

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. The Series 2023 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 2023 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.

**NEW ISSUE  
Book-Entry Only**

**RATING:  
Moody's: Aaa  
See, "MISCELLANEOUS – Rating" herein.**

*In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other matters, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Series 2023 Bonds is excludable from gross income for federal income tax purposes under § 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however interest on the Series 2023 Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Series 2023 Bonds is exempt from present State of Georgia income taxation. See APPENDIX D herein for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2023 Bonds. For a more complete discussion of the tax status of the Series 2023 Bonds and certain other tax consequences relating to the Series 2023 Bonds, see "LEGAL MATTERS – Tax Matters" herein.*

**WALTON COUNTY WATER AND SEWERAGE AUTHORITY (GEORGIA)  
\$11,350,000\*  
Revenue Bonds  
(Oconee-Hard Labor Creek Reservoir Project), Series 2023**

**Dated: Date of Issuance**

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

The Walton County Water and Sewerage Authority (Georgia) Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2023 (the "Series 2023 Bonds") are being issued by the Walton County Water and Sewerage Authority (the "Issuer"), a public body corporate and politic of the State of Georgia. The Series 2023 Bonds are being issued pursuant to a Trust Indenture, dated as of April 1, 2008 (the "Original Indenture"), as supplemented by a First Supplemental Trust Indenture, dated as of April 1, 2008 (the "First Supplemental Indenture"), as supplemented by a Second Supplemental Trust Indenture, dated as of July 1, 2015 (the "Second Supplemental Indenture"), as supplemented by a Third Supplemental Trust Indenture, dated as of October 1, 2016 (the "Third Supplemental Indenture"), and as supplemented by a Fourth Supplemental Trust Indenture, to be dated as of August 1, 2023 (the "Fourth Supplemental Indenture" and, together with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, the "Indenture"), each between the Issuer and Regions Bank, Atlanta, Georgia, as trustee (the "Trustee"). The Series 2023 Bonds will be issued in book-entry form registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2023 Bonds. Individual purchases may be made only in book-entry form through DTC participants in DTC in the principal amounts of \$5,000 or any integral multiple thereof. No physical delivery of the Series 2023 Bonds will be made to beneficial owners of the Series 2023 Bonds. So long as Cede & Co. is the registered owner of the Series 2023 Bonds, payment of the principal of and interest on the Series 2023 Bonds will be made to Cede & Co., as nominee for DTC, which in turn will remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Series 2023 Bonds. See "DESCRIPTION OF THE SERIES 2023 BONDS – Book-Entry System of Registration."

The Series 2023 Bonds are limited obligations of the Issuer payable solely from the "Trust Estate" (as described herein), including amounts payable to the Issuer pursuant to an Intergovernmental Contract – Hard Labor Creek Reservoir Project, dated October 1, 2007, as supplemented by a First Supplement to Intergovernmental Contract-Reservoir Project, dated as of April 1, 2008, as supplemented by a Second Supplement to Intergovernmental Contract-Reservoir Project, dated July 1, 2015, as supplemented by a Third Supplement to Intergovernmental Contract-Reservoir Project, dated as of October 1, 2016, and as supplemented by a Fourth Supplement to Intergovernmental Contract-Reservoir Project, to be dated as of August 1, 2023 (collectively, the "Contract"), each between the Issuer and Oconee County, Georgia (the "County").

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

Interest on the Series 2023 Bonds is payable semiannually on February 1 and August 1 (each such date, an "Interest Payment Date"), commencing February 1, 2024, to the owners thereof as shown on the registration books maintained by the Trustee. The Series 2023 Bonds bear interest from the Interest Payment Date next preceding their date of authentication, except as provided herein. The Series 2023 Bonds will bear interest at the rates and will mature on the dates set forth on the inside front cover page herein. See "DESCRIPTION OF THE SERIES 2023 BONDS."

The Series 2023 Bonds are subject to optional and mandatory redemption, at the times, under the conditions and at the prices set forth in "DESCRIPTION OF THE SERIES 2023 BONDS – Redemption Provisions" herein.

The Series 2023 Bonds will be issued to finance the costs of (i) financing a portion of the cost of acquiring, constructing, installing and equipping a reservoir and raw water intake structure, a water treatment facility, transmission lines and other additions, extensions and expansions related to the Hard Labor Creek reservoir (the "2023 Reservoir Project") and (ii) issuing the Series 2023 Bonds. See "PLAN OF FINANCING" herein.

**SEE MATURITY, PRINCIPAL AMOUNT, RATE AND YIELD SCHEDULES ON 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 MAKING ANY INFORMED INVESTMENT DECISION.

The Series 2023 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, and to the approving opinion of Gray Pannell & Woodward LLP, Athens, Georgia, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Atkinson Ferguson, LLC, Monroe, Georgia and by its disclosure counsel, Gray Pannell & Woodward LLP, Athens, Georgia, for the County by its counsel, Daniel C. Haygood, Esq., Watkinsville, Georgia, and for the underwriter by its counsel, Amall Golden Gregory LLP, Atlanta, Georgia. The Series 2023 Bonds in definitive form are expected to be delivered through DTC in New York, New York, on or about August 10, 2023.



Date: August \_\_\_\_, 2023

\* Preliminary, subject to change.

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

**\$11,350,000\***

**Revenue Bonds**

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

**Series 2023**

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

| <b><u>February 1</u></b><br><b><u>Maturity</u></b> | <b><u>Principal</u></b><br><b><u>Amount</u></b> | <b><u>Interest</u></b><br><b><u>Rate</u></b> | <b><u>Yield</u></b> | <b><u>CUSIP</u></b> <sup>(1)</sup> |
|--|---|--|---------------------|------------------------------------|
| 2039   | \$790,000                                       |  |                     |                                    |
| 2040   | 830,000   |  |                     |                                    |
| 2041   | 875,000   |  |                     |                                    |
| 2042   | 915,000   |  |                     |                                    |
| 2043   | 960,000   |  |                     |                                    |
| 2044   | 1,010,000                                       |  |                     |                                    |
| 2045   | 1,065,000                                       |  |                     |                                    |
| 2046   | 2,390,000                                       |  |                     |                                    |
| 2047   | 2,515,000                                       |  |                     |                                    |

\* Preliminary, subject to change.

<sup>(1)</sup> CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Issuer, the County, the Underwriter, Bond Counsel, or Disclosure Counsel and are included solely for the convenience of the registered owners of the applicable Series 2023 Bonds. None of the aforementioned participants in the financing or the Underwriter of the Series 2023 Bonds are responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the applicable Series 2023 Bonds or as included herein, or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2023 Bonds as a result of various subsequent actions, including but not limited to a refunding in whole or in part, that are applicable to all or a portion of certain maturities of the Series 2023 Bonds.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and the Appendices hereto and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer, the County or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2023 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from representatives of the Issuer and the County, public documents, records, and other sources which are deemed to be reliable. The Underwriter has provided the following sentence for inclusion in the Official Statement: The Underwriter has reviewed the information in the Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriter does not guaranty the accuracy or completeness of such information. The information and expression of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer or the County since the date hereof.

The Underwriter intends to offer the Series 2023 Bonds to the public initially at the offering prices set forth on the inside front cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Series 2023 Bonds to the public. The Underwriter may offer and sell the Series 2023 Bonds to certain dealers (including dealers depositing the Series 2023 Bonds into investment trusts) at prices lower than the public offering price.

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

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the Series 2023 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NO REGISTRATION STATEMENT RELATING TO THE SERIES 2023 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY. THE SERIES 2023 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Pursuant to the provisions of Rule 15c2-12 of the Securities and Exchange Commission, the Issuer and the County have “deemed final” the Preliminary Official Statement in connection with the offer and sale of the Series 2023 Bonds.

