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

**Oconee County, Georgia**  
**Schedule of State Contractual Assistance**  
**For the Fiscal Year Ended June 30, 2016**

<u>State Program Name</u>	<u>Contract Number</u>	<u>Actual Revenue Received</u>	<u>Current Expenditures</u>	<u>Amount Due To/From State</u>
Family Connection	93-161600096	\$ 33,750	\$ 45,000	\$ 11,250



Oconee County Board of Commissioners  
 Certification of 9-1-1 Expenditures  
 For the Year Ended June 30, 2016

Line No.	O.C.G.A. Reference		
1		Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one): <input checked="" type="checkbox"/> Special Revenue Fund <input type="checkbox"/> Enterprise Fund	
2	46-5-134(e)	Expenditures (UCOA Activity 3800) Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)	
		<u>UMB Wholesale Bank (Sprint/Nextel)</u>	\$ <u>1,824.60</u>
		<u>AT&amp;T Mobility</u>	\$ <u>49,342.80</u>
			\$ _____
3		Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:	
3a	46-5-134(f)(1)(A)	Lease costs	\$ _____
3b	46-5-134(f)(1)(A)	Purchase costs	\$ _____
3c	46-5-134(f)(1)(A)	Maintenance costs	\$ _____
4	46-5-134(f)(1)(B)	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges	\$ <u>188,173.68</u>
5		Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2	
5a	46-5-134(f)(1)(C)	Salaries and wages	\$ <u>586,942.94</u>
5b	46-5-134(f)(1)(C)	Employee benefits	\$ <u>254,814.72</u>
6	46-5-134(f)(1)(D)	Cost of training of employees who work as dispatchers or directors	\$ <u>6,123.60</u>
7	46-5-134(f)(1)(E)	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services	\$ <u>3,646.13</u>
8		Building used as a public safety answering point:	
8a	46-5-134(f)(1)(F)	Lease costs	\$ _____
8b	46-5-134(f)(1)(F)	Purchase costs	\$ _____
9		Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:	
9a	46-5-134(f)(1)(G)	Lease costs	\$ _____
9b	46-5-134(f)(1)(G)	Purchase costs	\$ _____
9c	46-5-134(f)(1)(G)	Maintenance costs	\$ _____
10	46-5-134(f)(1)(H)	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials	\$ _____
11		Logging recorders used at a public safety answering point to record telephone and radio traffic:	
11a	46-5-134(f)(1)(I)	Lease costs	\$ _____
11b	46-5-134(f)(1)(I)	Purchase costs	\$ _____
11c	46-5-134(f)(1)(I)	Maintenance costs	\$ _____

Oconee County Board of Commissioners  
 Certification of 9-1-1 Expenditures  
 For the Year Ended June 30, 2016

Line No.	O.C.G.A. Reference	\$
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(i) \$ _____
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center	
13a	Lease costs	46-5-134(f)(2)(B)(ii) \$ _____
13b	Purchase costs	46-5-134(f)(2)(B)(ii) \$ _____
13c	Maintenance costs	46-5-134(f)(2)(B)(ii) \$ _____
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii) \$ 99,911.09
15	Mobile public safety voice and data equipment, geo-targeted text messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations	
15a	Lease costs	46-5-134(f)(2)(B)(iv) \$ 7,434.54
15b	Purchase costs	46-5-134(f)(2)(B)(iv) \$ 44,140.93
15c	Maintenance costs	46-5-134(f)(2)(B)(iv) \$ 269,115.95
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems	
16a	Lease costs	46-5-134(f)(2)(B)(v) \$ _____
16b	Purchase costs	46-5-134(f)(2)(B)(v) \$ _____
16c	Maintenance costs	46-5-134(f)(2)(B)(v) \$ _____
17	Other expenditures not included in Lines 2 through 16 above. Identify by object and purpose.	\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
		\$ _____
18	Total Expenditures (total of all amounts reported on Lines 2 through 17 above)	\$ 1,511,470.97

Oconee County Board of Commissioners  
Certification of 9-1-1 Expenditures  
For the Year Ended June 30, 2016

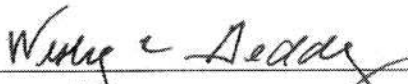
Certification of Local Government Officials

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

Signature of Chief Elected Official  Date 12/22/16

Print Name of Chief Elected Official Melvin Davis

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

Signature of Chief Financial Officer  Date 12-22-16

Print Name of Chief Financial Officer Wesley L. Geddings

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**APPENDIX D**

**FORM OF BOND COUNSEL OPINION**

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**GRAY PANNELL & WOODWARD**  
Attorneys at Law

LLP

The Realty Building  
24 Drayton Street, Suite 1000  
Savannah, GA 31401  
(912) 443-4040

One Buckhead Plaza  
3060 Peachtree Road, N.W., Suite 730  
Atlanta, GA 30305  
(404) 480-8899

gpwlawfirm.com

\_\_\_\_\_, 2017

Oconee County, Georgia  
Watkinsville, Georgia

Stifel Nicolaus & Company, Incorporated  
Atlanta, Georgia

Regions Bank  
Atlanta, Georgia

The Bank of New York Mellon Trust Company, N.A.  
Atlanta, Georgia

Re: \$ \_\_\_\_\_ Oconee County, Georgia Water and Sewerage Revenue Bonds, Series 2017A;  
and \$ \_\_\_\_\_ Oconee County, Georgia Water and Sewerage Taxable Refunding Revenue  
Bonds, Series 2017B

Ladies and Gentleman:

We have acted as Bond Counsel to Oconee County, Georgia (the "County") in connection with the issuance by the County of the \$ \_\_\_\_\_ Oconee County, Georgia Water and Sewerage Revenue Bonds, Series 2017A (the "Series 2017A Bonds") and \$ \_\_\_\_\_ Oconee County, Georgia Water and Sewerage Taxable Refunding Revenue Bonds, Series 2017B (the "Series 2017B Bonds" and, together with the Series 2017A Bonds, the "Series 2017 Bonds"). In such capacity, we have examined (i) a certified copy of the validation proceedings relating to the Series 2017 Bonds conducted in the Superior Court of Oconee County, Georgia, (ii) the Constitution and laws of the State of Georgia, including specifically the Revenue Bond Law of the State of Georgia (O.C.G.A. Section 36-82-60 et seq.) (iii) the resolution of the County adopted on October 23, 1998, as supplemented on November 3, 1998, as amended and supplemented on July 18, 2003, as amended and supplemented on September 1, 2009, as supplemented on October 22, 2009, as amended and supplemented on June 26, 2012, as supplemented on July 12, 2012, as supplemented on September 20, 2017, and as supplemented on \_\_\_\_\_, 2017 (the "Bond Resolution") and (iv) such other laws, certified proceedings, documents, instruments and certifications as we have deemed necessary to render this opinion. In all such examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies submitted to us as certified, conformed or photographic copies, and as to certificates of public officials and others, we have assumed the same to have been properly given and to be accurate.

The Series 2017A Bonds are being issued by the County for the purpose of financing the renovation and improvement of the Calls Creek Wastewater Reclamation Facility and the acquisition, construction and installation of additional water and sewer facilities and equipment and paying the costs of issuance related thereto. The Series 2017B Bonds are being issued by the County for the purpose of refunding the outstanding aggregate principal amount of the County's Water and Sewerage Refunding Revenue Bonds, Series 2009 (the "Series 2009 Bonds") and paying the costs of issuance related thereto.

The County has heretofore issued its Water and Sewerage Revenue Bonds, Series 2003 (the “Series 2003 Bonds”) and its Water and Sewerage Refunding Revenue Bonds, Series 2012 (the “Series 2012 Bonds”), pursuant to the Bond Resolution. The Series 2003 Bonds, the Series 2012 Bonds and the Series 2017 Bonds and any additional parity bonds issued pursuant to the Bond Resolution are secured by a lien on the net revenues (as more fully described in the Bond Resolution) (the “Net Revenues”) derived from the operation of the County’s water and sewerage system (the “System”). The Series 2017 Bonds do not constitute a debt of the County within the meaning of any constitutional debt limitations of the State of Georgia, and no holder of a Series 2017 Bond shall ever have the right to compel any exercise of the taxing power of the County to pay any Series 2017 Bond or the interest thereon. The Series 2017 Bonds are payable solely from the Net Revenues and the other moneys specifically pledged to the payment thereof.

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

Based on the foregoing, we are of the opinion that under existing law:

1. The County has the power to adopt the Bond Resolution, perform the agreements on its part contained therein, and issue the Series 2017 Bonds.

2. The Series 2017 Bonds have been duly authorized and executed by the County, and are valid and binding limited obligations of the County, payable solely from the Net Revenues of the System and others funds provided therefor in the Bond Resolution.

3. The Bond Resolution has been adopted by the County and constitutes a valid and binding obligation of the County enforceable against the County.

4. The Bond Resolution creates a valid lien on the Net Revenues of the System for the security of the Series 2017 Bonds on parity with other bonds issued or to be issued (if any) under the Bond Resolution.

5. Assuming compliance with the aforementioned covenant by the Authority to maintain the exclusion from federal gross income of interest on the Series 2017A Bonds, interest on the Series 2017A Bonds is excluded from gross income for federal income tax purposes and under existing laws the interest thereon is exempt from presents State of Georgia income taxation. The interest on the Series 2017A Bonds will not be included as an item of tax preference in computing the federal alternative minimum tax imposed on individuals and corporations; however, such interest will be taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

6. Under existing statutes, the interest on the Series 2017B Bonds is exempt from present State of Georgia income taxation. We express no opinion as to any other tax consequences regarding the Series 2017B Bonds.

The rights of the owners of the Series 2017 Bonds and the enforceability of the Series 2017 Bonds and the Bond Resolution are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally, and by equitable principles, whether considered at law or in equity

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Series 2017 Bonds. Further, we express no opinion with respect to any federal income tax consequences caused by the receipt or accrual of interest on the Series 2017 Bonds other than as expressly set forth herein.



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.

Very truly yours,

GRAY PANNELL & WOODWARD LLP

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

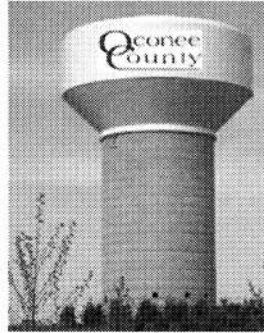
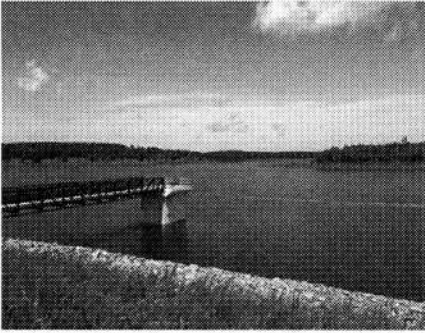
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**APPENDIX E**

**WRITTEN REPORT OF COUNTY'S ENGINEERING DEPARTMENT**

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# Oconee County, Georgia



## Engineering Report

For

Water and Sewerage Revenue Bonds,

Series 2017 A and B

Including

Financial Feasibility Projection



Utility Department

1291 Greensboro Highway

Watkinsville, Georgia 30677

September 22, 2017

Contact: B. Wayne Haynie, P.E., Director

[www.oconeecounty.com](http://www.oconeecounty.com)

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# Engineering Report

## Overview

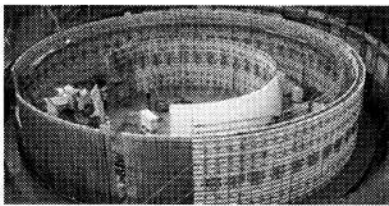
This report accompanies the Official Statement and serves to complement and append, adding context to the many statistics and numbers presented in the Statement. The purpose of the Engineering Report is to further describe the project needs and the System's capacity to attain and repay revenue bonds secured by the revenue of the System, as the primary source of funding for the projects.

## Executive Summary – Key Projects

With the fiscal year 2017 budget, the Oconee County Board of Commissioners authorized the design and construction of certain water and wastewater projects as part of the Utility Departments Capital Improvements Program.

Included in that program are the following:

- Calls Creek Water Reclamation Facility (WRF) Upgrade to 1.5 MGD
  - Northwest Pressure Zone Water System Improvements



*Common wall, circular aeration basins will add needed treatment capacity at Calls Creek plant.*

### Calls Creek WRF Upgrade to 1.5 MGD

A portion of the proceeds of the Series 2017A Bonds will be used for the purpose of financing or refinancing the costs of renovating and improving the Calls Creek Wastewater Reclamation Facility (the "Calls Creek WRF") and acquiring, constructing and installing other water and sewer facilities and equipment (the "Projects"). The expected completion date of the total Projects is December 31, 2018.

Based on existing wastewater flows and long range flow forecasts from the *Water Demand and Wastewater Water Demand and Wastewater Flow Forecasts through 2050*, the County authorized construction of the upgrade in February 2017 with Notice to Proceed on construction on May 1, 2017. A design / build contract was executed with Crowder Construction, Inc., Conyers, Georgia, for a not-to-exceed amount of \$13,382,491.00. The construction phase is divided into two phases, with Part 1 consisting of 1.5 MGD of firm treatment capacity scheduled to be commissioned approximately 1-year from the notice-to-proceed, in August 2018. The balance of the project will follow within 460 days of the notice-to-proceed.

The Projects include the renovation and improvements of the existing Calls Creek WRF from its currently permitted 0.67 MGD to 1.5 MGD. Such renovation and improvements include the following key elements:

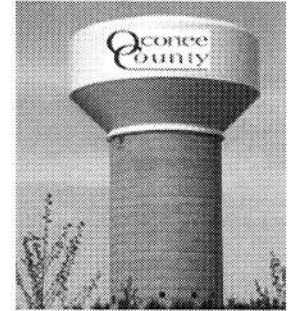
- Upgrade influent pumping station to 7.5 MGD Peak Flow;
- Chemical feed systems for phosphorus removal and pH / alkalinity control;
- 1.5 MGD biological treatment system with associated tankage and aeration equipment;
- Ultra-violet disinfection system;
- Effluent flow monitoring flume;
- Upsized effluent pipeline;



- Conversion of existing 0.5 MG gallon aeration basin into solids holding tank;
- Bio-solids dewatering building including screw press;
- Two nominal 60-foot diameter secondary clarifiers;
- Final filtration including duplex, tertiary disk filters;
- Septage receiving station for processing of septic waste from regional septic haulers.

## Northwest Pressure Zone Elevated Storage Tank

In addition to the improvements to the Calls Creek WRF, a portion of the proceeds of the Series 2017A Bonds will be used for the purpose of financing or refinancing the costs of acquiring, constructing and installing an additional elevated water storage facility known as the Northwest Oconee Pressure Zone, which includes a 250,000 gallon elevated storage tank, a booster pumping station and associated water line connections. Such elevated water storage facility will be constructed for the purpose of providing acceptable system pressure and fire flow for the planned Dove Creek Elementary School, located in the northwest part of the County (the Storage Tank Project).



*The Project will be constructed over approximately 15-months, beginning in late 2017 with completion in March 2019.*

The addition of 250,000 gallons of elevated storage at the NW Pressure Zone, in combination with a 750,000 gallon Watkinsville tank in 2019, will increase the Systems storage to approximately 1-day's average demand or 2.75 MG.

## Background

### History

Oconee County covers approximately 186 square miles and is located in Northeast Georgia approximately 60 miles east of Atlanta. Georgia's 137th county was created by a legislative act in 1875 from part of western Clarke County. Oconee County was named for the river flowing along part of its eastern border which comes from a Native American word meaning "spring of the hills." The County came into existence due to the fact that Clarke County's seat was Watkinsville, but was changed to Athens in 1871. Due to demands from western Clarke County residents (now Oconee County), the new Oconee County was created and the county seat was re-established in Watkinsville.