**WALTON COUNTY WATER AND SEWERAGE AUTHORITY**

*Members*

Brad Johnson, *Chairman*  
Ryan Smith, *Vice Chairman*  
Wendell Geiger, *Secretary*  
Judy McDaniel  
Lester Middlebrooks  
Jeff Robertson  
Josh Parker

**OCONEE COUNTY, GEORGIA**

*ELECTED OFFICIALS*

*Board of Commissioners of Oconee County*

John Daniell, *Chairman*  
Mark Thomas  
Chuck Horton  
Amrey Harden  
Mark Saxon

*APPOINTED OFFICIALS*

Justin Kirouac, *Administrative Officer*  
Melissa Braswell, *Finance Director*

**UNDERWRITER**

Stifel Nicolaus & Company, Incorporated  
Atlanta, Georgia

**AUDITOR**

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Gainesville, Georgia

**ISSUER'S COUNSEL**

Atkinson Ferguson, LLC  
Monroe, Georgia

**COUNTY'S COUNSEL**

Daniel C. Haygood, Esq.  
Watkinsville, Georgia

**BOND AND DISCLOSURE COUNSEL**

Gray Pannell & Woodward LLP  
Athens, Georgia

**UNDERWRITER'S COUNSEL**

Arnall Golden Gregory LLP  
Atlanta, Georgia

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## OFFICIAL STATEMENT

Relating to

\$11,350,000\*

WALTON COUNTY WATER AND SEWERAGE AUTHORITY  
Revenue Bonds  
(Oconee-Hard Labor Creek Reservoir Project), Series 2023

### INTRODUCTION

#### General

The purpose of this Official Statement (the “Official Statement”), which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by the Walton County Water and Sewerage Authority (Georgia) (the “Issuer”) of \$11,350,000\* in aggregate principal amount of its Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2023 (the “Series 2023 Bonds”). The Series 2023 Bonds are being issued pursuant to a Trust Indenture, dated April 1, 2008 (the “Original Indenture”), as supplemented by a First Supplemental Trust Indenture, dated as of April 1, 2008 (the “First Supplemental Indenture”), as supplemented by a Second Supplemental Trust Indenture, dated as of July 1, 2015 (the “Second Supplemental Indenture”), as supplemented by a Third Supplemental Trust Indenture, dated as of October 1, 2016 (the “Third Supplemental Indenture”), and as supplemented by a Fourth Supplemental Trust Indenture, to be dated as of August 1, 2023 (the “Fourth Supplemental Indenture” and, together with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, the “Indenture”), each between the Issuer and Regions Bank, as trustee (the “Trustee”). Definitions of certain terms used in this Official Statement and not otherwise defined herein are set forth in Appendix B of this Official Statement under the heading “SUMMARY OF CERTAIN DOCUMENTS AND DEFINITION OF CERTAIN TERMS.”

*This introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices hereto, and the documents summarized or described herein. Potential investors should fully review the entire Official Statement. The offering of the Series 2023 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement, including the Appendices hereto.*

#### The Issuer

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

The Series 2023 Bonds will be special limited obligations of the Issuer as described under the caption “SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2023 BONDS” herein.

#### The County

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

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

Shoals. See “THE COUNTY” and “OCONEE COUNTY FINANCIAL INFORMATION.”

### **Security and Source of Payment for the Series 2023 Bonds**

The Series 2023 Bonds are limited obligations of the Issuer. The Series 2023 Bonds are payable solely from the Trust Estate (as described herein), including amounts payable to the Issuer pursuant to an Intergovernmental Contract – Hard Labor Creek Reservoir Project, dated as of October 1, 2007, as amended by a First Supplement to Intergovernmental Contract-Reservoir Project, dated as of April 1, 2008, as amended by a Second Supplement to Intergovernmental Contract-Reservoir Project, dated as of July 1, 2015, as amended by a Third Supplement to Intergovernmental Contract-Reservoir Project, dated as of October 1, 2016, and as amended by a Fourth Supplement to Intergovernmental Contract-Reservoir Project, to be dated as of August 1, 2023, each between the Issuer and the County (collectively, the “Contract”). Under the terms of the Contract, the County has agreed to pay the Issuer amounts sufficient to pay the debt service on the Issuer’s Refunding Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2015 (the “Series 2015 Bonds”), the Issuer’s Refunding Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2016 (the “Series 2016 Bonds” and, together with the Series 2015 Bonds, the “Prior Bonds”) and the Series 2023 Bonds (the “Contract Payments”). The Series 2023 Bonds will be equally and ratably secured on a parity basis with the Prior Bonds and any Additional Indebtedness (hereinafter defined) hereafter issued on a parity basis with the Prior Bonds and the Series 2023 Bonds.

The County intends to make the Contract Payments with moneys derived from its water and sewerage system (the “County System Revenues”); however, the County System Revenues have not been pledged as security for the Contract Payments or the Prior Bonds and the Series 2023 Bonds. In the event the County System Revenues are insufficient to make the Contract Payments, the County has agreed to levy an ad valorem tax, unlimited as to rate or amount, on all property in the County subject to taxation for such purposes in order to make the Contract Payments. The County’s obligation to make payments to the Issuer sufficient in time and amount to enable the Issuer to pay the principal of and interest on the Prior Bonds, the Series 2023 Bonds and any additional parity bonds is absolute and unconditional, and will not expire so long as any of the Prior Bonds and the Series 2023 Bonds remain outstanding and unpaid. The Series 2023 Bonds do not constitute a charge, lien or encumbrance, legal or equitable, on any other property of the Issuer. The Issuer has no taxing power.

**THE SERIES 2023 BONDS DO NOT CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF GEORGIA, THE COUNTY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF GEORGIA, THE SERIES 2023 BONDS DO NOT OBLIGATE THE STATE OF GEORGIA, THE COUNTY OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF GEORGIA TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATSOEVER FOR THE PAYMENT OF THE SERIES 2023 BONDS OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE SERIES 2023 BONDS. THE COUNTY IS, HOWEVER, OBLIGATED TO LEVY A TAX TO MAKE THE CONTRACT PAYMENTS TO THE EXTENT DESCRIBED HEREIN.**

For more complete information, see “SECURITY AND SOURCE OF PAYMENT OF THE SERIES 2023 BONDS”, “AD VALOREM TAXATION” herein, and APPENDIX B – SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS attached hereto.

### **Purpose of the Series 2023 Bonds**

The Series 2023 Bonds will be issued to finance the costs of (i) financing a portion of the cost of acquiring, constructing, installing and equipping a reservoir and raw water intake structure, a water treatment facility, transmission lines and other additions, extensions and expansions related to the Hard Labor Creek reservoir (the “2023 Reservoir Project”) and (ii) issuing the Series 2023 Bonds. See “PLAN OF FINANCING” herein.

### **Description of the Series 2023 Bonds**

*Redemption.\** The Series 2023 Bonds are subject to optional and mandatory redemption prior to their stated maturity. At least thirty and not more than sixty days before the date upon which redemption is to be made, a redemption notice will be mailed by first class mail to all registered owners of Series 2023 Bonds to be redeemed. See “DESCRIPTION OF THE SERIES 2023 BONDS -- Redemption Provisions.”



*Denominations.* The Series 2023 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

*Registration, Transfers and Exchanges.* The registered owner of the Series 2023 Bonds as shown on the registration books maintained by the Trustee will be treated as the owner of the Series 2023 Bonds for all purposes, including payment. The Series 2023 Bonds will be issued in fully registered form. When in book-entry form, the purchasers of the Series 2023 Bonds (the “Beneficial Owners”) will not receive certificates representing their ownership interest in the Series 2023 Bonds. Instead, such Series 2023 Bonds will be held by a securities depository, initially The Depository Trust Company (“DTC”) and registered in the name of DTC or its nominee, Cede & Co. Any registration of transfer or exchange of the ownership interest in Series 2023 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 2023 BONDS – Book-Entry System of Registration.” When not in book-entry form, ownership of any Series 2023 Bond may be registered as transferred upon surrender of such Series 2023 Bond to the Trustee, together with an assignment duly executed by the registered owner or his attorney or legal representative, subject to the conditions hereinafter described. When not in book-entry form, the Series 2023 Bonds are exchangeable for a like aggregate principal amount of Series 2023 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 2023 BONDS -- Registration Provisions; Transfer and Exchange.”

*Payments.* Interest on the Series 2023 Bonds is payable on February 1 and August 1 of each year (each such date, an “Interest Payment Date”), commencing February 1, 2024. Payment of the principal of and interest on the Series 2023 Bonds will be made by the Trustee, directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to Participants (hereinafter defined) and thereafter to Beneficial Owners of the Series 2023 Bonds. When not in book-entry form, interest on the Series 2023 Bonds is payable by check or draft mailed by first class mail on the Interest Payment Date to the owners thereof as shown on the books and records of the Trustee, on the 15th day of the calendar month next preceding the Interest Payment Date. When not in book-entry form, principal on the Series 2023 Bonds is payable upon surrender thereof at the corporate trust office of the Trustee, located in Atlanta, Georgia. See “DESCRIPTION OF THE SERIES 2023 BONDS.”

For a more complete description of the Series 2023 Bonds, see “DESCRIPTION OF THE SERIES 2023 BONDS.”

### **Tax Exemption**

In the opinion of Bond Counsel, under existing laws, regulations, and judicial decisions, and assuming continued compliance by the Issuer and the County with certain covenants, interest on the Series 2023 Bonds is exempt from present State of Georgia income taxation, is excluded from gross income for federal income tax purposes, and is not a specific preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however interest on the Series 2023 Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. See Appendix D for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2023 Bonds.