### The Systems

The System(s) were officially created in 1989 with the transfer of all of the assets and liabilities of the Oconee Utility Authority (the "Authority") to the Board of Commissioners (County). The Authority was created by an Act of the General Assembly of the State of Georgia in 1981, which act was repealed in 1989. The facilities comprising the System date to the late 1930's when the original plans for the City of Watkinsville's water and sewerage system were developed. The City of Watkinsville system was upgraded during the 1960's and further expanded in 1986 with the construction of the Calls Creek Water Reclamation Facility (formerly the Calls Creek Water Pollution Control Plant), an activated sludge wastewater treatment plant (the "Calls Creek WRF"). The operations of the City of Watkinsville system were transferred to the Authority in 1984 and the assets were transferred to the System in 1989. Since 1990, the County has expanded its systems by financing and constructing strategic capital improvements and accepting as contributed capital, both water and sewer system infrastructure financed and constructed by private developers.

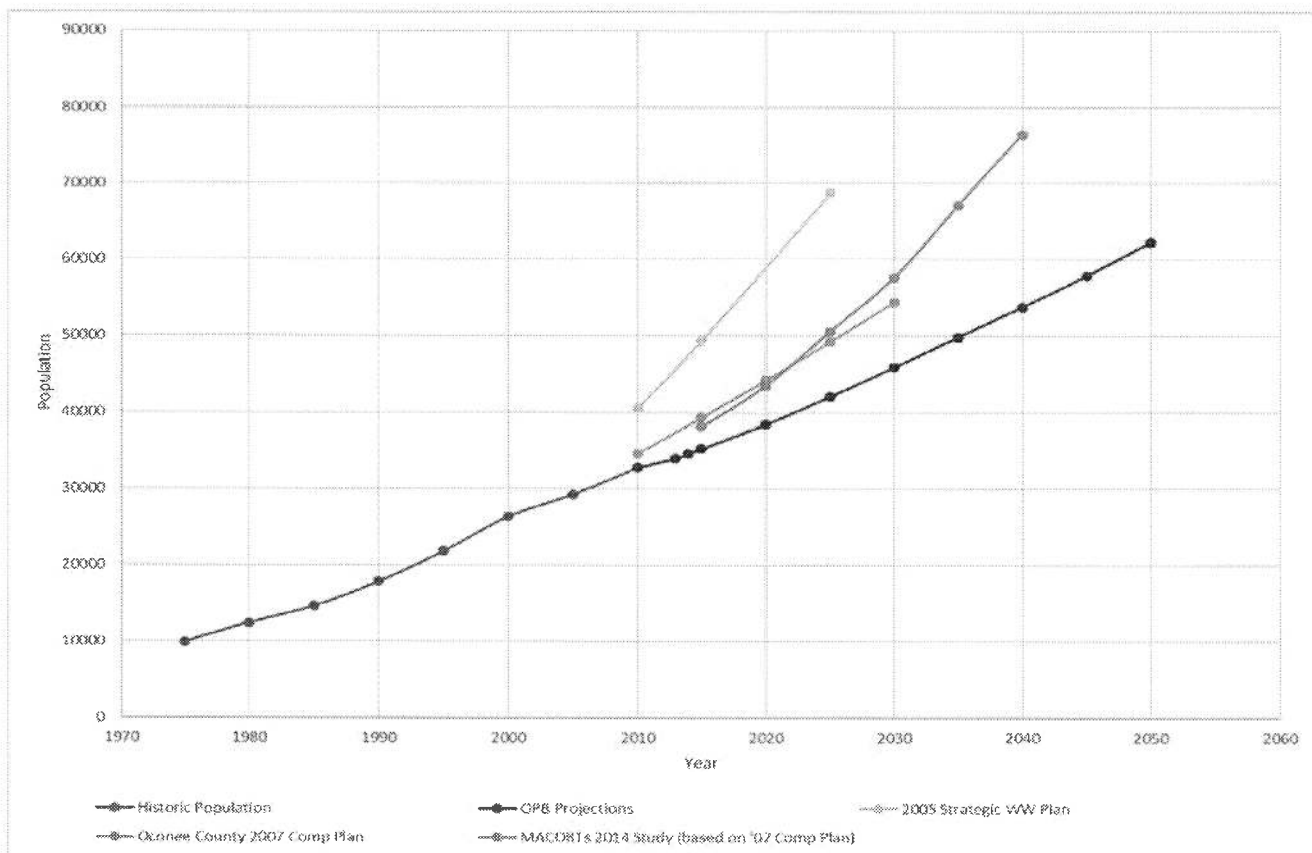
## Growth

### Population

Population growth is directly linked to additional water supply and wastewater treatment needs. Except for industry, manufacturing or processing, water demands and wastewater flows are directly related to the population served. Historical population data from the decennial census for 2010 were obtained for this report, along with population estimates for years 2011 through 2015 developed by the US Census Bureau.

Oconee County population forecasts through 2050 were obtained from the State of Georgia Office of Planning and Budget (OPB); these are the same forecasts the State of Georgia Environmental Protection Division (EPD) used for the State Water Plan Update, completed in June 2017. Figure 1 shows the OPB population forecasts compared to earlier studies developed for the County (2005 Wastewater Strategies, 2007 Oconee County Comprehensive Plan and the 2014 Madison-Athens Clarke-Oconee Regional Transportation Plan, MACORT). As seen in Figure 1, the 2015 OPB projections, which consider the 2008 economic downturn and development pattern shifts, are more modest than previous studies and estimates. Illustrating the impact of the 2008 Great Recession on the region's growth, the 2005 Wastewater Strategies report forecast the 2025 population to be higher than the OPB's 2050 population.

**Figure 1. Oconee County: Comparison of Population Forecasts**



While the overall population forecasts are important, it is also vital for planning to identify where people are located and will be located within the County. Population and geospatial data were obtained for census blocks within Oconee County from the U.S. Census Bureau. The Census Block Group data is aggregated into watershed basins based on United States Geologic Survey (USGS) Hydrologic Unit Code basin delineations (HUC-12 boundaries). The basin boundaries within Oconee County are shown in Figure 2.

**Figure 2. Oconee County Watershed Basins**

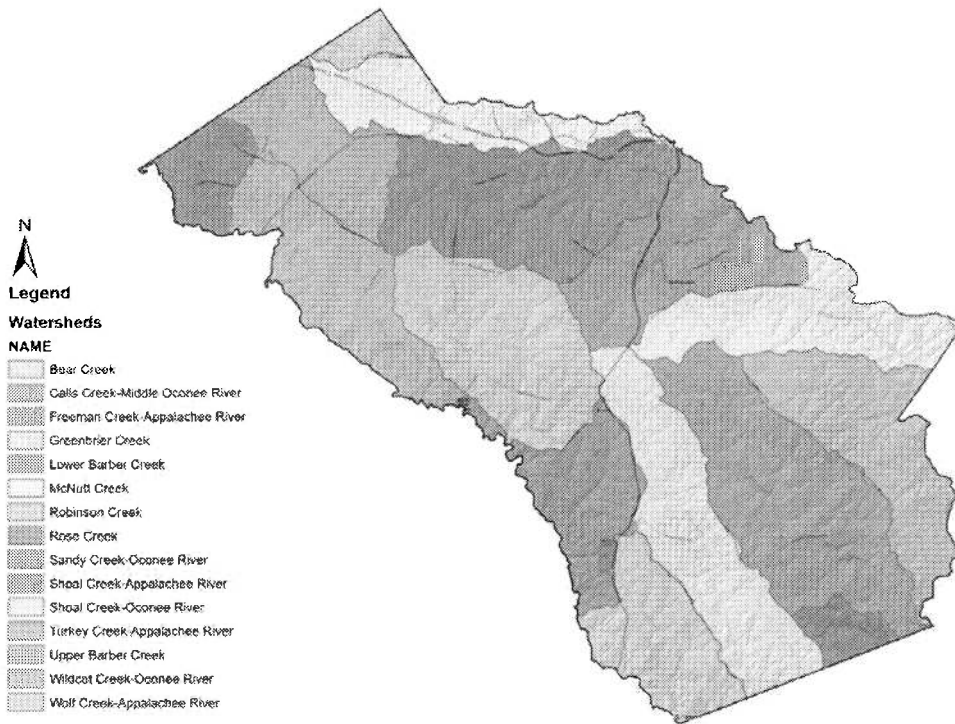


Table 1 provides a summary of the population forecasts in each HUC-12 Basin. According to the 2015 Population Estimates, the total population was approximately 35,300 with an average of 2.81 people per household. Oconee County is expected to continue to experience modest, but steady population growth as a regional employment center with excellent schools, recreational amenities, and efficient transportation links to both Athens and Metro-Atlanta.

**Table 1. Population Forecasts by Basin**

Basin Name	Pop Estimate (Total by OPB)	Population Projections (Total by OPB)						
	2015	2020	2025	2030	2035	2040	2045	2050
Bear Creek	853	930	1,017	1,110	1,205	1,301	1,399	1,506
Calls Creek-Middle Oconee River	6,652	7,260	7,934	8,659	9,403	10,148	10,915	11,750
Freeman Creek-Appalachee River	602	657	718	784	851	918	988	1,063
Greenbrier Creek	1,099	1,199	1,310	1,430	1,553	1,676	1,803	1,940
Lower Barber Creek	8,656	9,446	10,322	11,268	12,235	13,204	14,203	15,289
McNutt Creek	4,767	5,202	5,685	6,205	6,738	7,272	7,822	8,420
Robinson Creek	3,656	3,989	4,359	4,759	5,167	5,577	5,998	6,457
Rose Creek	1,133	1,236	1,351	1,475	1,601	1,728	1,859	2,001
Sandy Creek-Oconee River	99	108	118	129	140	151	162	175
Shoal Creek-Appalachee River	573	625	684	746	810	874	941	1,012
Shoal Creek-Oconee River	1,673	1,826	1,996	2,178	2,365	2,553	2,747	2,956
Turkey Creek-Appalachee River	1,995	2,177	2,379	2,597	2,820	3,043	3,274	3,524
Upper Barber Creek	2,135	2,330	2,546	2,778	3,017	3,256	3,502	3,771
Wildcat Creek-Oconee River	924	1,009	1,102	1,203	1,307	1,410	1,517	1,633
Wolf Creek-Appalachee River	448	489	535	583	634	684	735	792
<b>Total</b>	<b>35,265</b>	<b>38,483</b>	<b>42,056</b>	<b>45,904</b>	<b>49,846</b>	<b>53,795</b>	<b>57,865</b>	<b>62,289</b>
<i>Annual Growth Rate</i>		1.8%	1.9%	1.8%	1.7%	1.6%	1.5%	1.5%

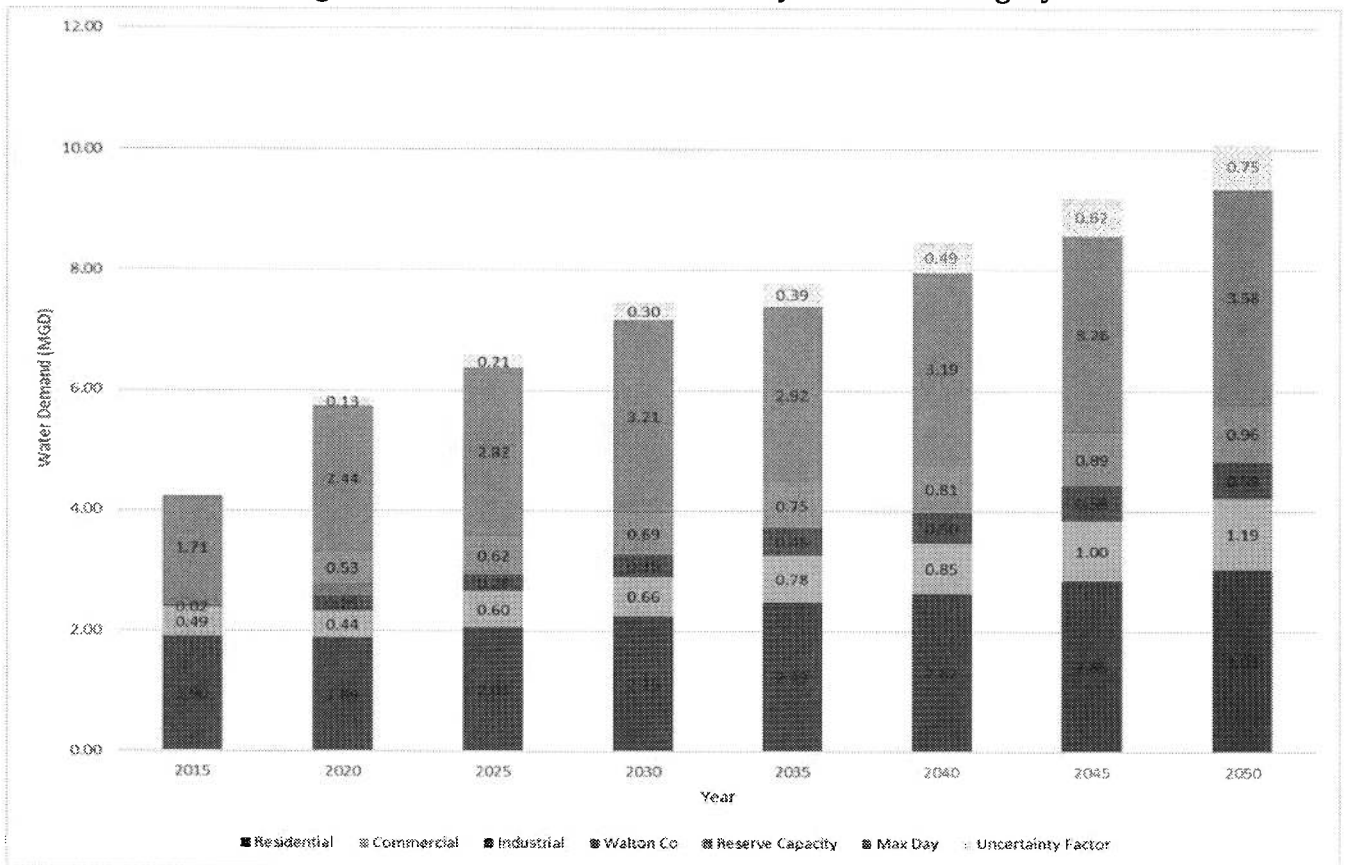
## Water Demand Forecasts

Oconee County currently provides water service to approximately 10,700 connections (customers). Based on water billing records from January 2014 through June 2017, there are approximately 7,600 residential customers and 3,100 commercial, industrial and institutional customers. Approximately 70% of customers are residential resulting in nearly 60% of the Oconee County population with water service based on population statistics of 2.81 persons per residential connection. The one significant industrial water customer is Ameripride Services, Inc., located in Watkinsville.

### Future Projections by Customer Category

As determined in the County's updated Water and Wastewater Master Plan, Figure 3 summarizes the water demand forecasts by customer category.

**Figure 3. Water Demand Forecasts by Customer Category**



The County's planning process identified gaps in existing treatment capacity and future water demands. Permitted water supply and treatment capacity is on a maximum day basis. Similarly, Figure 4 describes the Demand Forecasts expressed as the need for additional treated water capacity. Figure 4 compares the maximum day water demand forecasts to the maximum day water supply available from the Upper Oconee Water Basin Authority (UOBWA). As seen on Figure 4, the available water supply should be sufficient through 2045, at which point additional water supply will be needed from either the Hard Labor Creek Reservoir or from purchase of water supply from another UOBWA member.

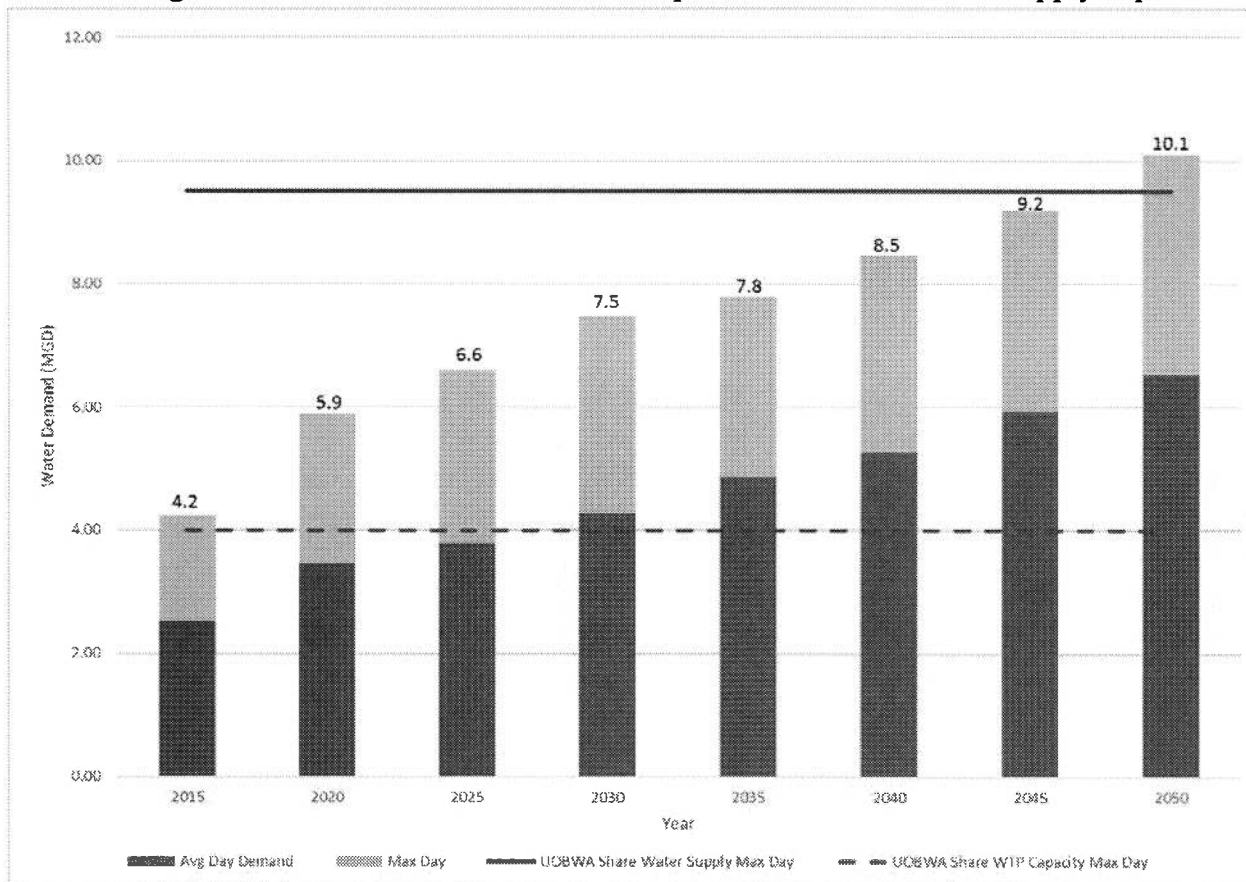
**Figure 4. Water Demand Forecasts Compared to Treatment and Supply Capacities**

Figure 4 also presents Oconee County's share of the current maximum day capacity of the UOBWA's Bear Creek Water Treatment Plant, which is 4.0 MGD. Oconee County has a need for additional treated water capacity within the next few years. Conversations with other UOBWA members who have excess capacity are underway to obtain additional treated water.

The UOBWA water treatment plant is expandable to 42 MGD, and, if the current entitlement share is used, this would result in 8 MGD of available water treatment capacity for Oconee County. The water demand forecasts indicate the 8 MGD of treatment capacity will be exceeded between 2035 and 2040. However, discussions about the entitlement share of future water treatment capacity needs to occur as Barrow and Jackson Counties are using far less than the entitlement share and may be willing to consider other options for the future.

Oconee County proactively joined with Walton County to build the Hard Labor Creek Reservoir, from which additional water supply may be obtained in the future. The next steps of the master planning process will develop and compare water supply and treatment options in sufficient detail to develop cost estimates and make recommendations to meet the future water needs of Oconee County.

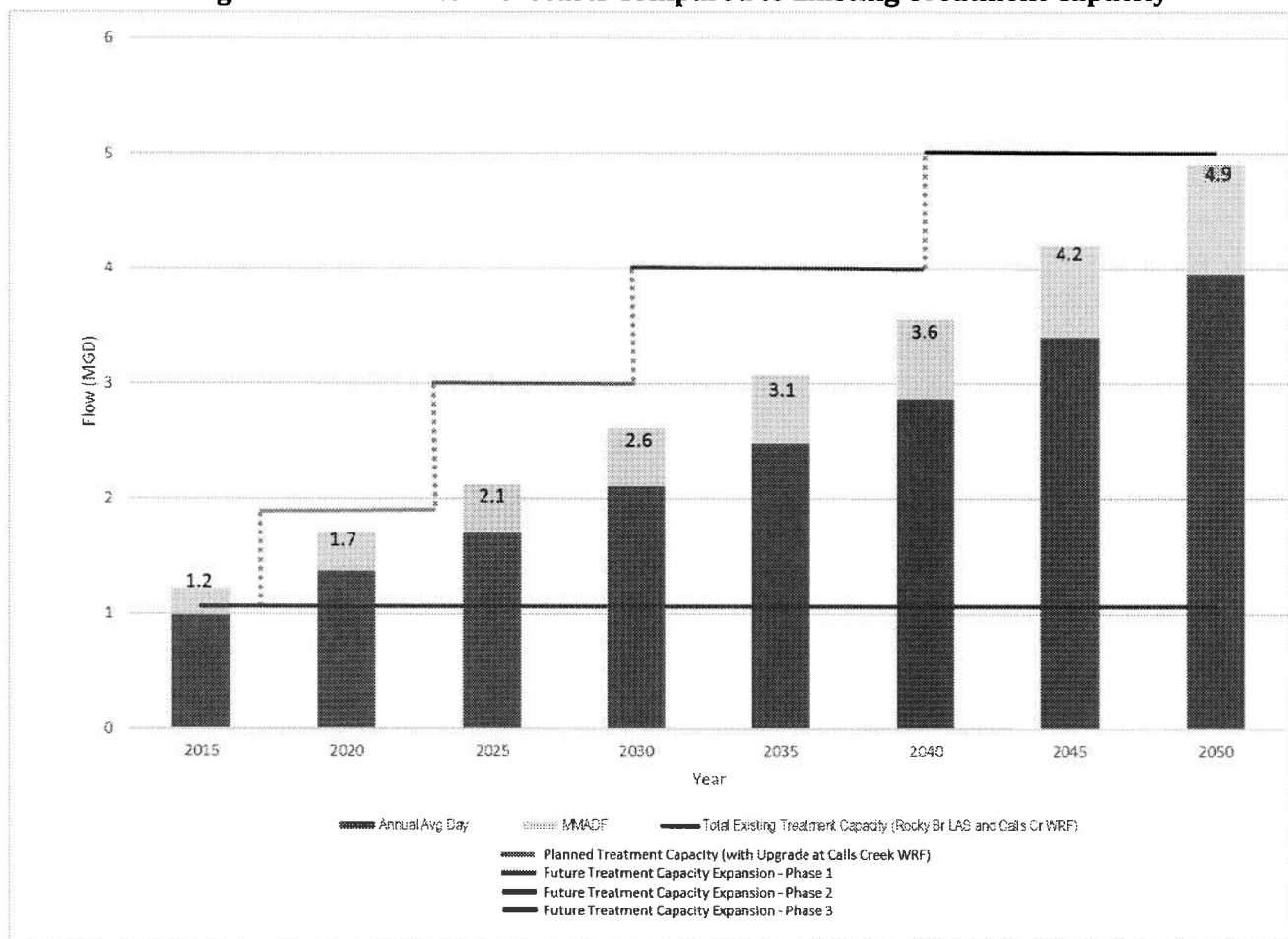
### Wastewater Flow Forecasts

Oconee County currently provides wastewater service to approximately 2,400 customers. Based on billing records from 2014 through June 2017, there are 1,730 residential customers and 710 non-residential customers (commercial/institutional) and two significant industrial customers, Benson's Bakery and Ameripride Services, Inc., located in the Cities of Bogart and Watkinsville, respectively.

Two facilities provide wastewater treatment in Oconee County, the Calls Creek Water Reclamation Facility (WRF) just inside the Watkinsville City Limit, and the Rocky Branch Land Application System (LAS), located on the growing unincorporated western side of the County, near the Eastville Community. Calls Creek WRF is permitted to discharge 0.667 million gallons per day (MGD) on a monthly average, (also known as maximum month average day) basis to Calls Creek. EPD has given tentative concurrence with the Design Development Report to expand Calls Creek WRF to 1.5 MGD; a design-build expansion of the facility is underway. The Rocky Branch LAS is permitted to treat and subsequently land-apply up to 0.400 MGD on a MMAD basis. Rocky Branch LAS also has attached an inactive 1.0 MGD discharge permit to Barber Creek, recently renewed in 2017 and expiring in May 2022.

As determined in the County's updated Water and Wastewater Master Plan, Figure 5 summarizes the wastewater flow forecasts by cumulative capacity need. The Master Plan identified gaps in existing treatment capacity and future flows. Permitted treatment capacity is on a maximum-month, average-day basis. Figure 5 provides a comparison of flows on a maximum month average day and current treatment capacity. Phasing for future expansions is also indicated.

**Figure 5. Wastewater Forecasts Compared to Existing Treatment Capacity**



## System Conditions

### Overview

The County's *Water and Wastewater Systems Ordinance*, adopted in February 4, 2003, provides the legal framework for which all regulatory, procedural and commercial business is conducted by the System. Under the County's *Water and Wastewater Standards Ordinance*, adopted originally December 19, 2000, and later updated January 4, 2011, all water and sewerage facilities and improvements, both public and private, within the jurisdiction of the County, including water lines, sewers, ground water wells, plants, pumping stations, force mains, and other equipment, must be designed, constructed, and conveyed to the County as capital assets.

The Water and Wastewater Systems operate as described in the following two subsections.

### Water

Finished (potable and drinking) water is supplied to the 10,950 customers of the System through 290 miles of transmission and distribution main. The water system's pressure datum is generated by the Upper Oconee Basin Water Authority's high service pumping station located at the Bear Creek Water Treatment Plant located in Jackson County. That pumping station is backed up by natural gas fired generators, in case of emergency. Oconee County imports approximately 96% of its water from the UOBWA into the Oconee County transmission pipeline, sending the finished water to its elevated storage reservoirs.



The elevated storage reservoirs, equaling 1.75 MG, currently store approximately one-half day's average daily demand. The addition of the 250,000 gallons of elevated storage at the NW Pressure Zone, in combination with a 750,000 gallon Watkinsville tank in 2019, will increase the Systems storage to approximately 1-day's average demand or 2.75 MG.

The elevated storage tanks allow the County to operate three pressure zones based on 1010-, 974-, and 920-foot mean sea level, matching the system working pressure to the topography through the distribution system. Matching the working pressure to the topography optimizes pressurization of the distribution system, providing most customers with a desirable 60 to 70 psi working pressure, while reducing the effects of leaks, and conserving water at the customer interface.

### Wastewater

Wastewater generated by the 2,400 customers of the system is collected and transported to the treatment plants by 84 miles of gravity sanitary sewers and force mains. Thirty-five pumping stations are used to lift the wastewater across the topography on the routes to the treatment plants. The County treats wastewater at its two plants, the Calls Creek WRF located in Watkinsville, and at the Rocky Branch Land Treatment Facility (LAS), located in the Eastville community, near Bogart.

The current permitted design capacity of Calls Creek WRF is 0.667 MGD. In 2016, the County received a Waste Load Allocation from Georgia EPD to prepare to expand Calls Creek WRF to 1.5 MGD. The 1.5 MGD Upgrade is underway and will be commissioned in August of 2018. The LAS was commissioned into service in July, 2002. This facility was initially permitted for 200,000 gallons per day ("GPD"), and was later re-rated to a handle a capacity of 400,000 GPD. In 2017, Georgia EPD approved the County's construction plans to improve and optimize the design capacity of the LAS facility. Those improvements are underway and should be commissioned by March 2018.

## Management Focus and Activities

The following narratives provide an overview of the key focus areas of the management team and how the system operates the system on a day to day basis.

### Operations

The management team is structured as illustrated in Figure 6. Daily operations are overseen by the Director and Assistant Director, with priority focus on the three following areas.

- Water Business Office
- Operations and Maintenance
- Engineering

The management team and staff possess licenses and credentials required by the State of Georgia and EPD for operation and management of public water and sewer systems. Table 2 describes said qualifications.

### Improving Revenue

With the improving economy in 2015, Utility Department saw impressive growth in rate revenue and capacity charges in Fiscal Years 2016 and 2017. However, it was not that far in the past that this situation was not the case.

Oconee County, along with the rest of North Georgia, experienced a crippling drought in 2007 – 2008, now recorded as the State's Record Drought. Combined with the Great Recession of 2008, this two-fold economic collapse shut down much of the pre-recession revenue sources including capacity charges and rate revenues, rate revenue trimmed substantially due to local and State mandated reductions in water consumption.

Although the Great Recession was declared over in June 2009, the economic picture in Oconee County began to move in a positive direction in approximately 2014 as commercial development began to return. In order to obtain an independent review of the financial capacity of the system, the Department commissioned a Comprehensive Water and Wastewater Rate Study and development of a Financial Model in 2016. That Study was completed in 2017 and forms the basis of the financial projections contained later in this Report.



*Meter change-out programs from 2006 – 2010 improved on unbilled water.*

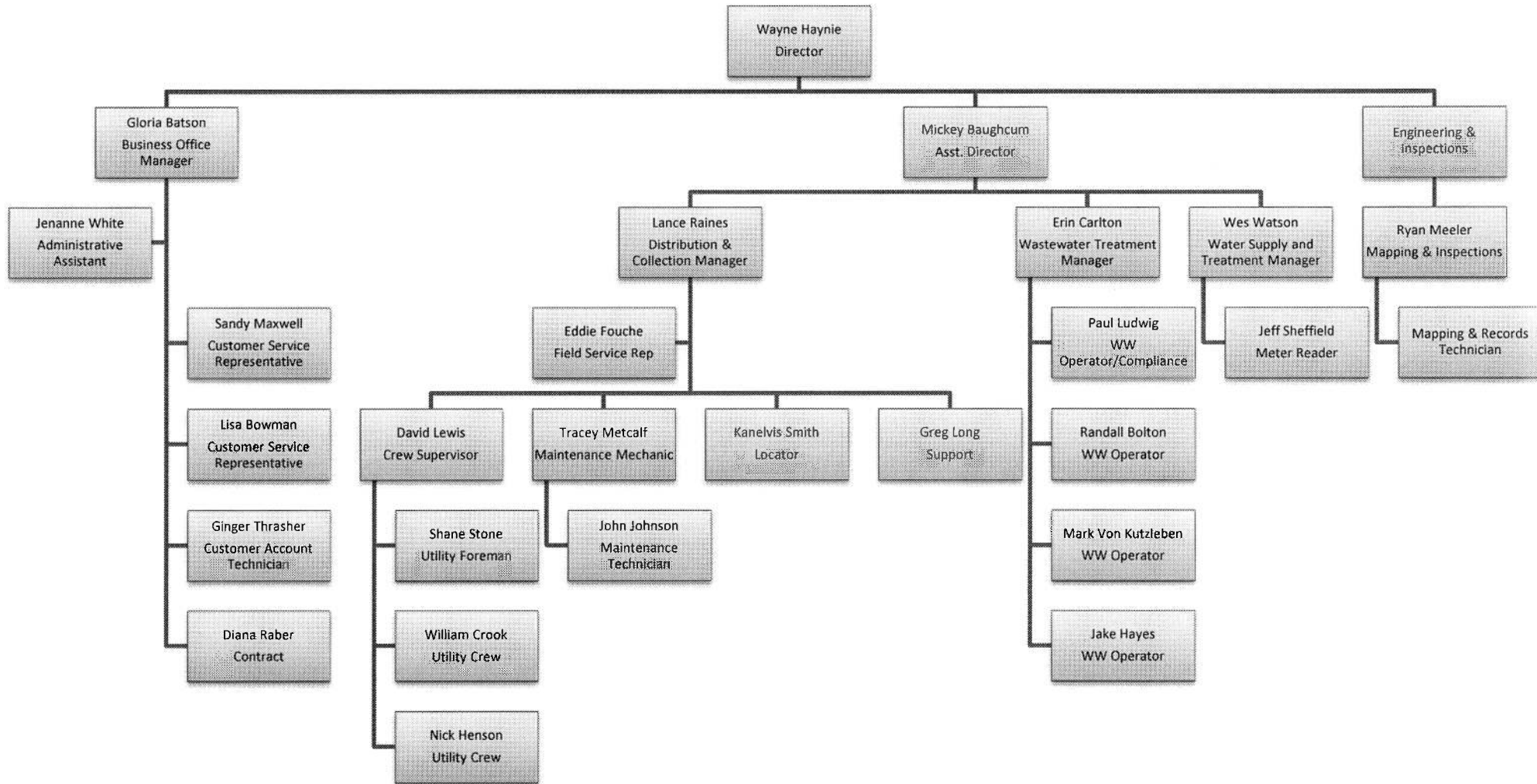
In addition to water and sewer rate increases for 2018 through 2021, target recommendations from the Rate Study include the following best management practices concerning cash reserve targets and ratios:

- Cash Reserves: Operating Funds = 90 Days of Operating Expenses
- Cash Reserves: Capital Funds = 2% of Gross Assets
- Net Revenue Equal to or Greater Than 150% of Annual Total Debt Service
- Net Revenue Plus Debt Equal to or Greater Than 70% of Depreciation
- Outstanding Debt to Depreciated Assets Equal to or Less Than 50%

Our financial model will strive to incorporate these best management practices over the coming years, with the FY 2018 Budget beginning to reserve greater cash reserves to cover unforeseen operations and maintenance expenses, and to set aside capital reserves for renewal and replacement. The FY 2018 Budget recognizes a significant increase in FY 2017 Revenue attributed to the growth in customer numbers realized in 2016 and 2017.