For a more complete discussion of such opinion and certain limitations, assumptions and conditions applicable thereto, including certain exceptions to the exclusion of the interest on the Series 2023 Bonds from gross income, see “LEGAL MATTERS – Tax Matters; – Premium Bonds; and – Original Issue Discount Bonds” herein.

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

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

The financial statements of the County as of June 30, 2022 and for the year then ended attached hereto as Appendix A have been audited by Rushton, LLC, Gainesville, Georgia, independent certified public accountants, as indicated in their report included therein.

### **Trustee**

Regions Bank, Atlanta, Georgia, will act as Trustee for the Series 2023 Bonds. The principal corporate office of the Trustee in Atlanta is located at 1180 West Peachtree Street, Suite 1200, Atlanta, Georgia 30309, Attention: Vanessa Williams.

### **Legal Authority for Issuance**

The Series 2023 Bonds are being issued in accordance with and pursuant to the Constitution and laws of the State of Georgia including particularly the Revenue Bond Law, as amended (O.C.G.A. §36-82-60 *et seq.*) and the Act. The Series 2023 Bonds will be authorized pursuant to the terms and conditions of a resolution to be adopted by the Issuer on June 27, 2023, as supplemented on or about August 1, 2023 (collectively, the “Bond Resolution”) and a Consent Resolution to be adopted by the Board of Commissioners of Walton County, Georgia on July 11, 2023 (the “Consent Resolution”).

### **Offering and Delivery of the Series 2023 Bonds**

The Series 2023 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, and to the approval of legality by Gray Pannell & Woodward LLP, bond counsel. The Series 2023 Bonds in definitive form are expected to be delivered through The Depository Trust Company in New York, New York, on or about August 10, 2023.

### **Continuing Disclosure**

The Issuer has determined that no financial or operating data concerning the Issuer is material to any decision to purchase, hold, or sell the Series 2023 Bonds, and the Issuer will not provide any such information. The County has undertaken all responsibilities for any continuing disclosure to Beneficial Owners of the Series 2023 Bonds, as described below, and the Issuer will have no liability to the Beneficial Owners of the Series 2023 Bonds or any other person with respect to such disclosures.

The County has covenanted in a Continuing Disclosure Certificate (the “Disclosure Certificate”) for the benefit of the beneficial owners of the Series 2023 Bonds to provide certain financial information and operating data relating to the County (the “Annual Report”) by not later than the last day of the ninth month after the end of each fiscal year of the County, commencing with fiscal year 2023, and to provide notices of the occurrence of certain enumerated events (the “Events Notices”). The Annual Report and the Events Notices will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB (which, as of the date hereof, is the Electronic Municipal Market Access (“EMMA”) system of the MSRB). The County’s undertaking to provide the Annual Report and Events Notices pursuant to the Continuing Disclosure Certificate is described in Appendix C. The covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”).

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

The County filed its audited financial statements for fiscal year 2019 on January 2, 2020 (6 days late), its audited financial statements for fiscal year 2018 on January 4, 2019 (8 days late), and its audited financial statements for fiscal year 2017 on January 2, 2018 (6 days late). Despite the late filings described here, the County timely filed its unaudited financial statements along with notice of late filings for each year.

The County participated in the Securities and Exchange Commission’s Municipal Continuing Disclosure Cooperation (MCDC) initiative regarding misstatements in prior offering documents regarding the County’s prior

compliance with its Prior Undertakings.

Pursuant to written procedures approved by the Board of Commissioners of the County on June 30, 2015, the County implemented additional internal written procedures designed to ensure that future annual reports, including annual reports relating to the Series 2023 Bonds, will be filed on a complete and timely basis. Additionally, Digital Assurance Certification, L.L.C. (DAC) will serve as the continuing disclosure dissemination agent for the County.

**Other Information**

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

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the County, the Series 2023 Bonds, and the security and sources of payment for the Series 2023 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Indenture, the Contract, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series 2023 Bonds are qualified in their entirety to the form thereof included in the Indenture.

Copies of all documents described herein are available upon request, prior to the delivery of the Series 2023 Bonds, from Stifel, Nicolaus & Company, Incorporated, 3630 Peachtree Road, Suite 400, Atlanta, Georgia 30326, telephone: (404) 504-2760, and after delivery of the Series 2023 Bonds upon payment to the County of a charge for copying, mailing and handling, from Oconee County, Georgia, P.O. Box 145, 23 North Main Street, Watkinsville, Georgia 30677, Attention: Melissa Braswell, telephone: (706) 769-2944.

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**PLAN OF FINANCING**

**Estimated Sources and Applications of Funds\***

The sources and applications of funds in connection with the issuance of the Series 2023 Bonds are estimated below.

Estimated Sources of Funds:

|                                    |               |
|------------------------------------|---------------|
| Series 2023 Bond Proceeds:         |               |
| Par Amount                         | \$11,350,000* |
| [Plus/Less] Net [Premium/Discount] |               |
| Total Sources of Funds             |               |

Estimated Application of Funds

    Deposit to Series 2023 Construction Fund Account  
    Cost of Issuance<sup>(1)</sup>

        Total Application of Funds

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

**Discussion of 2023 Reservoir Project**

A portion of the proceeds of the Series 2023 Bonds will be used for the purpose of financing the costs of acquiring, constructing, installing and equipping a reservoir and raw water intake structure, a water treatment facility, transmission lines and other additions, extensions and expansions related to the Hard Labor Creek reservoir (the “2023 Reservoir Project”). The expected completion date of the total 2023 Reservoir Project is May 31, 2025.

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## DESCRIPTION OF THE SERIES 2023 BONDS

### General

The Series 2023 Bonds will be dated as of their date of issuance. Interest on the Series 2023 Bonds is payable on February 1 and August 1 of each year (each such date, an “Interest Payment Date”), commencing February 1, 2024. The Series 2023 Bonds will bear interest from the Interest Payment Date next preceding their date of authentication to which interest has been paid (unless their date of authentication is an Interest Payment Date, in which case from such Interest Payment Date, or unless their date of authentication is after a record date and prior to the corresponding Interest Payment Date, in which case from such corresponding Interest Payment Date or unless their date of authentication is prior to February 1, 2024 in which case from their date of issuance) at the rates per annum set forth on the inside front cover of this Official Statement (computed on the basis of a 360-day year comprised of twelve 30-day months). Payment of the principal of and interest on the Series 2023 Bonds will be made by the Trustee directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC’s Direct Participants and thereafter to the Beneficial Owners of the Series 2023 Bonds. See “- Book-Entry System of Registration” below. When not in book-entry form, interest on the Series 2023 Bonds is payable by check or draft mailed by first class mail on the Interest Payment Date to the owners thereof as shown on the books and records of the Trustee on the 15<sup>th</sup> day of the calendar month next preceding the Interest Payment Date. Interest on the Series 2023 Bonds is payable to any registered owner of at least \$1,000,000 in aggregate principal amount of Series 2023 Bonds by wire transfer to an account in the continental United States, if written wire transfer instructions are given to the Trustee prior to the 15<sup>th</sup> day of the calendar month preceding the first Interest Payment Date to which such instructions relate. When not in book-entry form, principal on the Series 2023 Bonds is payable upon surrender thereof at the corporate trust office of the Trustee located in Atlanta, Georgia.

### Authority for Issuance

The Series 2023 Bonds are being issued in accordance with and pursuant to the Constitution and laws of the State of Georgia, including specifically an act of the General Assembly (Ga. L. 1972, p. 3623 *et seq.*), as thereafter amended (the “Act”) and the Revenue Bond Law (O.C.G.A. Section 36-82-60 *et seq.*), as amended. The Series 2023 Bonds will be authorized pursuant to the terms and conditions of a resolution adopted by the Issuer on June 27, 2023, as to be supplemented on or about August 1, 2023 (collectively, the “Bond Resolution”) and the Consent Resolution.

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

The execution, delivery, and performance of the Contract by the County will be authorized and approved pursuant to a resolution to be adopted by the Board of Commissioners of the County on or about August 1, 2023.

### Redemption Provisions\*

*Optional Redemption.* The Series 2023 Bonds maturing on or after February 1, 20\_\_\_\_ are redeemable at the option of the Issuer, at the direction of the County, in whole or in part, at any time and in any order of maturity, not earlier than February 1, 20\_\_\_\_, from any moneys available therefor, at a redemption price of 100% of principal amount of such bonds, plus accrued interest to the redemption date, all in the manner provided in the Indenture.