Figure 6. - Management Structure



**Table 2. Staff and Qualifications**

<b>Name and Position</b>	<b>Licenses and Certifications</b>	<b>Date of Hire</b>
<b>Wayne Haynie Director</b>	Professional Engineer State of Georgia, Florida	8-10-2015
<b>Donald M. Baughcum Assistant Director</b>	Class I Water Operator Class III Wastewater Operator Water Laboratory Analyst	7-28-1998
<b>Jenanne White Administrative Assistant</b>	Administrative Assistant Certified	9-06-2005
<b>Gloria Batson Business Office Manager</b>	Master's Degree Business Administration	6-13-2016
<b>Ryan Meeler Utility Inspector</b>	Distribution Certified Collections Certified Erosion Control Level 1b	6-04-2001
<b>Erin Carlton Wastewater Supervisor</b>	Class I Wastewater Operator	10-12-2015
<b>Paul Ludwig Environmental Compliance</b>	Class I Wastewater Operator	12-28-2010
<b>Mark VonKutzleben Wastewater Operator II</b>	Class III Wastewater Operator	3-10-2014
<b>Jake Hayes Wastewater Operator II</b>	Class III Wastewater Operator	5-9-2016
<b>Randy Bolton Wastewater Operator II</b>	Class III Wastewater Operator	4-1-2016
<b>Lance Raines D&amp;C Supervisor</b>	Distribution Certified Collections Certified Erosion Control Level 1a	7-3-2000
<b>David Lewis Asst. Supervisor Utility Worker II</b>	Distribution Certified Erosion Certified	7-10-2006
<b>Shane Stone Utility Worker II</b>	Distribution Certified Erosion Certified	4-12-2012
<b>Eddie Fouche Utility Worker I</b>	Distribution Certified Collections Certified	9-04-2007
<b>Greg Long Utility Worker III</b>		11-19-2007
<b>Nick Hensley Utility Worker III</b>	Bachelors - Criminal Justice	6-13-2016
<b>Tracie Metcalf Maintenance Supervisor</b>	Collections Certified Erosion Certified	9-29-2014
<b>John Johnson Utility Worker III</b>		4-21-2017
<b>Kanelvis Smith Utility Worker III</b>		7-15-2015
<b>Will Crook Utility Work III</b>		8-2-2017
<b>Wes Watson Water Supervisor</b>	Class II Water Operator	9-12-2012

<b>Jeff Sheffield</b> <b>Water Operator III</b>	Distribution Certified Erosion Certified	12-3-2010
<b>Ginger Thrasher</b> <b>Accounts Technician</b>	Assoc. Degree Accounting Water Laboratory Analyst	11-22-2004
<b>Sandy Maxwell</b> <b>Customer Service Rep.</b>		3-31-2008
<b>Lisa Bowman</b> <b>Customer Service Rep.</b>		6-12-2017

## Operation & Maintenance Expenses

The FY 2018 Operations and Expense Budget recognizes significant growth in several areas, including the following key areas:

- Wholesale water purchases from UOBWA to cover customer growth;
- Additional staffing including Assistant Engineer; and,
- Capital Expense Reserves for Water & Wastewater Renewal and Replacement.

## Planning

The Department commissioned an update of the 2006 Wastewater Strategies in 2016. In July of 2017, the Water and Wastewater Master Plan Update was completed, covering long range water demands, wastewater flow projections and recommended alternatives for water and wastewater treatment capacity through year 2050. A portion of these projections are presented in Figures 3 through 5 in the paragraphs above. The Board of Commissioners will review and discuss this Update in October 2017, with a subsequent vote on general acceptance of the plan before calendar year 2018.

## Innovation

FY 18 will include innovations in technology including the following:

- Pilot project – Advanced Metering Infrastructure: Advanced meters, capable of sending customer consumption information over the internet, will be implemented in the commercial corridor along Epps Bridge Parkway in calendar year 2018.
- Automated meter functions: Following suit with the AMI functions, on / off, life-line flow functions, and cut-offs will be implemented on pilot and other metering locations of interest.
- Mapping & asset management: Expanding the Department's outreach to the private sector for expertise, the System will request qualifications from consultants specializing in asset management in 2018. A plan for the development of an asset management program will be requested.

## Regulatory Oversight

Regulatory oversight of the Water and Wastewater Systems falls under the State of Georgia Department of Natural Resources, Environmental Protection Division. The System has performed in such a fashion that it has received the Georgia Association of Water Professionals' Platinum Award for fifteen straight years. The award can be earned annually by systems that achieve zero violations of State Standards.

**Water System Sanitary Survey:** For the water system, EPD's Sanitary Survey is the triennial inspection for conformance with State standards for all water agencies.



*The System has earned  
Industry Platinum Award for  
15 years straight*

Oconee County's last inspection was on September 2, 2016 with the subsequent report of "in compliance" with the Georgia Rules for Safe Drinking Water.

**Water System Annual Audit:** Originating with the 2011 State Water Plan, Oconee County conducts and responds to EPD on the Annual Water Audit, an accounting of water use and stewardship of the County's water resources. Between calendar years 2015 and 2016, the most recent reporting period, Oconee County's water loss has been reduced by 2.4% or 3 million gallons. The calendar year 2017 audit period is currently in progress.

**Water Testing Laboratory:** Oconee County operates a State EPD Certified Water Testing Laboratory for the determination of Coliform and E-Coli Bacteria. The Laboratory's last certification inspection was performed January 9, 2017 and was found in compliance with EPD standards.

**Stage 2 Disinfectant and Disinfection Byproducts:** Regarding sampling for Trihalomethanes and Haloacetic Acids, which are linked to carcinogens, tests are conducted on a quarterly basis with the last sampling being performed on August 15, 2017. Results are calculated using an annual running average; Oconee County has maintained compliance since 2013, the inception date for the State's testing program.

**Lead and Copper Rule:** The latest Lead and Copper sampling occurred on July 1, 2016; all samples were found to be in compliance with State Requirements.

**Radiological Testing for Groundwater Wells:** Any system that utilizes groundwater or has a blend of groundwater in its supply is required to sample for radioactive elements. County wells were sampled in June 2006 and found to be in compliance with State Requirements. The next series of tests are planned for 2023.



*Georgia EPD approval of DMP allows UOBWA a process for opting out of statewide water restrictions based on sound science.*

### **Drought Management and Water Conservation Plans**

One of the greatest risks to North Georgia's water agencies is drought. Situated downstream on a relatively small stream, the Atlanta Metro area is very susceptible to moderate and prolonged drought. Although Oconee County is not dependent on the Chattahoochee River as is Metro Atlanta, we are mindful that the Oconee River system, our raw water supply, is fed by a rather small watershed.

Drought is impossible to contain as we cannot prevent the onset, or predict how long it will last. Water restrictions brought on by drought can pose the greatest risk to the annual revenue performance of the system. Drought can be managed however. Oconee County, with our regional partners in the UOBWA, developed an approach to manage drought where the effects are predicted early and the responses are graduated through a series of early steps designed to extend our ability to weather and survive the drought period with as little impact on revenue performance as possible.

The UOBWA adopted a Drought Management Policy and Contingency Plan (DMP) in March of 2016 that includes a unique Water Supply Model that forecasts the onset of drought by scoring the most widely accepted environmental, geological, and weather related data points, historical statistics, and forward looking probabilities. The Model is a decision tool which allows early adjustments in our drought response designed to extend remaining days of water supply in our reservoir.

The Plan and Model were reviewed and approved for use by the Georgia EPD for our region on March 16, 2016. EPD's concurrence letter is contained in the Appendix. Oconee County adopted the UOBWA Drought Management Policy and Contingency Plan with our own local legislation entitled Drought Water Conservation Ordinance in October 2016.

Oconee County's Water System operates under the Department's Water Conservation Plan, last updated in November 2013 and currently being updated.

## **Capital Improvements Plan**

The Department maintains short or tactical, medium, and long range forecasts for Capital Improvements for years 2017 through 2022 and beyond.

Tables 3 and 4 are short range, working summaries of projects included in the 2017-2018 Water & Wastewater Capital Improvements Plan. The Department uses these more detailed plans, including gross cash flow projections, to complete the annual budget and assist the Finance Department with projecting funding needs and cash flow projections. Projects contained in the Series 2017 Bond Issue are contained in these tables. The tables include spillover capital expenditures from FY 16 through FY 19.

Table 5 is a more strategic, 10-year forecast adopted by the Board in previous years to illustrate high level project projections. Annually, the Department reviews the long term plans, reviewing project priorities and funding levels, then adjusts the short term plans as needed.

Figures 7 and 8 illustrate the projects contained in Table 5 in a graphical fashion.

**Table 3. FY 2017-2018 Water System Improvements**

FY 2017 - 2018 Water System Improvements								
Project Description	Proposed Funding Source	GEFA Loan	Estimated Cost	FY Total 2016	FY Total 2017	FY Total 2018	FY Total 2019	Total
<b>Water System</b>			\$ -	\$ -	\$ -		\$ -	\$ -
2017 Water System Drought Resiliency Projects			\$ -	\$ -	\$ -		\$ -	\$ -
Watkinsville 0.75 MG Elevated Storage Tank			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	Water Availability Fees		\$ 3,200,000	\$ -	\$ -	\$ 300,000	\$ 2,900,000	\$ 3,200,000
Design	Water Availability Fees		\$ 130,000	\$ -	\$ -	\$ 95,000	\$ 35,000	\$ 130,000
Pressure Zone PRV Installations			\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000	\$ 400,000
Pressure Zone Water Main Extensions			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Union Church Road Closure			\$ 85,000	\$ -	\$ -	\$ -	\$ 85,000	\$ 85,000
Rays Church Road Extension			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Thrasher Drive / White Street Water Line Replacements			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	Renewal & Replacements		\$ 680,000	\$ -	\$ -	\$ 680,000	\$ -	\$ 680,000
St. Marys Highland Hills Water Main Extension			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Engineering	SPLOST		\$ 10,000	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Construction	SPLOST		\$ 200,000	\$ 190,000	\$ 10,000	\$ -	\$ -	\$ 200,000
NW Oconee Pressure Zone Imp 0.25 MG Storage Tank			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	2017 A Bonds		\$ 1,965,000	\$ -	\$ -	\$ 1,075,000	\$ 890,000	\$ 1,965,000
Design & Construction Phase Services			\$ 110,000	\$ -	\$ -	\$ 110,000	\$ -	\$ 110,000
Barrow County / UOBWA Capacity Feasibility			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Walton County Interconnection Improvements (US 78 BPS)			\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000
Parkway Boulevard Water Main Extension			\$ 390,000	\$ -	\$ 390,000	\$ -	\$ -	\$ 390,000
Water Master Planning Study			\$ 40,000	\$ 25,000	\$ 15,000	\$ -	\$ -	\$ 40,000
Mars Hill Road Phase II Utility Relocations			\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000
Water Meter Replacements			\$ 235,000	\$ 35,000	\$ -	\$ 75,000	\$ 125,000	\$ 235,000
FY 2017 Water & Sewer Rate Study & Financial Model			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consultant	Operating Fund		\$ 27,000	\$ 25,000	\$ 2,000	\$ -	\$ -	\$ 27,000
<b>Totals</b>				\$ 285,000	\$ 417,000	\$ 2,335,000	\$ 4,985,000	\$ 8,022,000
<b>Totals</b>			\$ 8,022,000	\$ 285,000	\$ 417,000	\$ 2,335,000	\$ 4,985,000	

**Table 4. FY 2017-2018 Wastewater System Improvements**

FY 2017 - 2018 Wastewater System Improvements								
Project Description	Proposed Funding Source	GEFA Loan	Estimated Cost	FY Total 2016	FY Total 2017	FY Total 2018	FY Total 2019	Total
<b>Wastewater System</b>								
				\$ -	\$ -			
				\$ -	\$ -			
Calls Creek WRF Upgrade				\$ -	\$ -			
Phase II Services - Final Design & Construction	2017 A Bonds		\$ 13,400,000	\$ -	\$ -	\$ 12,000,000	\$ 1,400,000	\$ 13,400,000
Phase I Services - 80% Design & GMP Development	Capacity Fees		\$ 450,000	\$ 150,000	\$ 300,000	\$ -	\$ -	\$ 450,000
Owner Engineering / Const Mgmt	Capacity Fees		\$ 95,000	\$ -	\$ -	\$ 81,000	\$ 14,000	\$ 95,000
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rocky Branch LAS Sludge Removal	SPLOST		\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Rocky Branch WRF Feasibility	Operating Fund		\$ 25,000	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000
Rocky Branch LAS Aeration Equipment Purchase & Installation	Operating Fund		\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000
ACC Diversion - Phase I (Engineering)	SPLOST		\$ 155,000	\$ -	\$ -	\$ -	\$ 155,000	\$ 155,000
ACC Diversion - Phase I (Construction)	SPLOST		\$ 70,000	\$ -	\$ -	\$ -	\$ 70,000	\$ 70,000
McNutt's Creek Trunk Sewer Phase II	SPLOST		\$ 4,215,000	\$ -	\$ 1,635,000	\$ 2,580,000	\$ -	\$ 4,215,000
Easement Acquisition	SPLOST		\$ 508,000	\$ 2,000	\$ 406,000	\$ 100,000	\$ -	\$ 508,000
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Calls Creek Plant Outfall TO Middle Oconee			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Survey & Engineering	Operating Fund		\$ 105,000	\$ 25,000	\$ 80,000	\$ -	\$ -	\$ 105,000
Easement Acquisition			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer Collection System Infiltration & Inflow Reduction	Operating Fund		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016 Pumping Station Improvements	SPLOST		\$ 175,000	\$ 175,000	\$ -	\$ -	\$ -	\$ 175,000
Bogart Area Sewer System Improvements Planning & Construction	SPLOST		\$ 675,000	\$ 25,000	\$ 650,000	\$ -	\$ -	\$ 675,000
						\$ -	\$ -	\$ -
Wastewater Master Planning Study	Operating Fund		\$ 40,000	\$ 10,000	\$ 30,000	\$ -	\$ -	\$ 40,000
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Veterans Park Pumping Station and Force Main - Const	Operating Fund		\$ 585,000	\$ -	\$ -	\$ 585,000	\$ -	\$ 585,000
Design and Construction Phase Services	Operating Fund		\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FY 2017 Water & Sewer Rate Study & Financial Model	Operating Fund		\$ 27,000	\$ 25,000	\$ 2,000	\$ -	\$ -	\$ 27,000
			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Epps Bridge Road FM Design & Services During Construction	SPLOST		\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ 25,000
Epps Bridge Road FM Construction	SPLOST		\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000
<b>Totals</b>			\$ 22,725,000	\$ 462,000	\$ 3,128,000	\$ 17,496,000	\$ 1,639,000	\$ 22,725,000
<b>Totals</b>				\$ 462,000	\$ 3,128,000	\$ 17,496,000	\$ 1,639,000	







Figure 7. 10-Year Water System Strategic Plan

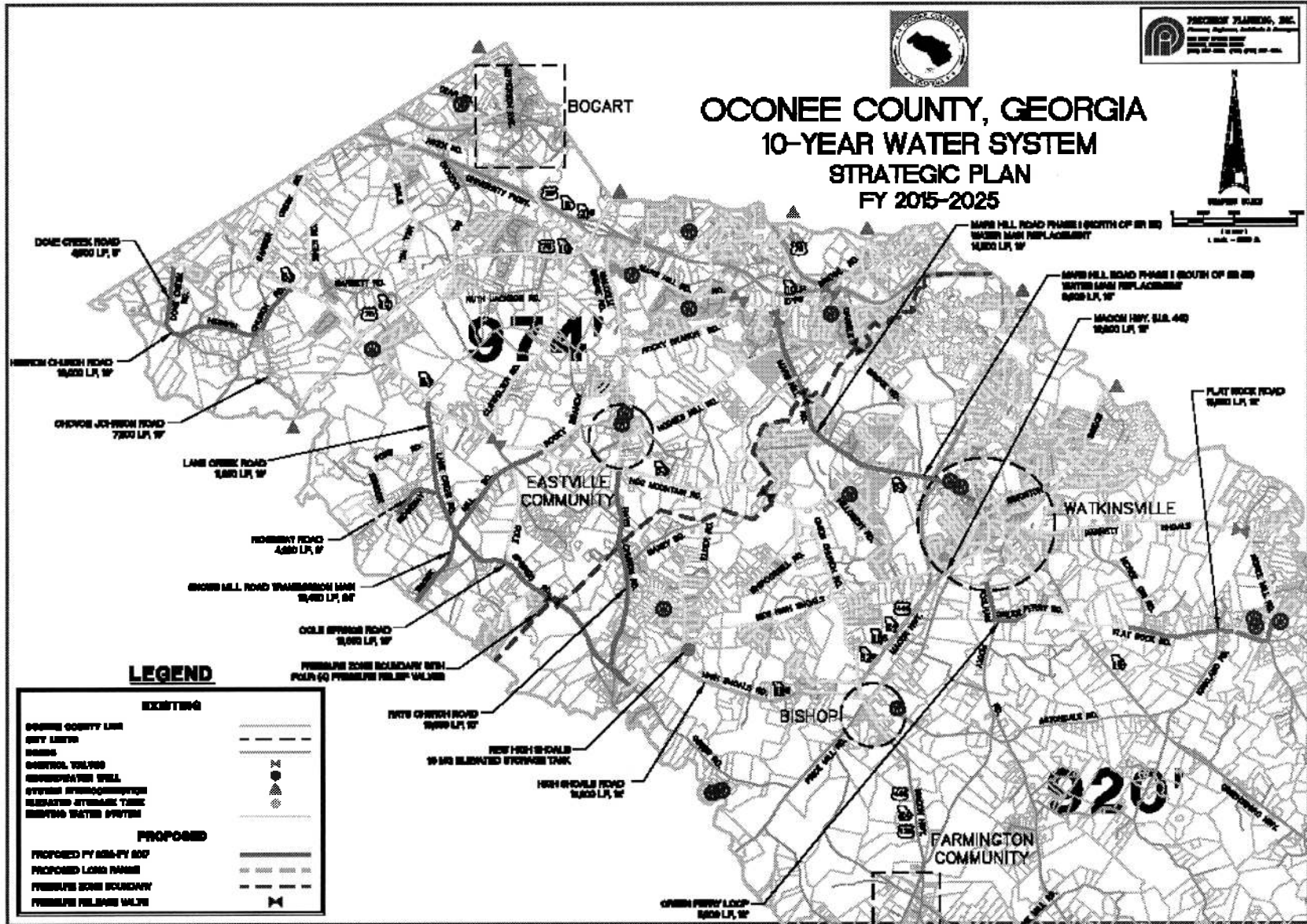
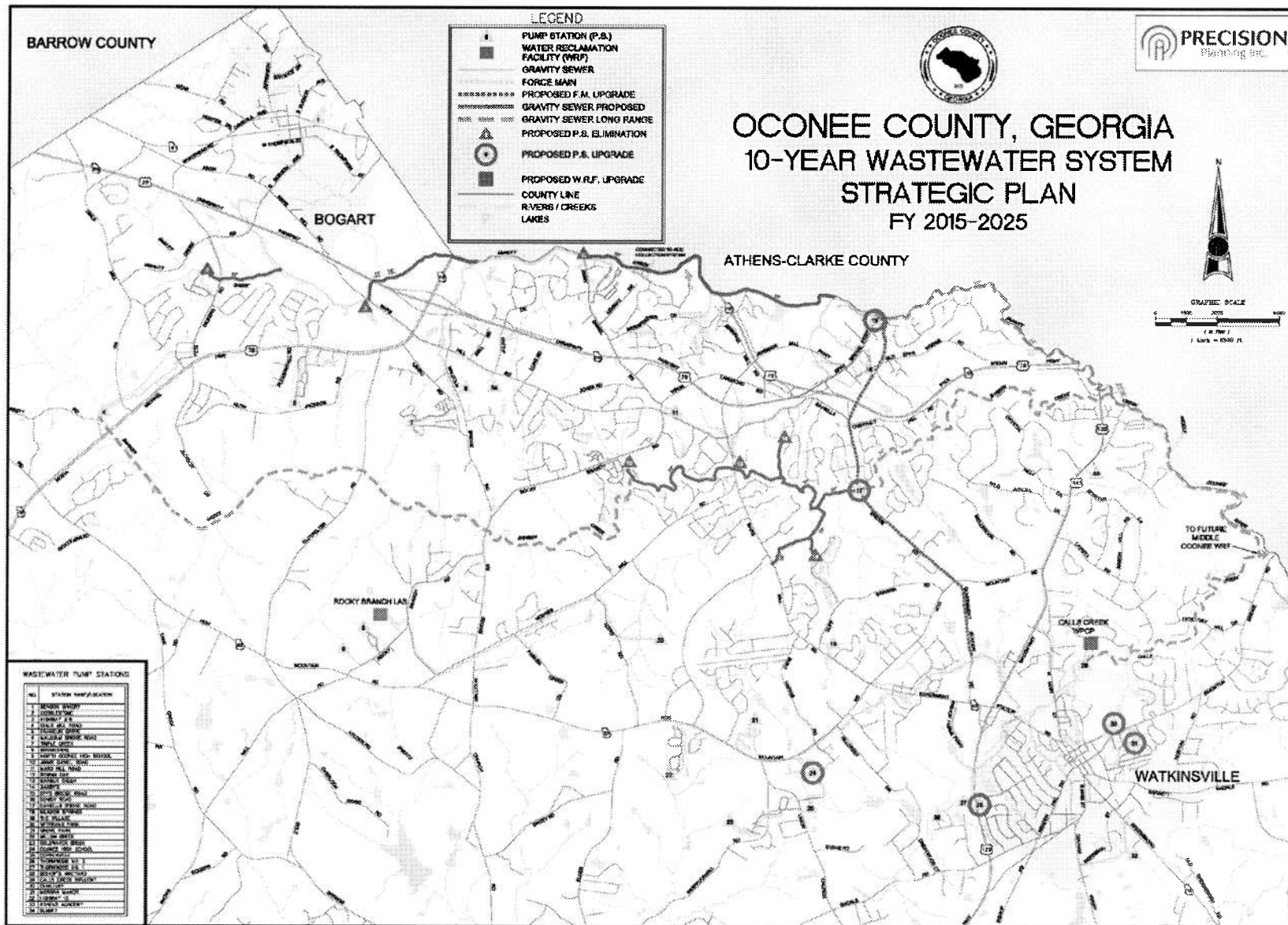


Figure 8. 10-Year Wastewater System Strategic Plan



# Appendix

## **Appendix A**

### **Drought Management Plan – EPD Concurrence Letter**

# Georgia Department of Natural Resources

Environmental Protection Division • Watershed Protection Branch  
2 Martin Luther King Jr. Drive • Suite 1152 East • Atlanta • Georgia 30334  
(404) 463-1511; Fax (404) 651-8455  
Judson H. Turner, Director

March 22, 2016

Mr. Melvin Davis  
Chairman, Upper Oconee Water Authority  
Chairman, Oconee County Board of Commissioners  
305 Research Drive  
Athens, Georgia 30605-2795

## **RE: Upper Oconee Basin Water Authority – Proposed Drought Management Policy/Contingency Plan**

Dear Mr. Davis:

This letter is in response to your Proposed Drought Management Policy/Contingency Plan (Policy/Plan) dated September 16, 2015 and related letters dated October 29, 2015 and November 3, 2015. As stated in these materials, the Policy/Plan is intended to update the Upper Oconee Water Authority's (Authority) Drought Contingency Plan, required to be approved by EPD in Rule 391-3-6(4)(b)9. The Policy/Plan includes a computer model and associated policy statement to facilitate proactive management of the Authority's water supply prior to and during drought events.

Based upon our review of the materials submitted, EPD agrees that the model is a positive step forward for proactive management of water resources. During our review EPD noted some aspects of the model that could be further improved, and we would be pleased to work with you if you are interested in doing so. Nonetheless, the model as proposed in the Policy/Plan is approved.

The Policy/Plan provides that the member governments will be required to reduce water use at varying levels under certain drought conditions. The Policy/Plan does not prescribe specific water use reduction measures, as those are left to the member governments. This is consistent with EPD Rule 391-3-30, which provides local governments broad discretion to craft their drought water use reduction strategies. However, in regard to restrictions on outdoor water use, the Water Stewardship Act (O.C.G.A § 12-5-7) requires a variance from EPD in order to implement any restrictions on outdoor water use that are either more stringent or less stringent than those imposed by the state. Therefore, except in cases of emergency, prior to implementing outdoor water use restrictions that differ from those imposed by the state, local government members of the Authority must first apply for and obtain a variance from EPD. In case of an emergency which immediately threatens the public health, safety, or welfare a member government may impose more stringent restrictions on outdoor water use without first obtaining a variance; provided, however, that such emergency restrictions shall be valid for a period not exceeding seven days unless a variance is subsequently granted by EPD.

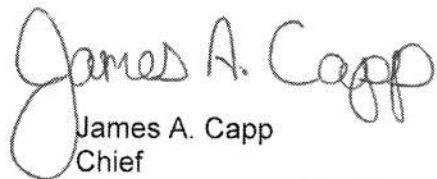
Please note that the standard for EPD to approve a variance request is "good cause," which means evidence sufficient to support a reasonable conclusion that such additional restrictions are necessary and appropriate (or not necessary and appropriate for less stringent requirements) to avoid or relieve a local water shortage. The Authority's computer model is approved, and its results will be a

valuable part of any variance request. EPD commits to providing a quick response to variance requests from the Authority. In fact, the Water Stewardship Act requires that EPD render a decision on variance applications within five business days.

In summary, in accordance with Rule 391-3-6(4)(b)9, the Policy/Plan and associated computer model are approved. Any specific outdoor water use reduction measures by the member governments that differ from those imposed by the state must be reviewed and approved as described in O.C.G.A § 12-5-7 and Rule 391-3-30-.08. This review, however, will include a review of the Authority's model results and will be expedited.

If you have any questions please feel free to contact me at 404.463.4911 or james.capp@dnr.ga.gov.

Sincerely,

A handwritten signature in black ink that reads "James A. Capp". The signature is written in a cursive, slightly slanted style.

James A. Capp  
Chief  
Watershed Protection Branch

Copy:

Chip Ferguson – Attorney for Upper Oconee Water Authority

Bob Snipes – Owner Representative for Upper Oconee Water Authority

Gary Duck – Engineering Committee Chairman for Upper Oconee Water Authority

Wayne Haynie – Operations Committee Chairman for Upper Oconee Water Authority

## **Appendix B - Financial Feasibility Report**

PRMG (Public Resources Management Group, Inc.), Rate Consultant for Oconee County was retained to develop an independent and comprehensive review of water and sewer rates, fees, and charges in 2016. PRMG performed cost of service and revenue sufficiency analyses, then developed rate modelling as part of a financial model of the enterprise fund. The financial model of the Department's Enterprise Fund, allows "what-if" scenarios to be performed in real time based on updated budget and cost data. A study of fixed assets and plant in service assisted with development of capital cost recovery charges.

PRMG assisted the Department in projecting debt service coverage for FY 2018 through 2022. Those projections for debt service coverage, including the reserves discussed in the Revenue Section herein, are described in the following Letter and Tables.

**Letter of Authorization**





**Public Resources Management Group, Inc.**

*Utility, Rate, Financial, and Management Consultants*

September 22, 2017

The Honorable John Daniell and  
Members of the Board of Commissioners  
Mr. Wayne Haynie, P.E., Director  
Oconee County Board of Commissioners  
23 North Main Street  
Watkinsville, GA 30677

**Subject: Water and Wastewater Projected Operating Results – Water and Sewerage Revenue Bonds, Series 2017A and Water and Sewerage Taxable Refunding Revenue Bonds, Series 2017B**

Dear Chairman Daniell and Members of the Board:

Public Resources Management Group ("PRMG" or the "Feasibility Consultant") has been retained by Oconee County (the "County") to act as the independent financial feasibility consultant for the County and to prepare the Water and Wastewater Projected Operating Results Report (the "Report") dated as of September 21, 2017 (the "Report") to be included in Appendix E in the Preliminary Official Statement, dated on or about September 22, 2017 (the "Preliminary Official Statement") and the Official Statement to be dated the date of pricing (the "Official Statement") for the Water and Sewerage Revenue Bonds, Series 2017A (the "Series 2017A Bonds") and the Water and Sewerage Refunding Revenue Bonds, Series 2017B (the "Series 2017B Bonds" and collectively with the Series 2017A Bonds the "Series 2017 Bonds"). The Report was prepared in accordance with general utility industry practices for financial forecasting purposes. The Feasibility Consultant was responsible for the compilation of the financial projections for the County's water and wastewater utility system (the "System") as presented in this Report. The County was responsible for providing a description of the System and a description and need of the proposed capital improvements to be funded from the Water and Sewerage Revenue Bonds, Series 2017A. PRMG consents to the references to PRMG in the Preliminary Official Statement and the Official Statement each relating to the Series 2017 Bonds.

Respectfully submitted,

**Public Resources Management Group, Inc.**

A handwritten signature in black ink that reads "Robert J. Ori".

Robert J. Ori  
President

A handwritten signature in black ink that reads "K. Ryan Smith".