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

*Mandatory Redemption of Series 2023 Bonds.* The Series 2023 Bonds maturing on February 1, 20\_\_\_\_, are subject to mandatory sinking fund redemption on February 1, 20\_\_\_\_, and on each February 1 thereafter to and including February 1, 20\_\_\_\_, in the principal amount set forth in the table below, at a redemption price equal to 100% of the principal amount to be redeemed plus interest due thereon on such redemption date (the February 1,



receive certificates representing their ownership interest in the Series 2023 Bonds. Instead, such Series 2023 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 2023 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 2023 BONDS – Book-Entry System of Registration.”

When not in book-entry form, ownership of any Series 2023 Bond will be transferable upon surrender thereof to the Trustee, together with an assignment duly executed by the registered owner or his attorney, duly authorized in writing in such form as shall be satisfactory to the Trustee. Upon any such transfer of ownership, the Trustee will cause to be authenticated and delivered a new Series 2023 Bond or Bonds registered in the name of the transferee in the authorized denomination in the same aggregate principal amount, interest rate, series and maturity as the Series 2023 Bonds surrendered for such transfer. The Series 2023 Bonds may be exchanged for a like principal amount of Series 2023 Bonds of the same interest rate, series and maturity of other authorized denominations. For every exchange or registration of transfer, the Trustee may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2023 Bonds. The Trustee is not required to transfer or exchange any Series 2023 Bond after notice of redemption has been given or for fifteen days prior to the giving of such notice.

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

DTC will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2023 Bond certificate will be issued for each maturity of the Series 2023 Bonds, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U. S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other Series 2023 Bond transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of Series 2023 Bond certificates. Direct Participants include both U.S. and non-U.S. Bond brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. Securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2023 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial

Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2023 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Series 2023 Bonds may wish to ascertain that the nominee holding the Series 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 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 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments and redemption proceeds on the Series 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with the Series 2023 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Trustee, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to Issuer or Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2023 Bond certificates are required to be printed and delivered.

The Issuer or the County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities depository). In that event, certificated Series 2023 Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer and the County believe to be reliable, but the Issuer, the County and the Underwriter take no responsibility for the accuracy thereof, and neither the DTC Participants nor the Beneficial Owners should rely on



the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the Issuer, the County, the Underwriter, nor the Trustee will have any responsibility or obligations to any Direct Participants or Indirect Participants or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or any such Direct Participants or Indirect Participants; (ii) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of or interest on the Series 2023 Bonds; (iii) the delivery by any such Direct Participant or Indirect Participants of any notice to any Beneficial Owner that is required or permitted under the terms of the Indenture to be given to the holders of the Series 2023 Bonds; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2023 Bonds; or (v) any consent given or other action taken by DTC as holder of the Series 2023 Bonds.

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## SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2023 BONDS

### General

The Series 2023 Bonds are limited obligations of the Issuer secured by and payable solely from a first lien on the Trust Estate. The Trust Estate is defined in the Indenture to include all right, title and interest of the Issuer (i) in all money and securities held by the Trustee in the funds and accounts established under the Indenture and (ii) to make claim for, collect and receive any sum of money owed by the County under the Contract and to bring actions and proceedings under the Contract or for the enforcement of the Contract.

The Indenture provides for the issuance from time to time of additional bonds and other forms of debt (“Additional Indebtedness”) which rank, as to lien on the Trust Estate, on a parity with the lien thereon of the Prior Bonds and the Series 2023 Bonds. The Indenture requires, as a condition of the issuance of any such Additional Indebtedness, that the Issuer deliver to the Trustee an amendment or supplement to the Contract under which the County agrees to pay additional amounts under the Contract sufficient to enable the Issuer to pay amounts due on such Additional Indebtedness. If such Additional Indebtedness is issued, such Additional Indebtedness shall rank on parity with the Prior Bonds and the Series 2023 Bonds as to the lien on the Trust Estate. See APPENDIX B – SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS.

### The Contract

In consideration of the facilities and services to be provided by the Issuer to the County, the County has agreed in the Contract to make payments to the Issuer at times and in amounts sufficient to enable the Issuer to pay principal and interest on the Series 2023 Bonds. The County has also agreed to levy an ad valorem property tax, unlimited as to rate or amount, on all property in the County subject to taxation for such purposes in order to make the Contract Payments to the extent that the County does not have other funds to make such payments. See “AD VALOREM TAXATION.” The County intends to make the Contract Payments with moneys derived from the County System Revenues; however, the County System Revenues have not been pledged as security for the Contract Payments or the Series 2023 Bonds. See “The County System” below for more information about the County System.

The obligation of the County to make the Contract Payments is absolute and unconditional, and such Contract Payments will not be abated or reduced because of (i) damage to or destruction of the 2023 Reservoir Project, or any failure or inability to withdraw or treat water from the 2023 Reservoir Project, or to deliver such water, (ii) any failure or default on the part of the Issuer under the Contract or under any documents, (iii) any lack of notice of amounts due from the Issuer or the Trustee under the Contract or (iv) for any reason whatsoever.

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

### The County System

*General.* The County’s water and sewerage system (the “County System”) provides water to all of the County and serves approximately 12,120 residential and commercial customers. The County receives most of its water from the Upper Oconee Basin Water Authority (the “Upper Oconee Authority”). The County, Jackson County, Barrow County and Athens-Clarke County are members of the Upper Oconee Authority. As a member the County is entitled to receive 19.04% of the treated water produced by the Upper Oconee Authority and is required to pay 20.959% of the Upper Oconee Authority’s debt service on its revenue bonds. The County System provides waste water collection and treatment services to a portion of the County and serves approximately 2,920 residential and commercial customers.

*Existing County Bonds Secured by Net Revenues.* The Upper Oconee Authority issued its Revenue Refunding Bonds, Series 2015A and its Taxable Revenue Refunding Bonds, Series 2015B (the “Upper Oconee Authority Bonds”) on May 29, 2015. As discussed above, the County is required to pay 20.959% of the debt service on the Upper Oconee Authority Bonds. In addition, the County issued its Refunding Revenue Bonds, Series 2012 and its Water and Sewerage Revenue Bonds, Series 2017A (collectively, the “County Revenue Bonds”), pursuant to

a resolution adopted by the County on October 23, 1998, as supplemented on November 3, 1998, July 18, 2003, September 1, 2009, October 22, 2009, June 26, 2012, July 12, 2012, September 20, 2017 and October 3, 2017 (as supplemented, the “County Bond Resolution”). The County Revenue Bonds are secured by a first lien on the net revenues of the County System.

The County Bond Resolution requires that all revenues from the County System be deposited into the Revenue Fund. The County Bond Resolution further requires that the moneys on deposit in the Revenue Fund be used each month first to pay operating expenses; second to fund the Debt Service Account for the County Revenue Bonds; third to fund the Reserve Account for the County Revenue Bonds; and fourth to repay junior lien obligations, including, but not limited to (i) any loans made by Georgia Environmental Finance Authority and the State of Georgia Revolving Fund, (ii) that portion of the payments made by the County out of net revenues to the Upper Oconee Basin Water Authority under the Intergovernmental Reservoir and Raw Water Supply Agreement and the Upper Oconee Water Treatment and Transmission Agreement among the Upper Oconee Basin Water Authority, the County, Athens-Clarke County, Barrow County and Jackson County, Georgia, dated July 22, 1996, as amended, and (iii) any and all existing loans having a lien on the net revenues of the System. Any moneys remaining in the Revenue Fund each month after the foregoing payments and transfers are made, and after a reasonable working capital reserve is established, are transferred to the Renewal and Extension Fund. Moneys on deposit in the Renewal and Extension Fund may be used to make capital improvements to the County System. In addition, there may be paid from such Renewal and Extension Fund (i) payments to be made by the County pursuant to the Intergovernmental Contract-Hard Labor Creek Reservoir Project, dated as of October 1, 2007, as amended and supplemented from time to time, between the County and the Issuer 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 Issuer. The County intends to make the payments to the Upper Oconee Authority Bonds, the Prior Bonds, and the Series 2023 Bonds, after it pays the costs of operating and maintaining the County System and the debt service on the County Revenue Bonds.

### **The Indenture**

The Indenture creates a first lien on the Trust Estate as security for the Prior Bonds, the Series 2023 Bonds and any Additional Indebtedness. Contract Payments received by the Trustee will be deposited into the Sinking Fund and will be used to pay the principal of and interest on the Prior Bonds, the Series 2023 Bonds and the Additional Indebtedness as the same become due. Moneys on deposit in the Sinking Fund may be invested in Permitted Investments. See APPENDIX B – SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS for more information about the Indenture.

### **Enforceability of Remedies**

The realization of value from the pledge of the Trust Estate upon any default will depend upon the exercise of various remedies specified under the laws of the State of Georgia. These and other remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The various legal opinions to be delivered concurrently with the delivery of the Series 2023 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, reorganization, or other laws affecting the enforcement of creditors’ rights generally.