K. Ryan Smith  
Senior Rate Consultant

K:\DC\1171-01\Rpt\Op Results Review Ltr\PRMG.LOC (9-22-2017)

**Projected Operating Results: Fiscal Years 2018-2022**



**Public Resources Management Group, Inc.**

*Utility, Rate, Financial, and Management Consultants*

September 22, 2017

The Honorable John Daniell and  
Members of the Board of Commissioners  
Mr. Wayne Haynie, P.E., Director  
Oconee County Board of Commissioners  
23 North Main Street  
Watkinsville, GA 30677

**Subject: Water and Wastewater Projected Operating Results – Water and Sewerage Revenue Bonds, Series 2017A and Series 2017B**

Dear Chairman Daniell and Members of the Board:

Oconee County, Georgia (the "County") is currently planning to issue in the aggregate principal of not to exceed \$13,500,000<sup>[1]</sup> Water and Sewerage Revenue Bonds, Series 2017A (the "Series 2017A Bonds") and not to exceed \$2,250,000<sup>[2]</sup> Water and Sewerage Taxable Refunding Revenue Bonds, Series 2017B (the "Series 2017B Bonds" and, collectively with the Series 2017A Bonds, the "Series 2017 Bonds") on behalf of its water and wastewater utility system (the "Utility System"). The County plans to issue the Series 2017 Bonds, along with other available funds, to: i) fund certain capital improvements to the County's Utility System; ii) refund the outstanding Oconee County Water and Sewerage Refunding Revenue Bonds, Series 2009; and iii) pay certain expenses related to the issuance and sale of the Series 2017 Bonds. The Series 2017 Bonds are being issued pursuant to a resolution adopted by the County on October 23, 1998, as amended and supplemented by resolutions adopted by the County on November 3, 1998, July 18, 2003, September 1, 2009, October 22, 2009, June 26, 2012, July 12, 2012, and September 20, 2017 (collectively, the "Bond Resolution"), authorizing the issuance of the Series 2017 Bonds by the County. The Series 2017 Bonds are anticipated by the County to be dated and delivered on or about October 19, 2017. Capitalized undefined terms referenced in this report shall have the meaning ascribed thereto in the Bond Resolution as defined hereinafter.

In support of the issuance of the Series 2017 Bonds, the County requested that Public Resources Management Group, Inc. ("PRMG" or the "Feasibility Consultant") work in conjunction with the County to prepare a projection of the ability of the System Net Revenues to meet the rate covenant as defined in the Bond Resolution. The primary purpose of our analysis is to provide information for Stifel, Nicolaus, and Company (the "Underwriter") in connection with offering the Series 2017 Bonds and for the other parties reviewing the Official Statement associated with the issuance of the Series 2017 Bonds. This analysis is attached to this report and provides a

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[1] Preliminary; as of July 24, 2017 assuming a 3.41% All-In True Interest Cost ("TIC") as provided by the County and is subject to change based on actual sale of Series 2017 Bonds.

[2] Preliminary; as of July 24, 2017 assuming a 3.54% All-In True Interest Cost ("TIC") as provided by the County and is subject to change based on actual sale of Series 2017 Bonds.

summary of the financial projections of the County's Utility System for the fiscal years ending June 30, 2017 through 2022 (the "Forecast Period"). The financial projections in the Report associated with the issuance of the Series 2017 Bonds were based on discussions with and information and projections provided by the County. The Underwriter provided information regarding the Series 2017 Bonds with respect to the structure, timing, and amount of bonds to be issued. PRMG, as the Feasibility Consultant for the System, provided assistance to the County with respect to certain analysis utilized in the production of the projected operating results presented in this report. PRMG believes the sources of such information, assumptions, and projections to be reasonable for the purposes of the financial forecast included with this report and we have no reason to believe that such information is unreliable for the purposes of the development of such forecast. The actual results achieved during the Forecast Period as compared to the estimates contained in the financial forecast may vary from those projected and such variations could be material. Such projections are, therefore, subject to adjustment and we can give no assurances that the projections will be realized.

In the preparation of this report, PRMG does not offer any opinion as to the general condition of the Utility System, the compliance with regulations promulgated and imposed by various agencies upon the operation of the Utility System, the estimated cost of or need for the improvements to be funded from ongoing Utility System operations as referenced in the tables accompanying this report, or any other engineering aspects of the Utility System. Reference is made to the Official Statement for a discussion of the Utility System capital improvements, facilities and conditions.

In the preparation of the report, PRMG also relied upon certain information provided by the Underwriter regarding the timing and structure of the Series 2017 Bonds that will be secured for repayment from the Net Revenues. The debt-related assumptions may vary from actual results and are subject to market conditions, as well as the County's credit rating at the time of issuance. The County expressly acknowledges that PRMG is not a "Municipal Advisor" as defined under Section 15B(e)(4)(A) of the Exchange Act as amended by the Dodd-Frank Act and thus is not providing advice with respect to municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms and conditions and other similar matters concerning financial products or issues.

### **Projected Operating Results and Rate Covenant Compliance**

Included on Table 1 attached to this report are the estimated financial projections for the Utility System, which presents the ability of the Utility System to make payments into the Sinking Fund equal to amounts sufficient to discharge the payment of the principal of and the interest (the "Debt Service Payment") on the Outstanding Bonds<sup>[3]</sup> and the Series 2017 Bonds (collectively

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[3] The Outstanding Bonds include all of the existing senior lien Bonds issued pursuant to the Bond Resolution and are projected to still be outstanding after the issuance of the Series 2017 Bonds, which include the: i) Water and Sewerage Revenue Bonds, Series 2003; ii) portions of the Water and Sewerage Refunding Revenue Bonds, Series 2009 that have not been refunded by the issuance of the Series 2017B Bonds; and iii) Water and Sewerage Refunding Revenue Bonds, Series 2012 (the "Outstanding Bonds").

with the Outstanding Bonds, the "Senior Lien Obligations") and comply with the rate covenant<sup>[4]</sup> contained in the Bond Resolution for the Forecast Period (the "Financial Forecast"). The preparation of the Financial Forecast was based on certain assumptions, considerations, information, and forecasts prepared by the County and reviewed by PRMG for the Utility System. The Financial Forecast summarizes the results of the studies and our evaluations up to the date of this report. Prospective purchasers of the Series 2017 Bonds should not rely upon the information contained in this report for a current description of any matters set forth herein as of any date subsequent to the date of this report. Changed conditions occurring or becoming known after such date could affect the material presented herein to the extent of such changes.

In making the projections and estimates for the preparation of the Financial Forecast, the primary assumptions and information utilized by the County and reviewed by PRMG in the determination of the projected operating results include the following:

1. The primary source of recurring Utility System Revenues are from rates for utility service; during the Fiscal Year 2017 such amounts accounted for approximately 81.3% of the Utility System Gross Revenues. The projection of rate revenues for the Forecast Period were based on: i) recent historical trends in customers and water sales / billed wastewater flow; and ii) the current rates for utility service for the Fiscal Years 2018 based on the rate application provisions as approved by resolution associated with the adoption of the Fiscal Year 2018 Budget on June 6, 2017 by the County Board of Commissioners (the "Board") (the "2018 Budget"). During the May 11, 2017 public meeting County staff presented to the County Board of Commissioners (the "Board") a four (4) year rate adjustment plan, which among other things, would automatically increase water retail service rates by approximately one percent (1.0%) and wastewater retail service rates by four and one half percent (4.5%) each July 1<sup>st</sup> for Fiscal Years 2018 through 2021. The County adopted and implemented rates for Fiscal Year 2018 that included the one percent (1.0%) and four and one half percent (4.5%) for water and wastewater retail service respectively coincidentally with the adoption of the 2018 Budget. It is anticipated based on discussions with County staff that the Board will continue to implement the recommended rate adjustment plan presented on May 11, 2017. No other rate adjustments above the application of the rate adjustment plan for the Forecast Period were recognized in the financial forecast. To the extent the anticipated rate adjustments are not implemented by the County, the available Net Revenues, as shown on Table 1A at the end of this report may be reduced, which could result in the County not maintaining compliance with the rate covenant as delineated in the Bond Resolution.

Other revenues include miscellaneous charges of the Utility System, interest income on estimated fund balances of the Utility System, Sewer Connection Fees, and Sewer Inspection Fees. The projected revenues for these fees were based on: i) actual collections of such fees during Fiscal Year 2016 and 2017; ii) amounts approved in the Fiscal Year

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[4] Reference Section 29 entitled "Rate Covenant" in the Bond Resolution, which delineates the maintaining of rates that will provide in each Fiscal Year Net Revenues to meet certain debt service coverage requirements.

2018 Budget, which represents the most recent financial plan as adopted by the County and which were compared to recent trends in actual collections; and iii) adopted changes to the fees charged to the County's customers. It should be noted that the Water Availability Fees and Sewer Capacity Fees represent one-time charges applied to new development connecting to the Utility System to recover the pro rata capital cost of utility infrastructure constructed in advance in order required to serve such customers. Based on our understanding of the provisions of the Bond Resolution, the Water Availability Fees and Sewer Capacity Fees are included as a component of Gross Revenues of the Utility System and have been recognized in the rate covenant compliance analysis as shown on Table 1A. To the extent the Water Service Availability Fees and Sewer Capacity Fees were not reflected, the ability to meet the rate covenant would be reduced; however, the receipt of such funds would continue to be a financial resource of the Utility System and would be available for future capital reduction or the payment of expansion-related debt service payments.

2. Projected Operating and Maintenance Expenses were based on: i) actual expenses as reported by the County during Fiscal Year 2016 and 2017; ii) projections contained in the 2018 Budget; iii) the recognition of additional personnel above the budgeted positions included in the Budget for the remainder of the Forecast Period to meet projected service area growth demands and personnel needs as provided by the County; iv) increases in operating expenses to account for inflation based, in part, on the application of the projected consumer price index as published by the Congressional Budget Office as of August 2017, Utility System customer and increasing demands in finished water/wastewater treated as a result of Utility System development and growth and other factors, which has been applied on an annual basis for each year after Fiscal Year 2018; and v) an allowance for contingencies in order to have additional funds available to meet unknown or unplanned expenses throughout the Fiscal Year and to recognize potential changes in revenues that may result due to weather, conservation, and other factors. To the extent the contingency allowance is not required to pay for the annual operating expenses or to provide funds for ongoing Utility System operations, such monies would accrue to the benefit of the Utility System and could be used for other purposes such as providing increased funds to finance renewals, replacements, and upgrades to the Utility System over time or to reduce potential rate adjustments that may be required in the future.

Table 1B at the end of this report provides: i) a detailed presentation of the operating expenses as contained in the 2018 Budget; ii) adjustments made to the 2018 Budget operating expenses based on recent trends in expenses and discussions with the County, which served as the basis for the projection of such expenses for the remainder of the Forecast Period; and iii) the projected operating expenses for the remainder of the Forecast Period based on the application of certain escalation and utility system growth factors. Table 1C at the end of this report provides a summary of the annual escalation factors assumed in the development of the Financial Forecast for the Utility System.

It should be noted that the 2018 Budget is greater than the actual operating expenses reported for the Fiscal Years 2016 and 2017, which is considered normal since the 2018 Budget provides for the basis to incur costs and must reflect total potential operating conditions of the Utility System (e.g., all utility positions are filled). The 2018 Budget represents the most recent financial plan of the Utility System and was considered representative of the estimated expenditure needs of the Utility System based on comparisons to prior fiscal years actual results and discussions with the County; accordingly PRMG considered the projections contained in the 2018 Budget to be reasonable and conservative for the development of the Financial Forecast.

3. The Senior Lien Obligations were based on the actual debt service repayment schedules for the County's Outstanding Bonds and the estimated debt service repayment schedule for the Series 2017 Bonds as provided by the County's Underwriter at the request of the County. The Debt Service Payment requirements for the Senior Lien Obligations presented on Table 1A are presented on a "gross" basis (i.e., not net of interest earnings on any debt service related funds or accounts) and on the monthly funding requirements (on an accrual basis) of the various sinking funds as required by the Bond Resolution, which authorized the issuance of the Outstanding Bonds as opposed to when the Debt Service Requirement is actually paid.
4. Based on the provisions of the Bond Resolution the County must make payments out of Net Revenues to repay junior lien obligations, which include, but is not limited to: i) on any loans made by Georgia Environmental Finance Authority and the State of Georgia Revolving Fund; ii) and that portion of the payments made by the County out of the Net Revenues to the Upper Oconee Basin Water Authority ("UOBWA") under the Intergovernmental Reservoir and Raw Water Supply Agreement and the Upper Oconee Water Treatment and Transmission Agreement dated July 22, 1996; and iii) any and all existing loans having a lien on the Net Revenues of the System (the "Junior Lien Obligations"). The Junior Lien Obligations were based on the actual debt service repayment schedules for the County's existing obligations to make contract payments to the UOBWA for the payment of debt service on the UOBWA Revenue Refunding Bonds, Series 2015A and UOBWA Taxable Revenue Refunding Bonds, Series 2015B as provided by the County's Underwriter at the request of the County. The Junior Lien Obligation requirements are presented on Table 1A on a "gross" basis (i.e., not net of interest earnings on any debt service related funds or accounts) and on the monthly funding requirements (on an accrual basis) of the various sinking funds as opposed to when the Junior Lien Obligations is actually paid.
5. In addition to the Junior Lien Obligations the County has obligations to make payments from the Renewal and Extension Fund on any outstanding contract payments with respect to: i) the Intergovernmental Contract-Hard Labor Creek Reservoir Project, dated October 1, 2007, as amended and supplemented from time to time, between the County and the Walton County Water and Sewerage Authority; and ii) the Intergovernmental Reservoir and Water Supply and Treatment Agreement, dated September 1, 2007 between the

County, Walton County, and the Walton County Water and Sewerage Authority, which represent debt obligations held by other governmental entities for the benefit of the County (the "Contract Obligations"). The Contract Obligations were based on the actual debt service repayment schedules for the County's current obligations to make contract payments to the Walton County Water and Sewerage Authority ("Walton County") for the payment of debt service on the Walton County Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2015 and Walton County Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2016 as provided by the County's Underwriter at the request of the County. The Contract Obligation requirements are presented on Table 1A on a "gross" basis (i.e., not net of interest earnings on any debt service related funds or accounts) and on the monthly funding requirements (on an accrual basis) of the various sinking funds as opposed to when the Junior Lien Obligations is actually paid.

6. The County has established the Renewal and Extension Fund in accordance with the provisions of the Bond Resolution. Each month, after the required sums have been paid to meet the requirements of: i) operating the System; ii) Senior Lien Obligations; iii) Junior Lien Obligations; and iv) Contract Obligations, the County will next deposit any additional monies in the Revenue Fund (except for a working capital reserve in the amount not to exceed 45 Days estimated operating and maintenance costs) into the Renewal and Extension Fund. Monies held in the Renewal and Extension Fund may only be used for the purpose of: i) in case of an emergency having a major effect upon the System caused by some extraordinary occurrence, which makes it necessary to use the funds of the System for the alleviation or removal of such effects and an insufficiency of money exists in the Revenue Fund to meet such emergency; ii) making replacements, additions, extensions and improvements, acquiring equipment and paying the cost of any engineering studies, surveys or plans and specifications pertaining to the future development or expansion of the System; iii) payment of charges of the depository(ies) for investment services; iv) paying principal and interest on any revenue bonds then outstanding and falling due at any time for payment of which money is not available in the Sinking Fund securing the payment of the same and the interest thereon; v) acquiring bonds in the open market at a price less than or equal to the redemption price; vi) payments to be made by the County pursuant to the Intergovernmental Contract-Hard Labor Creek Reservoir Project, dated as of October 1, 2007, as amended and supplemented from time to time, between the County and the Walton County Water and Sewerage Authority; and vii) payments to be made by the County pursuant to the Intergovernmental Reservoir and Water Supply and Treatment Agreement, dated as of September 1, 2007 between the County, Walton County, Georgia and the Walton County Water and Sewerage Authority. For the purposes of this report it has been assumed that the County will make annual deposits to the Renewal and Extension fund ranging from approximately one million (\$1,000,000) and two million (\$2,000,000) dollars.



## FINDINGS AND CONCLUSIONS

Based upon the recent historical operating results of the Utility System as reported by the County, the projections contained in the 2018 Budget, the assumptions recognized, which include the implementation of the anticipate rate adjustment plan, and the results of our studies with the development of the Financial Forecast, we are of the opinion that the Net Revenues of the Utility System are projected for the Forecast Period to be in compliance with the rate covenant contained in the Bond Resolution. The forecast of projected operating results is considered by PRMG as being reasonable and attainable and provides a basis for the County to meet the rate covenants as delineated in the Bond Resolution.

The ability of the Net Revenues of the Utility System to fund the deposits to the Debt Service Account to fund the Debt Service Payment and to comply with the rate covenants of the Bond Resolution are subject to the assumptions and considerations identified in the attached analyses and information obtained during the preparation of such analyses regarding the Utility System and the associated financial conditions evaluated herein. As such, the analysis and the corresponding assumptions should be reviewed in its entirety with respect to such projections and the conclusions presented herein in our report.

Respectfully submitted,

**Public Resources Management Group, Inc.**



Robert J. Ori  
President



K. Ryan Smith  
Senior Rate Consultant

RJO/dlc  
Attachment

Oconee County  
Water and Sewer Utility System

Projected Debt Service Coverage - Water and Sewer System [1]

Line No	Description	Fiscal Year Ending June 30,						
		Historical		Projected				
		2016 [2]	2017 [3]	2018	2019	2020	2021	2022
<b>Rate Revenues</b>								
1	Existing Water Rate Revenues [4]	\$ 6,768,544	\$ 7,299,659	\$ 7,013,067	\$ 7,204,603	\$ 7,350,810	\$ 7,498,020	\$ 7,498,020
2	Additional Water Rate Revenues [5]	-	-	70,131	144,813	222,737	304,450	451,660
3	Existing Sewer Rate Revenues [4]	1,549,841	1,730,235	1,754,056	1,858,579	1,940,931	2,023,287	2,023,287
4	Additional Sewer Rate Revenues [5]	-	-	78,933	171,036	273,994	389,520	471,877
5	<b>Total Rate Revenues</b>	<b>\$ 8,318,385</b>	<b>\$ 9,029,894</b>	<b>\$ 8,916,187</b>	<b>\$ 9,379,031</b>	<b>\$ 9,788,471</b>	<b>\$ 10,215,277</b>	<b>\$ 10,444,843</b>
<b>Other Operating Revenues and Income</b>								
6	Other Revenues [6]	\$ 368,949	\$ 333,510	\$ 489,247	\$ 460,626	\$ 449,266	\$ 455,388	\$ 455,388
7	Interest Income [7]	36,539	57,265	28,745	42,645	61,920	76,444	76,444
8	Sewer Connection/Inspection Fees [8]	137,700	145,350	21,353	21,353	21,353	21,353	21,353
9	<b>Total Other Operating Revenues and Income</b>	<b>\$ 543,188</b>	<b>\$ 536,125</b>	<b>\$ 539,345</b>	<b>\$ 524,624</b>	<b>\$ 532,538</b>	<b>\$ 553,186</b>	<b>\$ 553,186</b>
<b>Other Revenues</b>								
10	Water Availability Fees [9]	\$ 1,072,460	\$ 865,365	\$ 420,000	\$ 420,000	\$ 420,000	\$ 420,000	\$ 420,000
11	Sewer Capacity Fees [9]	1,076,642	673,920	388,000	388,000	388,000	388,000	388,000
12	<b>Total Other Revenues</b>	<b>\$ 2,149,102</b>	<b>\$ 1,539,285</b>	<b>\$ 808,000</b>	<b>\$ 808,000</b>	<b>\$ 808,000</b>	<b>\$ 808,000</b>	<b>\$ 808,000</b>
13	<b>Gross Revenues</b>	<b>\$ 11,010,675</b>	<b>\$ 11,105,304</b>	<b>\$ 10,263,532</b>	<b>\$ 10,711,655</b>	<b>\$ 11,129,009</b>	<b>\$ 11,576,463</b>	<b>\$ 11,806,029</b>
14	<b>Net Operating and Maintenance Expenses [10]</b>	<b>\$ 4,308,049</b>	<b>\$ 4,170,430</b>	<b>\$ 5,328,695</b>	<b>\$ 5,347,875</b>	<b>\$ 5,734,595</b>	<b>\$ 5,681,319</b>	<b>\$ 5,803,971</b>
15	<b>Net Revenues</b>	<b>\$ 6,702,626</b>	<b>\$ 6,934,874</b>	<b>\$ 4,934,837</b>	<b>\$ 5,363,780</b>	<b>\$ 5,394,414</b>	<b>\$ 5,895,144</b>	<b>\$ 6,002,058</b>
<b>Senior Lien Obligations</b>								
16	Oconee County Water and Sewage Revenue Bonds, Series 2003	\$ 4,500	\$ 4,500	\$ 2,250	\$ -	\$ -	\$ -	\$ -
17	Oconee County Water and Sewage Revenue Bonds, Series 2009	985,596	983,610	163,867	-	-	-	-
18	Oconee County Water and Sewage Refunding Revenue Bonds, Series 2012	539,500	544,733	551,850	623,142	1,392,317	1,540,000	1,538,792
19	Oconee County Water and Sewage Revenue Bonds, Series 2017A	-	-	468,994	537,700	537,700	537,700	537,700
20	Oconee County Water and Sewage Taxable Refunding Revenue Bonds, Series 2017B	-	-	819,812	934,797	150,450	-	-
21	<b>Total Senior Lien Obligations</b>	<b>\$ 1,529,596</b>	<b>\$ 1,532,844</b>	<b>\$ 2,006,773</b>	<b>\$ 2,095,639</b>	<b>\$ 2,080,467</b>	<b>\$ 2,077,700</b>	<b>\$ 2,076,492</b>
<b>Senior Lien Debt Service Coverage Test</b>								
22	Calculated	438%	452%	246%	256%	259%	284%	289%
23	Minimum Requirement	115%	115%	115%	115%	115%	115%	115%
24	<b>Net Revenues After Senior Lien Obligations and Minimum Coverage Requirement</b>	<b>\$ 4,943,590</b>	<b>\$ 5,172,104</b>	<b>\$ 2,627,048</b>	<b>\$ 2,953,795</b>	<b>\$ 3,001,878</b>	<b>\$ 3,505,789</b>	<b>\$ 3,614,092</b>
<b>Junior Lien Obligations</b>								
25	Contract Payments - UOBWA Series 2015A Bonds [11]	\$ 146,110	\$ 146,110	\$ 146,110	\$ 146,110	\$ 146,110	\$ 146,110	\$ 326,358
26	Contract Payments - UOBWA Series 2015B Bonds [11]	528,995	529,833	529,162	528,953	529,382	529,372	349,722
27	<b>Total Junior Lien Obligations</b>	<b>\$ 675,105</b>	<b>\$ 675,943</b>	<b>\$ 675,273</b>	<b>\$ 675,063</b>	<b>\$ 675,493</b>	<b>\$ 675,482</b>	<b>\$ 676,080</b>
<b>Junior Lien Debt Service Coverage Test</b>								
28	Calculated	732%	765%	389%	438%	444%	519%	535%
29	Minimum Requirement	100%	100%	100%	100%	100%	100%	100%
30	<b>Net Revenues After Senior Lien Obligations and Minimum Coverage Requirement and Junior Lien Obligations</b>	<b>\$ 4,268,485</b>	<b>\$ 4,496,160</b>	<b>\$ 1,951,775</b>	<b>\$ 2,278,732</b>	<b>\$ 2,326,385</b>	<b>\$ 2,830,307</b>	<b>\$ 2,938,013</b>
<b>Contract Obligations [12]</b>								
31	Contracts Payments - Walton County Bonds Series 2015 [13]	\$ 316,913	\$ 357,375	\$ 356,625	\$ 355,940	\$ 355,346	\$ 354,753	\$ 354,159
32	Contracts Payments - Walton County Bonds Series 2016 [13]	-	-	858,942	859,663	862,350	863,167	861,358
33	Contracts Payments - Walton GEFA 2012 Note [14]	14,346	57,865	57,865	57,865	57,865	57,865	57,865
34	Contracts Payments - Walton GEFA 2014 Note [14]	-	-	63,360	69,120	69,120	69,120	69,072
35	<b>Total Contract Obligations</b>	<b>\$ 331,259</b>	<b>\$ 415,240</b>	<b>\$ 1,336,792</b>	<b>\$ 1,342,588</b>	<b>\$ 1,344,681</b>	<b>\$ 1,344,904</b>	<b>\$ 1,342,455</b>
<b>Contract Obligations Debt Service Coverage Test</b>								
36	Calculated	1289%	1083%	146%	170%	173%	210%	219%
37	Minimum Requirement	100%	100%	100%	100%	100%	100%	100%
38	<b>All-In Debt Service Coverage Test [15]</b>	<b>\$ 6,702,626</b>	<b>\$ 6,934,874</b>	<b>\$ 4,934,837</b>	<b>\$ 5,363,780</b>	<b>\$ 5,394,414</b>	<b>\$ 5,895,144</b>	<b>\$ 6,002,058</b>
<b>Debt Obligations</b>								
39	Senior Lien Obligations	\$ 1,529,596	\$ 1,532,844	\$ 2,006,773	\$ 2,095,639	\$ 2,080,467	\$ 2,077,700	\$ 2,076,492
40	Junior Lien Obligations	675,105	675,943	675,273	675,063	675,493	675,482	676,080
41	Contract Obligations	331,259	415,240	1,336,792	1,342,588	1,344,681	1,344,904	1,342,455
42	<b>Total Debt Obligations</b>	<b>\$ 2,535,960</b>	<b>\$ 2,624,027</b>	<b>\$ 4,018,838</b>	<b>\$ 4,113,289</b>	<b>\$ 4,100,641</b>	<b>\$ 4,098,087</b>	<b>\$ 4,095,026</b>
<b>All-In Debt Service Coverage Test [15]</b>								
43	Calculated	264%	264%	123%	130%	132%	144%	147%
44	<b>Amount Available for Deposit to Renewal and Extension Fund and Other Utility System Purposes [16]</b>	<b>\$ 4,166,666</b>	<b>\$ 4,310,847</b>	<b>\$ 915,999</b>	<b>\$ 1,250,490</b>	<b>\$ 1,293,774</b>	<b>\$ 1,797,057</b>	<b>\$ 1,907,032</b>

Oconee County  
Water and Sewer Utility System

Projected Debt Service Coverage - Water and Sewer System [1]

Footnotes:

- [1] Amounts shown reflect presentation of the ability of the Gross Revenues of the System to meet the rate covenant and flow of funds requirement as delineated in the Bond Resolution for the Forecast Period. The amounts shown for the Historical Fiscal Years 2016 and 2017 are presented for comparative purposes.
- [2] Amounts shown derived from information contained in the Financial Report for the Fiscal Year 2016 and other financial information for the Utility System provided by the County.
- [3] Amounts shown for the Fiscal Year 2017 based on a compilation of the respective Fiscal Year operations as prepared by the County and other financial information for the Utility System as provided by the County; such amounts represent unaudited results.
- [4] Represents revenues derived from existing rates and were projected based on the Utility System growth and current customer water use and billed wastewater flow relationships currently being experienced by the Utility System.
- [5] On May 11, 2017 the County Board of Commissioners agreed to revise the Utility System retail rate structure as well as adopt a four (4) year annual rate adjustment plan. Amounts shown assume the application of the annual rate adjustment plan. The following adjustments were assumed for each Fiscal Year of the Forecast Period:
- |   | 2018  | 2019  | 2020  | 2021  | 2022  |
|---|-------|-------|-------|-------|-------|
| Implemented and Anticipated Rate Adjustments - Water Retail Service Rates:      | 1.00% | 1.00% | 1.00% | 1.00% | 0.00% |
| Implemented and Anticipated Rate Adjustments - Wastewater Retail Service Rates: | 4.50% | 4.50% | 4.50% | 4.50% | 0.00% |
- [6] Amounts shown include bulk water charges, meter fees, inspections fees, lab fees, bad check fees, penalty charges, service charges, and other miscellaneous charges.
- [7] Amounts shown represent investment income on funds and accounts created by the Bond Resolution or internally by the County on behalf of the Utility System and has been estimated utilizing average annual interest rates ranging from 0.23% and 0.55% during the Forecast Period.
- [8] As of the beginning of Fiscal Year 2018, the County will no longer charge a the Sewer Connection Fee since all new customers will be responsible for connecting to the sewer system as part of the development process; such customers will be billed a Sewer Inspection Fee to assure that the connection is made in accordance with County standards. The Sewer Inspection Fee was implemented on July 1, 2017 and is anticipated to result in a reduction in revenues but more closely aligns with the services the County provides as relative to the development process.
- [9] Amounts shown reflect one-time (non-recurring) charges applied to new development requesting water and wastewater capacity, respectively from the County and were based on the estimated projections contained in the 2018 Budget. For the remainder of the Forecast Period, such amounts were assumed to remain constant at the projected Fiscal Year 2018 levels for the remainder of the Forecast Period since the estimated Utility System growth was assumed to remain constant and since such amounts are less than recent historical actual results as reported by the County.
- [10] Amounts shown derived from Table 2 and were based on: i) the 2018 Budget, as adjusted for changes in expenses based on discussions with the County; and ii) the recognition of inflation and estimated cost increases coupled with the recognition of Utility System growth where applicable.
- [11] Amounts shown represent the County's allocable share of the debt payments associated with the Upper Oconee Basin Water Authority (Georgia) Refunding Revenue Bonds, Series 2015A (the "UOBWA Series 2015A Bonds") originally issued in the aggregate principal of \$14,870,000 and the Taxable Revenue Refunding Bonds, Series 2015B (the "UOBWA Series 2015B Bonds") originally issued in the aggregate principal of \$15,110,000 (collectively, the "UOBWA Bonds") for water supply and treatment projects and are considered as being subordinate to the County bonds as delineated in the Bond Resolution.
- [12] Pursuant to the Bond Resolution, all debt issued that is not specifically on parity with the Outstanding Bonds issued by Walton County Water and Sewerage Authority (Walton County) are considered subordinate and junior to the County Outstanding Bonds and the UOBWA Bonds; the annual debt service payments for these bonds are shown in the Financial Forecast as "Contract Obligations". The Contract Obligations issued by the Walton County include low interest loans secured by the Georgia Environmental Finance Authority ("GEFA") and bonds issued to fund the Hard Labor Creek ("HLC") Reservoir Project between the County and the Walton County Water and Sewerage Authority (see footnote 13 and 14 below). With respect to the HLC project, such contract payments are to be paid from the Renewal and Extension Fund, however such amounts are shown prior to the amount available for deposit since it represents a debt of the Utility System payable from the Renewal and Extension Fund.
- [13] The County has agreed to pay Walton County amounts sufficient to pay the debt service on the Walton County Water and Sewerage Refunding Revenue Bonds, Series 2015 and Walton County Water and Sewerage Revenue Bonds, Series 2016 (Walton County HLC Bonds) pursuant to the Intergovernmental Contract Hard Labor Creek Reservoir Project, dated October 1, 2007. The County System revenues have not been pledged as security for the contract payments. In the event the County system revenues are insufficient in order to make the contract payments, the County has agreed to levy an ad valorem tax, unlimited as to rate or amount, on all property in the County subject to taxation for such purpose in order to make the contract payments.
- [14] The County has agreed to pay Walton County amounts sufficient to pay the debt service on the Walton County's Georgia Environmental Finance Authority Promissory Note WS12L21WR (the "Walton GEFA 2012 Note") and Georgia Environmental Finance Authority Promissory Note WS12L20WR (the "Walton GEFA 2014 Note") pursuant to the Environmental Facilities Agreement. The County System revenues have not been pledged as security for the contract payments. In the event the County system revenues are insufficient in order to make the contract payments, the county has agreed to levy an ad valorem tax, unlimited as to rate or amount, on all property in the County subject to taxation for such purpose in order to make the contract payments.
- [15] Amounts shown for informational purposes only, the Bond Resolution does not require an "All-In" or cumulative debt service coverage test as a covenant of the System.
- [16] In accordance with the Bond Resolution the County will deposit all available monies remaining in the Revenue Fund after the payment of: i) Operating and Maintenance Expenses; ii) Senior Lien obligations; iii) Junior Lien obligations; iv) Contract obligations; and v) funding a working capital reserve not greater than 45 days of estimated Operating and Maintenance Expenses, into the Renewal and Extension Fund. The Renewal and Extension Fund is used for making replacements, additions, extensions and improvements, acquiring equipment, and other related capital expenditures.