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

**PRINCIPAL AND INTEREST REQUIREMENTS**

Set forth below are the principal (including principal payable at maturity and by mandatory redemption) and interest requirements for the Prior Bonds and the Series 2023 Bonds. See “COUNTY DEBT STRUCTURE – Summary of Debt by Category and Overlapping Debt” herein for a summary of other tax supported indebtedness of the County.

| Year<br>Ending<br>June 30 | Prior Bonds         |                       |                        | Series 2023 Bonds*  |          |       | Total<br>Amount* |
|---------------------------|---------------------|-----------------------|------------------------|---------------------|----------|-------|------------------|
|                           | Principal           | Interest              | Total                  | Principal           | Interest | Total |                  |
| 2024                      | \$610,000           | \$603,618.76          | \$1,213,618.76         | \$--                |          |       |                  |
| 2025                      | 645,000             | 573,775.00            | 1,218,775.00           | --                  |          |       |                  |
| 2026                      | 675,000             | 542,312.50            | 1,217,312.50           | --                  |          |       |                  |
| 2027                      | 705,000             | 509,350.00            | 1,214,350.00           | --                  |          |       |                  |
| 2028                      | 875,000             | 477,400.00            | 1,352,400.00           | --                  |          |       |                  |
| 2029                      | 905,000             | 442,400.00            | 1,347,400.00           | --                  |          |       |                  |
| 2030                      | 945,000             | 406,200.00            | 1,351,200.00           | --                  |          |       |                  |
| 2031                      | 980,000             | 368,400.00            | 1,348,400.00           | --                  |          |       |                  |
| 2032                      | 1,025,000           | 329,200.00            | 1,354,200.00           | --                  |          |       |                  |
| 2033                      | 1,065,000           | 288,200.00            | 1,353,200.00           | --                  |          |       |                  |
| 2034                      | 1,105,000           | 245,600.00            | 1,350,600.00           | --                  |          |       |                  |
| 2035                      | 1,145,000           | 201,400.00            | 1,346,400.00           | --                  |          |       |                  |
| 2036                      | 1,250,000           | 155,600.00            | 1,405,600.00           | --                  |          |       |                  |
| 2037                      | 1,295,000           | 105,600.00            | 1,400,600.00           | --                  |          |       |                  |
| 2038                      | 1,345,000           | 53,800.00             | 1,398,800.00           | --                  |          |       |                  |
| 2039                      | --                  | --                    | --                     | 790,000             |          |       |                  |
| 2040                      | --                  | --                    | --                     | 830,000             |          |       |                  |
| 2041                      | --                  | --                    | --                     | 875,000             |          |       |                  |
| 2042                      | --                  | --                    | --                     | 915,000             |          |       |                  |
| 2043                      | --                  | --                    | --                     | 960,000             |          |       |                  |
| 2044                      | --                  | --                    | --                     | 1,010,000           |          |       |                  |
| 2045                      | --                  | --                    | --                     | 1,065,000           |          |       |                  |
| 2046                      | --                  | --                    | --                     | 2,390,000           |          |       |                  |
| 2047                      | --                  | --                    | --                     | <u>2,515,000</u>    |          |       |                  |
| <b>TOTAL</b>              | <u>\$14,570,000</u> | <u>\$5,302,856.26</u> | <u>\$19,872,856.26</u> | <u>\$11,350,000</u> |          |       |                  |

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**THE ISSUER**

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

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

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

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

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

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

| <u>Name</u>                   | <u>Occupation</u>                                   |
|-------------------------------|---|
| Brad Johnson, <i>Chairman</i> | Landscape Business Owner                            |
| Ryan Smith                    | Window Tinting Company                              |
| Wendell Geiger                | Retired, Walton County Water and Sewerage Authority |
| Judy McDaniel                 | Banker  |
| Lester Middlebrooks           | Utility Company                                     |
| Jeff Robertson                | Retired military.                                   |
| Josh Parker                   | Realtor   |

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## THE COUNTY

### Introduction

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

### Form of Government and County Officials

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

| <u>Name</u>            | <u>Principal Occupation</u>                  | <u>Expiration of Term of Office</u> |
|------------------------|--|-------------------------------------|
| John Daniell, Chairman | Chairman, Board of Commissioners             | December 31, 2024                   |
| Mark Saxon             | Retired – U.S. Army                          | December 31, 2024                   |
| Mark Thomas            | Businessman                                  | December 31, 2024                   |
| Chuck Horton           | Government official and Retired Police Chief | December 31, 2026                   |
| Amrey Harden           | Retired - Bank President                     | December 31, 2026                   |

Justin Kirouac currently serves as the County’s Administrative Officer. Mr. Kirouac was appointed on July 11, 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. Prior to his appointment, Mr. Kirouac was serving as Assistant City Manager for the City of Johns Creek, Georgia. Mr. Kirouac holds a Bachelor’s degree in Political Science from Grove City College and a Masters of Public Administration from Georgia State University.

Melissa Braswell is the County’s Finance Director. She was appointed on March 1, 2022, 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 her appointment, Ms. Braswell served as Assistant Finance Director. Ms. Braswell holds a Bachelor’s degree in Business Administration with a major in Accounting from the University of Georgia and is a Certified Public Accountant in the state of Georgia.

### Services

The County provides a full range of services to its citizens, including garbage collection, parks and recreation, water supply, sewer treatment, and roads and infrastructure maintenance. All services, except for water supply and sewer treatment, and components of solid waste and civic center are paid primarily by tax revenues.

### Employees, Employee Relations, and Labor Organizations

The County employs approximately 282 full-time equivalent employees in all departments of government. No employees of the County are represented by labor organizations or are covered by collective bargaining agreements, and the County is not aware of any union organizing efforts at the present time. For a description of employee post-employment benefits, see “OCONEE COUNTY FINANCIAL INFORMATION – Retirement Plans and Other Post-Employment Benefits.”

## Population

The following table reflects the population estimates for the County, the State and the United States for the years ended December 31, 2018 through 2022 (the most current published data).

| <u>Year</u> | <u>County</u> | <u>State</u> | <u>United States</u> |
|-------------|---------------|--------------|----------------------|
| 2022        | 43,588        | 10,912,876   | 333,287,557          |
| 2021        | 43,023        | 10,799,566   | 331,893,745          |
| 2020        | 41,799        | 10,711,908   | 331,449,281          |
| 2019        | 40,280        | 10,617,423   | 328,239,523          |
| 2018        | 39,478        | 10,511,131   | 326,687,501          |

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

## Labor Statistics

The following table reflects the total labor force in the County, together with the unemployment rates for the County, the State of Georgia and the United States for the years ended December 31, 2018 through 2022.

|                                 | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| County Labor Force              | 20,121      | 20,054      | 19,208      | 20,285      | 19,984      |
| County Unemployment Rate        | 3.0%        | 2.6%        | 3.8%        | 2.2%        | 2.3%        |
| State Unemployment Rate         | 4.0%        | 3.5%        | 6.5%        | 3.9%        | 3.0%        |
| United States Unemployment Rate | 3.9%        | 3.7%        | 8.1%        | 5.3%        | 3.6%        |

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

## Building Permits

Set forth below are the numbers of single family residential and commercial building permits and the value of those permits for fiscal years 2018 through 2022 (the most current published data).

| <u>Year</u> | <u>Single Family Residential</u> |                            | <u>Commercial</u> |                            |
|-------------|----------------------------------|----------------------------|-------------------|----------------------------|
|             | <u>Number</u>                    | <u>Value<sup>(1)</sup></u> | <u>Number</u>     | <u>Value<sup>(1)</sup></u> |
| 2022        | 196                              | \$284,496                  | 144               | \$271,457                  |
| 2021        | 248                              | 241,662                    | 106               | 80,068                     |
| 2020        | 266                              | 206,697                    | 75                | 102,239                    |
| 2019        | 156                              | 123,007                    | 135               | 267,977                    |
| 2018        | 339                              | 229,961                    | 140               | 187,235                    |

<sup>(1)</sup> Represents the revenues generated by the permits.

Source: Oconee County Code Enforcement.