Table 1B  
 Oconee County  
 Water & Sewer Utility System

Operating Budget and Adjustments

Line No.	Description	Budget 2018	Adjustments	Adjusted 2018 Budget	Escalation Factor	Fiscal Year Ending June 30,			
						2019	2020	2021	2022
<b>Water Operating Budget</b>									
1	Salaries [1]	\$ 842,820	(175,100)	\$ 667,720	Labor	\$ 687,751	\$ 708,384	\$ 729,636	\$ 751,525
2	Additional Personnel	-	21,996	21,996	Calculated	96,805	66,612	53,995	55,615
3	Overtime [1]	50,000	(10,388)	39,612	Labor	40,801	42,025	43,285	44,584
4	Group Insurance [1]	200,000	(41,551)	158,449	Ins-Health	164,121	169,997	176,083	182,387
5	Soc Sec Contributions [1]	48,500	(10,076)	38,424	Labor	39,577	40,764	41,987	43,246
6	Medicare [1]	11,200	(2,327)	8,873	Labor	9,139	9,414	9,696	9,987
7	Retirement Contributions [1]	120,880	(25,113)	95,767	Labor	98,640	101,599	104,647	107,786
8	Retirement Contributions 401(A) [1]	5,500	(1,143)	4,357	Labor	4,488	4,623	4,761	4,904
9	Workers Comp [1]	16,600	(3,449)	13,151	Labor	13,546	13,952	14,371	14,802
10	Accounting	24,000	-	24,000	Contract-L	24,720	25,462	26,225	27,012
11	Legal Fees	19,000	-	19,000	Contract-L	19,570	20,157	20,762	21,385
12	Engineering Consulting	150,000	-	150,000	Contract-L	154,500	159,135	163,909	168,826
13	Contract 3rd Party Billing	69,000	-	69,000	Contract-L	71,070	73,202	75,398	77,660
14	Collection Expense	1,300	-	1,300	Inflation	1,331	1,363	1,396	1,429
15	EPD Drinking Water Testing	23,000	-	23,000	Inflation	23,552	24,117	24,696	25,289
16	Georgia One Call Service	8,500	-	8,500	Inflation	8,704	8,913	9,127	9,346
17	R&M Buildings	5,000	-	5,000	Capital-ENR	5,167	5,340	5,518	5,702
18	R&M Fire Hydrants	3,000	-	3,000	Capital-ENR	3,100	3,204	3,311	3,421
19	R&M Grounds	6,000	-	6,000	Capital-ENR	6,200	6,407	6,622	6,843
20	R&M Vehicle & Equipment	10,000	-	10,000	Capital-ENR	10,334	10,679	11,036	11,404
21	R&M Well	15,000	-	15,000	Capital-ENR	15,501	16,019	16,554	17,107
22	Distribution System Repairs	110,000	-	110,000	Capital-ENR	113,674	117,471	121,394	125,449
23	Storage Tank Maintenance	206,300	-	206,300	Capital-ENR	-	220,311	-	-
24	Rental of Buildings	24,000	-	24,000	Inflation	24,576	25,166	25,770	26,388
25	Equipment Rental	1,000	-	1,000	Inflation	1,024	1,049	1,074	1,100
26	Copy Machine Lease/Maintenance	4,500	-	4,500	Contract-L	4,635	4,774	4,917	5,065
27	Ins. Other than Empl. Benefits	15,500	-	15,500	Ins-Property	16,120	16,765	17,435	18,133
28	Telephone	36,000	-	36,000	Inflation	36,864	37,749	38,655	39,582
29	Mobile Telephone Communications	7,200	-	7,200	Inflation	7,373	7,550	7,731	7,916
30	Telemetry Lines	21,000	-	21,000	Inflation	21,504	22,020	22,549	23,090
31	Postage	2,900	-	2,900	Inflation	2,970	3,041	3,114	3,189
32	Community Outreach	10,000	-	10,000	Inflation	10,240	10,486	10,737	10,995
33	Environmental Hazards Compliance	2,500	-	2,500	Inflation	2,560	2,621	2,684	2,749
34	Postage Machine Lease/Maintenance	2,200	-	2,200	Inflation	2,253	2,307	2,362	2,419
35	Government Reporting	6,500	-	6,500	Inflation	6,656	6,816	6,979	7,147
36	Open Records Request/Reprinting	1,000	-	1,000	Inflation	1,024	1,049	1,074	1,100
37	Travel	3,000	-	3,000	Inflation	3,072	3,146	3,221	3,299
38	Dues & Publications	2,000	-	2,000	Inflation	2,048	2,097	2,147	2,199
39	Training	8,000	-	8,000	Inflation	8,192	8,389	8,590	8,796
40	Licenses	2,000	-	2,000	Inflation	2,048	2,097	2,147	2,199
41	Miscellaneous Supplies	10,500	-	10,500	Inflation	10,752	11,010	11,274	11,545
42	R&M Vehicle & Equipment In House	26,000	-	26,000	Repair	27,199	28,452	29,764	31,136
43	Lab Supplies	6,000	-	6,000	Inflation	6,144	6,291	6,442	6,597
44	Chemicals	7,500	-	7,500	Chemical	7,713	7,932	8,157	8,389
45	Office Supplies	13,000	-	13,000	Inflation	13,312	13,631	13,959	14,294
46	Electricity	6,000	-	6,000	Electric	6,122	6,246	6,373	6,502
47	Electricity - Wells and Tanks	29,000	-	29,000	Electric	29,589	30,189	30,802	31,427
48	Vehicle & Equipment Fuel	35,000	-	35,000	Fuel	36,278	37,602	38,974	40,397
49	Purchased Water	1,260,000	(22,787)	1,237,213	Calculated	1,278,595	1,318,923	1,360,378	1,404,099
50	Water Meters	125,000	(125,000)	-	Eliminate	-	-	-	-
51	Computer Communication Systems	1,700	-	1,700	Inflation	1,741	1,783	1,825	1,869
52	Uniforms	18,000	-	18,000	Inflation	18,432	18,874	19,327	19,791
53	Health & Safety	10,000	-	10,000	Inflation	10,240	10,486	10,737	10,995
54	Capital System Improvements - Water	800,000	(800,000)	-	Eliminate	-	-	-	-
55	Capital Equipment	115,000	(115,000)	-	Eliminate	-	-	-	-
56	Budget Contingency	-	32,477	32,477	Calculated	32,116	34,977	33,636	34,681
57	Operating and Maintenance Cost at HLC	15,840	-	15,840	Inflation	16,220	16,609	17,008	17,416
58	Debt Service Principal 09 Bond	870,000	(870,000)	-	Eliminate	-	-	-	-
59	Debt Service Interest 09 Bond	95,800	(95,800)	-	Eliminate	-	-	-	-
60	Debt Service Principal 12 Bond	250,000	(250,000)	-	Eliminate	-	-	-	-
61	Debt Service Interest 12 Bond	291,850	(291,850)	-	Eliminate	-	-	-	-
62	Debt Service Principal UOBWA	461,100	(461,100)	-	Eliminate	-	-	-	-
63	Debt Service Interest UOBWA	110,700	(110,700)	-	Eliminate	-	-	-	-
64	Debt Service Principal HLC	25,000	(25,000)	-	Eliminate	-	-	-	-
65	Debt Service Interest HLC	331,900	(331,900)	-	Eliminate	-	-	-	-
66	Debt Service Principal 03 Bond	-	-	-	Eliminate	-	-	-	-
67	Debt Service Interest 03 Bond	4,500	(4,500)	-	Eliminate	-	-	-	-
68	<b>Total Water Projected Operating Expenses</b>	<b>\$ 7,014,290</b>	<b>\$ (3,718,311)</b>	<b>\$ 3,295,979</b>		<b>\$ 3,259,902</b>	<b>\$ 3,549,275</b>	<b>\$ 3,414,253</b>	<b>\$ 3,520,213</b>

Table 1B  
Oconee County  
Water & Sewer Utility System  
Operating Budget and Adjustments

Line No.	Description	Budget			Escalation Factor	Fiscal Year Ending June 30,			
		2018	Adjustments	Adjusted 2018 Budget		2019	2020	2021	2022
<b>Sewer Operating Budget</b>									
69	Salaries W/W [1]	\$ 272,900	\$ 175,100	\$ 448,000	Labor	\$ 461,440	\$ 475,283	\$ 489,542	\$ 504,228
70	Additional Personnel W/W	-	43,393	43,393	Calculated	38,141	72,636	89,694	92,384
71	Overtime W/W [1]	15,000	10,388	25,388	Labor	26,149	26,934	27,742	28,574
72	Group Insurance W/W [1]	64,500	41,551	106,051	Ins-Health	109,848	113,780	117,854	122,073
73	Soc Sec Contributions W/W [1]	16,500	10,076	26,576	Labor	27,373	28,195	29,040	29,912
74	Medicare W/W [1]	4,000	2,327	6,327	Labor	6,517	6,712	6,914	7,121
75	Retirement Contributions W/W [1]	51,600	25,113	76,713	Labor	79,015	81,385	83,827	86,342
76	Retirement Contributions 401(A) W/W [1]	1,300	1,143	2,443	Labor	2,516	2,591	2,669	2,749
77	Workers Comp W/W [1]	5,800	3,449	9,249	Labor	9,526	9,812	10,106	10,410
78	Contract Lab Fees for W/W	3,000	-	3,000	Contract-L	3,090	3,183	3,278	3,377
79	Engineering Consulting W/W	115,000	-	115,000	Contract-L	118,450	122,004	125,664	129,434
80	Sludge Disposal	50,000	-	50,000	Inflation	51,200	52,429	53,687	54,976
81	Sewer System Maintenance	55,000	-	55,000	Capital-ENR	56,837	58,735	60,697	62,724
82	Lift Station Maintenance	180,000	-	180,000	Capital-ENR	186,012	192,225	198,645	205,280
83	Lab Repairs	90,000	-	90,000	Capital-ENR	93,006	96,112	99,323	102,640
84	R&M Vehicle & Equip W/W	150,000	-	150,000	Repair	156,915	164,149	171,716	179,632
85	R&M Building - W/W	50,000	-	50,000	Repair	52,305	54,716	57,239	59,877
86	Equipment Rental W/W	1,500	-	1,500	Inflation	1,536	1,573	1,611	1,649
87	Ins. Other than Empl. Benefits W/W	4,200	-	4,200	Ins-Property	4,368	4,543	4,724	4,913
88	Mobile Telephone Voice - WW	4,000	-	4,000	Inflation	4,096	4,194	4,295	4,398
89	Travel Wastewater	1,000	-	1,000	Inflation	1,024	1,049	1,074	1,100
90	Training Wastewater	4,000	-	4,000	Inflation	4,096	4,194	4,295	4,398
91	Mobile Telephone /Telemetry	13,200	-	13,200	Inflation	13,517	13,841	14,173	14,514
92	Electric W/W - WWTP	190,000	-	190,000	Electric	193,857	197,792	201,807	205,904
93	Licenses Wastewater	350	-	350	Inflation	358	367	376	385
94	Materials & Supplies W/W	25,000	-	25,000	Inflation	25,600	26,214	26,844	27,488
95	R&M Vehicle & Equip W/W In House	10,000	-	10,000	Repair	10,461	10,943	11,448	11,975
96	Lab Supplies W/W	25,000	-	25,000	Inflation	25,600	26,214	26,844	27,488
97	Treatment Chemicals W/W	60,000	-	60,000	Chemical	61,704	63,456	65,259	67,112
98	Natural Gas	3,500	-	3,500	Fuel	3,628	3,760	3,897	4,040
99	Electricity W/W	120,000	-	120,000	Electric	122,436	124,921	127,457	130,045
100	Vehicle & Equipment Fuel W/W	20,000	-	20,000	Fuel	20,730	21,487	22,271	23,084
101	Uniforms Wastewater	8,200	-	8,200	Inflation	8,397	8,598	8,805	9,016
102	Health & Safety Wastewater	10,000	-	10,000	Inflation	10,240	10,486	10,737	10,995
103	Purchased Sewer	72,500	-	72,500	Inflation	74,240	76,022	77,846	79,715
104	Internet - WW	3,000	-	3,000	Inflation	3,072	3,146	3,221	3,299
105	Budget Contingency	-	20,126	20,126	Calculated	20,673	21,637	22,446	23,132
106	Capital System Improvements W/W	900,000	(900,000)	-	Eliminate	-	-	-	-
107	Depreciation Expense	1,500	(1,500)	-	Eliminate	-	-	-	-
108	<b>Total Sewer Projected Operating Expenses</b>	<b>\$ 2,601,550</b>	<b>\$ (568,834)</b>	<b>\$ 2,032,716</b>		<b>\$ 2,087,973</b>	<b>\$ 2,185,320</b>	<b>\$ 2,267,066</b>	<b>\$ 2,336,380</b>
109	<b>Total Water and Sewer Projected Operating Expenses</b>	<b>\$ 2,606,050</b>	<b>\$ (573,334)</b>	<b>\$ 5,328,695</b>		<b>\$ 5,347,875</b>	<b>\$ 5,734,595</b>	<b>\$ 5,681,319</b>	<b>\$ 5,856,593</b>

Table 1C

Oconee County  
Water & Sewer Utility System

Summary of Expense Escalation Factors

Line No.	Description	Escalation Reference	Projected Fiscal Year Ending June 30,				
			2018	2019	2020	2021	2022
1	Inflation (CBO CPI Index February 2015)	Inflation	1.0220	1.0240	1.0240	1.0240	1.0240
2	Labor Escalator	Labor	1.0300	1.0300	1.0300	1.0300	1.0300
3	Contract Labor - Interim Plant Operations	Contract-L	1.0300	1.0300	1.0300	1.0300	1.0300
4	Indirect Cost Escalation and OPEB	Indirect	1.0500	1.0500	1.0500	1.0500	1.0500
5	Life/Health/Disability Insurance Escalator	Ins-Health	1.0358	1.0358	1.0358	1.0358	1.0358
6	Property Insurance Escalator	Ins-Property	1.0400	1.0400	1.0400	1.0400	1.0400
7	Fuel and Oil	Fuel	1.0365	1.0365	1.0365	1.0365	1.0365
8	Electrical Expense	Electric	1.0203	1.0203	1.0203	1.0203	1.0203
9	Chemicals	Chemical	1.0284	1.0284	1.0284	1.0284	1.0284
10	Marginal Escalator	Margin	1.0100	1.0100	1.0100	1.0100	1.0100
11	Constant	Constant	1.0000	1.0000	1.0000	1.0000	1.0000
12	Elimination Factor	Eliminate	0.0000	0.0000	0.0000	0.0000	0.0000
13	Repair & Maintenance	Repair	1.0461	1.0461	1.0461	1.0461	1.0461
14	Capital Escalator - ENR Index (10 Yr Change)	Capital-ENR	1.0334	1.0334	1.0334	1.0334	1.0334
15	Capital Escalator - Marginal	Capital-Marginal	1.0100	1.0100	1.0100	1.0100	1.0100
16	Capital Escalator - High	Capital-High	1.0500	1.0500	1.0500	1.0500	1.0500
17	CIP Contingency	CIP Cont.	1.1000	1.1000	1.1000	1.1000	1.1000