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## Per Capita Income

The following table reflects the estimated per capita income figures for the County, the State of Georgia and the United States for the years ended December 31, 2017 through 2021 (the most current published data).

| <u>Year</u> | <u>County</u> | <u>State</u> | <u>United States</u> |
|-------------|---------------|--------------|----------------------|
| 2021        | \$76,403      | \$55,786     | \$64,143             |
| 2020        | 72,145        | 51,987       | 59,765               |
| 2019        | 70,400        | 49,083       | 56,250               |
| 2018        | 65,316        | 46,855       | 53,786               |
| 2017        | 63,435        | 44,993       | 51,550               |

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

## Median Home Value

The following table shows the estimate median home value for the County, the State and the United States for the calendar years 2017 through 2021 (the most current published data).

| <u>Year</u> | <u>County</u> | <u>State</u> | <u>United States</u> |
|-------------|---------------|--------------|----------------------|
| 2021        | \$329,700     | \$206,700    | \$244,900            |
| 2020        | 304,400       | 190,200      | 229,800              |
| 2019        | 286,600       | 176,000      | 217,500              |
| 2018        | 268,100       | 166,800      | 204,900              |
| 2017        | 252,000       | 158,400      | 193,500              |

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

## Largest Employers

Set forth below are the ten largest employers located in the County as of 2022, their industries and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in the County or will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial conditions of the companies listed below.

| <u>Employer</u>                            | <u>Type of Business</u>                        | <u>Employees</u> |
|--|--|------------------|
| 1. Walmart SuperCenter                     | Department Store                               | 375              |
| 2. Benson's Bakery                         | Bakery   | 300              |
| 3. Zaxby's Franchising Inc. <sup>(1)</sup> | Franchisors & Licensors                        | 300              |
| 4. Kroger                                  | Grocery Stores                                 | 240              |
| 5. Board of Regents of Univ System of GA   | Colleges, Universities, & Professional Schools | 200              |
| 6. Texas Roadhouse                         | Restaurant                                     | 175              |
| 7. University of North Georgia             | Colleges, Junior, & Technical Institutes       | 175              |
| 8. Athens Academy                          | Schools, Elementary & Secondary                | 170              |
| 9. Lowe's Home Improvement Warehouse       | Lumber & Other Building Materials              | 165              |
| 10. Publix                                 | Grocery Stores                                 | 160              |

<sup>(1)</sup> The Zaxby's Franchising Inc. will be relocating to Atlanta, Georgia in the first quarter of 2024.  
Source: Oconee County Economic Development Authority and Business Wise (2022).



## Banking Deposits

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

| <u>Year</u> | <u>Institutions</u> | <u>Deposits</u> |
|-------------|---------------------|-----------------|
| 2022        | 11                  | \$1,736,675     |
| 2021        | 15                  | 1,446,749       |
| 2020        | 15                  | 1,237,257       |
| 2019        | 16                  | 1,052,529       |
| 2018        | 14                  | 959,286         |

Source: Federal Depository Insurance Corporation.

## Industry Mix

The following table reflects industry mix for the third quarter of 2022.

| <u>Industry</u>  | <u>Number of Firms</u> | <u>Average Monthly Employment</u> | <u>Average Weekly Wages</u> |
|--|------------------------|-----------------------------------|-----------------------------|
| Agriculture, Forestry, Mining, Quarrying               | 26                     | 197                               | \$1,102                     |
| Mining   | 2                      | **                                | **                          |
| Construction   | 148                    | 701                               | 1,209                       |
| Manufacturing (31-33)                                  | 4                      | 63                                | 320                         |
| Manufacturing  | 38                     | 645                               | 1,021                       |
| Services:  |                        |                                   |                             |
| Utilities  | 2                      | **                                | **                          |
| Wholesale Trade  | 58                     | 1,419                             | 1,084                       |
| Retail Trade (44 & 45)                                 | 50                     | 1,184                             | 711                         |
| Retail Trade   | 115                    | 2,005                             | 682                         |
| Transportation and Warehousing (48 & 49)               | 18                     | **                                | **                          |
| Transportation and Warehousing                         | 22                     | **                                | **                          |
| Information  | 12                     | 103                               | 820                         |
| Finance and Insurance                                  | 95                     | 403                               | 1,493                       |
| Real Estate and Rental and Leasing                     | 81                     | 209                               | 913                         |
| Professional Scientific/Technical Services             | 190                    | 870                               | 2,069                       |
| Management of Companies and Enterprises                | 5                      | 516                               | 1,591                       |
| Administrative, Support, Waste Management, Remediation | 97                     | 819                               | 947                         |
| Educational Services                                   | 29                     | 652                               | 717                         |
| Health Care and Social Services                        | 178                    | 1,778                             | 977                         |
| Arts, Entertainment, and Recreation                    | 24                     | 158                               | 452                         |
| Accommodation and Food Services                        | 81                     | 1,708                             | 391                         |
| Other Services (except government)                     | 89                     | 603                               | 940                         |
| Unclassified – industry not assigned                   | 142                    | 108                               | 1,158                       |
| Federal Government                                     | 8                      | 65                                | 1,191                       |
| State Government                                       | 6                      | 31                                | 448                         |
| Local Government                                       | <u>17</u>              | <u>1,496</u>                      | <u>923</u>                  |
| Total All Industries                                   | 1,465                  | \$14,635                          | \$969                       |

Source: Georgia Department of Labor.

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

## Categories of Land by Use

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

| <u>Year</u> | <u>Residential</u> | <u>Agricultural</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Conservation</u> <sup>(2)</sup> | <u>Timber and Forest</u> |
|-------------|--------------------|---------------------|-------------------|-------------------|------------------------------------|--------------------------|
| 2022        | 17.50%             | 14.20%              | 2.11%             | 0.64%             | 62.92%                             | 2.63%                    |
| 2021        | 17.75              | 12.36               | 2.17              | 0.64              | 65.94                              | 1.15                     |
| 2020        | 17.97              | 12.06               | 2.13              | 0.67              | 66.51                              | 0.67                     |
| 2019        | 17.72              | 13.31               | 2.12              | 0.66              | 64.92                              | 1.26                     |
| 2018        | 17.95              | 12.32               | 2.14              | 0.67              | 66.18                              | 0.73                     |

<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 the County is approximately 108,133 acres. This figure does not include the acreage of real property that is exempt from ad valorem property taxation. See “AD VALOREM TAXATION – Property Subject to Taxation.”

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

<sup>(2)</sup> Includes forest land, timber 100% 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 Piedmont Athens Regional 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, Dove Creek Elementary Schools, Malcolm Bridge Middle School, Oconee County Middle School, Oconee County High School, and North Oconee High School, employing approximately 571 teachers and enrolling approximately 8,290 students.

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

Gainesville College, a two-year member of the University System of Georgia, 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.

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

## OCONEE COUNTY FINANCIAL INFORMATION

### Accounting and Budget Control

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

### Investment of Moneys

Section 36-82-7 of the Official Code of Georgia Annotated provides that the proceeds of the Series 2023 Bonds may be invested and reinvested in the following investments, and no others:

- (1) the local government investment pool created in Chapter 83 of Title 36 of the Official Code of Georgia Annotated, as amended;
- (2) bonds or obligations of the Issuer or bonds or obligations of the State of Georgia or other states or of other counties, municipal corporations, and political subdivisions of the State of Georgia;
- (3) bonds or other obligations of the United States or of subsidiary corporations of the United States government which are fully guaranteed by such government;
- (4) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence; provided, however, that all such obligations shall have a current credit rating from a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;
- (5) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;
- (6) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any such bond proceeds. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia or with a trust office within the State of Georgia, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or other states or of any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations described in (3) above, obligations of the agencies and instrumentalities of the United States

government described in (4) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities described in (5) above;

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

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

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

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

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

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

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

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

(1) obligations of the State of Georgia or of other states;

(2) obligations issued by the United States government;

(3) obligations fully insured or guaranteed by the United States government or a United States government agency;

(4) obligations of any corporation of the United States government;

(5) prime bankers' acceptances;

(6) the local government investment pool established by Section 36-83-8 of the Official Code of Georgia Annotated;

(7) repurchase agreements; and

(8) obligations of other political subdivisions of the State of Georgia.

Paragraph VI of Section V of Article IX of the Constitution of the State of Georgia requires the proceeds of the tax assessed and collected to pay the principal of and interest on the Series 2023 Bonds, together with any other moneys collected for this purpose, to be placed in a sinking fund to be used exclusively for paying the principal of and interest on the Series 2023 Bonds and to be held and kept separate and apart from all other revenues collected by the County.

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

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

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

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

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## General Fund History

Set forth below is a historical comparative summary of the revenues, expenditures and changes in fund balance of the County's general fund for the last five fiscal years. Information in the table has been extracted from the County's audited financial statements for fiscal years ended June 30, 2018 through 2022. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the County for the fiscal years shown. For more complete information, reference is made to the audited financial statements for fiscal years 2018 through 2022 copies of which are available from the County upon request.

### Oconee County, Georgia General Fund History

|  | Fiscal Year Ended June 30 |                     |                     |                     |                                   |
|--|---------------------------|---------------------|---------------------|---------------------|-----------------------------------|
|  | 2018                      | 2019                | 2020                | 2021                | 2022                              |
| <b>REVENUES</b>  |                           |                     |                     |                     |                                   |
| Taxes  | \$23,604,653              | \$25,503,140        | \$27,747,203        | \$31,131,010        | \$33,049,243                      |
| Licenses and Permits   | 843,434                   | 808,598             | 746,876             | 852,241             | 1,040,452                         |
| Intergovernmental  | 711,091                   | 1,133,842           | 1,365,252           | 2,722,648           | 922,449                           |
| Charges for Services   | 2,652,279                 | 2,876,540           | 2,579,725           | 2,735,326           | 2,947,663                         |
| Fines and Forfeitures  | 496,027                   | 544,363             | 505,697             | 431,791             | 425,086                           |
| Investment Income  | 91,626                    | 208,991             | 116,182             | 16,228              | 51,351                            |
| Contributions and Donations  | 210                       | 9,220               | 4,052               | 100,692             | 4,911                             |
| Miscellaneous Income   | 99,439                    | 144,558             | 138,089             | 183,361             | 184,669                           |
| Total Revenues   | <u>28,498,759</u>         | <u>31,229,252</u>   | <u>33,203,076</u>   | <u>38,173,297</u>   | <u>38,625,824</u>                 |
| <b>EXPENDITURES</b>  |                           |                     |                     |                     |                                   |
| General Government   | 5,452,293                 | 5,502,219           | 5,352,807           | 5,868,446           | 6,607,554                         |
| Judicial   | 2,036,288                 | 2,034,250           | 2,002,638           | 2,086,015           | 2,193,614                         |
| Public Safety  | 8,880,033                 | 9,534,257           | 8,832,246           | 9,313,925           | 9,487,269                         |
| Public Works   | 3,896,991                 | 7,341,614           | 4,995,208           | 8,385,874           | 6,656,970                         |
| Health and Welfare   | 310,862                   | 318,618             | 326,622             | 473,069             | 488,499                           |
| Culture and Recreation   | 3,134,160                 | 3,469,835           | 3,354,909           | 3,414,822           | 3,524,408                         |
| Housing and Development  | 1,119,909                 | 1,109,210           | 1,161,406           | 1,134,772           | 1,146,474                         |
| Debt Service   | <u>1,228,402</u>          | <u>1,292,027</u>    | <u>1,293,577</u>    | <u>1,614,148</u>    | <u>1,170,212</u>                  |
| Total Expenditures   | <u>26,058,938</u>         | <u>30,602,030</u>   | <u>27,319,413</u>   | <u>32,291,071</u>   | <u>31,275,000</u>                 |
| Revenue Over (Under) Expenditures                                      | <u>2,439,821</u>          | <u>627,222</u>      | <u>5,883,663</u>    | <u>5,882,226</u>    | <u>7,350,824</u>                  |
| <b>OTHER FINANCING SOURCES (USES)</b>                                  |                           |                     |                     |                     |                                   |
| Proceeds from Long-Term Debt   | --                        | 48,810              | --                  | --                  |                                   |
| Proceeds from Sale of Capital  | 1,823,035                 | 13,988              | 1,400               | 148,089             | 763,011                           |
| Operating Transfer In  | 353,646                   | 15,226              | 15,447              | 15,368              | 3,026,760                         |
| Operating Transfers Out  | <u>(1,877,574)</u>        | <u>(2,556,221)</u>  | <u>(2,569,530)</u>  | <u>(2,926,823)</u>  | <u>(19,404,779)<sup>(1)</sup></u> |
| Total Other Financing (Uses)   | <u>299,107</u>            | <u>(2,478,197)</u>  | <u>(2,552,683)</u>  | <u>(2,486,821)</u>  | <u>(15,615,008)</u>               |
| Revenues and Other Sources Over<br>(Under) Expenditures and Other Uses | <u>2,738,928</u>          | <u>(1,850,975)</u>  | <u>3,330,980</u>    | <u>3,395,405</u>    | <u>(8,264,184)</u>                |
| FUND BALANCE, beginning of year  | <u>11,061,520</u>         | <u>13,800,448</u>   | <u>11,949,473</u>   | <u>15,280,453</u>   | <u>18,675,858</u>                 |
| FUND BALANCE, end of year  | <u>\$13,800,448</u>       | <u>\$11,949,473</u> | <u>\$15,280,453</u> | <u>\$18,675,858</u> | <u>\$10,411,674</u>               |

<sup>(1)</sup> Transfer in the amount of \$17,054,144 was made from the General Fund to Local Resources Capital Projects to support assigned fund balance for capital project list.

## Budget

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

Set forth is a summary of the County's final approved budget for fiscal years ending June 30, 2023 and June 30, 2024.

|  | <u>2023</u>         | <u>2024</u>         |
|--|---------------------|---------------------|
| Revenues   |                     |                     |
| Taxes  | \$33,272,777        | \$33,591,375        |
| Licenses and permits   | 823,918             | 914,250             |
| Intergovernmental  | 698,237             | 705,000             |
| Charges for services   | 2,554,878           | 2,887,934           |
| Fines and forfeitures  | 419,100             | 419,100             |
| Investment income  | 11,188              | 250,000             |
| Contributions and donations                                  | 600                 | 600                 |
| Miscellaneous  | <u>79,187</u>       | <u>41,700</u>       |
| Total Revenues   | <u>\$37,859,885</u> | <u>\$38,809,959</u> |
| Expenditures   |                     |                     |
| General government   | \$7,015,921         | \$7,785,172         |
| Judicial   | 2,322,182           | 2,671,958           |
| Public safety  | 10,477,720          | 11,654,346          |
| Public works   | 6,746,297           | 4,658,746           |
| Health and welfare   | 341,778             | 347,848             |
| Culture and recreation                                       | 3,954,587           | 4,574,206           |
| Housing and development                                      | <u>3,028,350</u>    | <u>3,637,326</u>    |
| Total Expenditures   | <u>33,886,835</u>   | <u>35,329,602</u>   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 3,973,050           | 3,480,357           |
| Other Financing Sources (Uses)                               |                     |                     |
| Other Financing Sources                                      | 35,000              | 25,000              |
| Other Financing Uses   | <u>(4,008,050)</u>  | <u>(3,505,357)</u>  |
| Total Other Financing Sources (Uses)                         | <u>(3,973,050)</u>  | <u>(3,480,357)</u>  |
| Net Change in Fund Balance                                   | 0                   | 0                   |
| Fund Balance, Beginning of Year                              | \$10,411,674        | \$10,411,674        |
| Fund Balance, End of Year                                    | \$10,411,674        | \$10,411,674        |

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The County has not conformed to its General Fund budget in many instances for the fiscal years ended June 30, 2018 through 2022. Set forth below is a summary of unfavorable variances between budgeted and actual amounts for the fiscal years ended June 30, 2018 through 2022.

**GENERAL FUND UNFAVORABLE VARIANCES**  
(GAAP Budgetary Basis of Accounting)

|   | Year Ended June 30, |                    |                    |                    |                    |
|---|---------------------|--------------------|--------------------|--------------------|--------------------|
|   | <u>2018</u>         | <u>2019</u>        | <u>2020</u>        | <u>2021</u>        | <u>2022</u>        |
| <b>Revenues:</b>  |                     |                    |                    |                    |                    |
| Taxes   | \$(51,207)          | \$--               | \$--               | \$--               | \$--               |
| Licenses and Permits                                      | --                  | --                 | (26,174)           | --                 | --                 |
| Intergovernmental   | --                  | --                 | --                 | --                 | (2,708)            |
| Charges for services                                      | --                  | --                 | (201,845)          | (332,218)          | --                 |
| Fines and forfeitures                                     | --                  | --                 | --                 | (39,814)           | --                 |
| Interest  | --                  | --                 | --                 | (58,772)           | --                 |
| Contributions   | --                  | --                 | --                 | --                 | --                 |
| Other   | --                  | --                 | --                 | --                 | --                 |
| Total revenues  | --                  | --                 | --                 | --                 | --                 |
| <b>Expenditures:</b>                                      |                     |                    |                    |                    |                    |
| Current Operating:  |                     |                    |                    |                    |                    |
| General Government  | --                  | --                 | --                 | --                 | --                 |
| Judicial  | --                  | --                 | --                 | --                 | --                 |
| Public Safety   | --                  | --                 | --                 | --                 | --                 |
| Public Works  | --                  | --                 | --                 | --                 | --                 |
| Health and welfare  | --                  | --                 | --                 | --                 | --                 |
| Culture/recreation  | --                  | --                 | --                 | --                 | --                 |
| Housing and Development                                   | --                  | --                 | --                 | --                 | --                 |
| Total operating expenditures                              | --                  | --                 | --                 | --                 | --                 |
| Current:  |                     |                    |                    |                    |                    |
| General Government  | --                  | --                 | --                 | --                 | --                 |
| Public Safety   | --                  | --                 | --                 | --                 | --                 |
| Judicial  | --                  | --                 | --                 | --                 | --                 |
| Public Works  | --                  | --                 | --                 | --                 | --                 |
| Health and welfare  | --                  | --                 | --                 | --                 | --                 |
| Culture/recreation  | --                  | --                 | --                 | --                 | --                 |
| Debt Service  | --                  | --                 | --                 | --                 | --                 |
| Total Expenditures  | --                  | --                 | --                 | --                 | --                 |
| Excess (deficiency) of revenues over (under) expenditures | --                  | --                 | --                 | --                 | --                 |
| <b>Other Financing Sources (Uses)</b>                     |                     |                    |                    |                    |                    |
| Transfers In  | (54)                | (3,774)            | (3,553)            | --                 | (19,193)           |
| Transfers Out   | --                  | --                 | --                 | --                 | -- <sup>(1)</sup>  |
| Sale of Capital Assets                                    | --                  | --                 | --                 | --                 | --                 |
| Lease Proceeds  | --                  | --                 | --                 | --                 | (164,000)          |
| Total Other Financing Sources (Uses)                      | --                  | --                 | --                 | --                 | --                 |
| Net change in fund balance                                | <u>\$2,738,928</u>  | <u>\$3,069,505</u> | <u>\$3,330,980</u> | <u>\$3,395,405</u> | <u>\$8,337,176</u> |

<sup>(1)</sup> A transfer in the amount of \$17,054,144 was made from the General Fund to Local Resources Capital Projects to support assigned fund balance for capital project list. This transfer amount was within the budgeted amount to be transferred out of the General Fund.



The County expects to conform to its adopted budget for its General Fund for fiscal year 2023.

## **Insurance**

The County carries property damage insurance with respect to the properties. The County also carries comprehensive general and law enforcement liability insurance, automobile liability insurance, errors and omissions liability insurance, crime coverage and other types of insurance deemed necessary by the County to be maintained by the County. See Note 23 to the County's Audited Financial Statements for fiscal year ended June 30, 2022 attached hereto as Appendix A for a description of the County's insurance.

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

### RETIREMENT PLANS

#### County Defined Benefit Pension Plan

*Plan Description.* The Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Plan is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (the ACCG Plan), an agent multiple-employer defined benefit pension plan administered by the Government Employee Benefits Corporation of Georgia (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 retains the authority to amend the adoption agreement, which defines the specific operational provisions of the Plan. A separately issued financial report of the Plan may be obtained by writing GEBCORP at 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339.

Control over the operation and administration of the plan is vested with ACCG along with custody of the plan assets. The plan provides that the County has no liability with respect to payments or benefits or otherwise under the plan except to pay over to ACCG such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the County but shall be allocated to employees. All full-time County employees are eligible to participate in the Plan after completing three years of service.

There are no loans to any of the County officials or other "party-in-interest," and there are no prohibited transactions. The plan assets do not include any securities or investments in Oconee County. The funds are managed by independent money managers.

At January 1, 2021, the date of the most recent actuarial valuation, there were 439 participants consisting of the following:

|   |            |
|---|------------|
| Retirees, beneficiaries and disablees receiving benefits                  | 104        |
| Terminated vested participants entitled to but not yet receiving benefits | 142        |
| Active participants   | <u>193</u> |
| Total number of participants  | <u>439</u> |

*Benefits Provided.* The plan provides retirement and death benefits. 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 benefit 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.

*Contributions.* Employees make no contributions to the plan. The County is required to contribute the amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law, using the basis described in the annual valuation report. The County's actual contributions for the fiscal year ended June 30, 2022 were \$2,846,700, or 31.80% of covered payroll of \$8,952,957. The Board of Commissioners provides for the benefits and funding policy, as specified by ordinance, has been the same since the inception of the plan.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At the end of the fiscal year ended June 30, 2022, the County reported a net pension liability of \$4,745,147. The net pension liability was determined by an actuarial valuation as of January 1, 2021. For governmental activities, the net pension liability is liquidated in the General Fund. For the fiscal year ended June 30, 2022, the County recognized pension expense of \$1,376,273.

The components of the net pension liability are as follows:

|                                    | <u>Total Pension<br/>Liability</u> | <u>Plan Fiduciary Net<br/>Position</u> | <u>Net Pension<br/>Liability</u> |
|------------------------------------|------------------------------------|--|----------------------------------|
|                                    | <u>(a)</u>                         | <u>(b)</u>                             | <u>(a) - (b)</u>                 |
| Balances at December 31, 2020      | \$35,764,635                       | \$28,527,126                           | \$7,237,509                      |
| Changes for the year:              |                                    |  |                                  |
| Service cost                       | 804,667                            | 0                                      | 804,667                          |
| Interest                           | 2,452,644                          | 0                                      | 2,452,644                        |
| Liability experience (gain) / loss | 738,560                            | 0                                      | 738,560                          |
| Assumption change                  | 63,760                             | 0                                      | 63,760                           |
| Employer contributions             | 0                                  | 2,343,100                              | (2,343,100)                      |
| Net investment income              | 0                                  | 4,431,815                              | (4,431,815)                      |
| Benefit payments                   | (1,453,718)                        | (1,453,718)                            | 0                                |
| Administrative expense             | 0                                  | (66,078)                               | 66,078                           |
| Other changes                      | 0                                  | (156,854)                              | 156,854                          |
| Net changes                        | <u>2,605,913</u>                   | <u>5,098,265</u>                       | <u>(2,492,352)</u>               |
| Balances at December 31, 2021      | <u>\$38,370,548</u>                | <u>\$33,625,391</u>                    | <u>\$4,745,157</u>               |

|  |             |
|--|-------------|
| Plan fiduciary net position as a percentage of the total pension liability | 87.63%      |
| Covered payroll  | \$9,978,975 |
| Net pension liability as a percentage of covered payroll                   | 47.55%      |

At the end of the fiscal year ended June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected and actual experience                               | \$1,077,360                                   | 0  |
| Changes in participant fund allocation   | 146,283                                       | (146,283)                                    |
| Net difference between projected and actual earnings on pension plan investments | 0   | (3,420,789)                                  |
| Changes of assumptions   | 618,207                                       | 0  |

|  |                |          |
|--|----------------|----------|
| Contributions subsequent to the measurement date | <u>503,600</u> | <u>0</u> |
|--|----------------|----------|

|        |                    |                      |
|--------|--------------------|----------------------|
| Totals | <u>\$2,345,450</u> | <u>\$(3,567,072)</u> |
|--------|--------------------|----------------------|

The \$503,600 of deferred outflows of resources resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

| Fiscal Year<br>Ending June 30, |               |
|--------------------------------|---------------|
| 2023                           | \$(8,280)     |
| 2024                           | (847,722)     |
| 2025                           | (549,180)     |
| 2026                           | (320,040)     |
| Totals                         | \$(1,725,222) |

*Actuarial Assumptions.* The total pension liability in the January 1, 2021 valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                               |  |
|-------------------------------|--|
| Inflation                     | 3.00%                                  |
| Projected salary increases    | 4.50% per year with an age based scale |
| Cost of living adjustments    | N/A                                    |
| Net investment rate of return | 7.00%                                  |

Healthy mortality rates were based on the Pub-2010 Amount weighted Mortality Table with a blend of 50% of the General Employees Table and 50% of the Public Safety Employees with Scale AA to 2021. Disabled mortality rates were derived from the 1985 CIDA Table Class 1.

The mortality and economic actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study conducted in February 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real estate rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's target asset allocation as of December 31, 2021 is summarized in the following table:

|                   | <u>Target<br/>Allocation</u> | <u>Range</u> |
|-------------------|------------------------------|--------------|
| Fixed Income      | 30%                          | 25%-35%      |
| Large Cap         | 30%                          | 25%-35%      |
| Mid Cap           | 5%                           | 2.5%-10%     |
| Small Cap         | 5%                           | 2.5%-10%     |
| REIT              | 5%                           | 2.5%-10%     |
| International     | 15%                          | 10%-20%      |
| Multi Cap         | 5%                           | 2.5%-10%     |
| Global Allocation | 5%                           | 2.5%-10%     |

*Discount Rate.* The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees.

Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00 percent) or one percentage-point higher (8.00 percent) than the current rate:

|                       | <u>Discount<br/>Rate</u> | <u>Net Pension<br/>Liability</u> |
|-----------------------|--------------------------|----------------------------------|
| 1% decrease           | 6.00%                    | \$ 10,011,559                    |
| Current discount rate | 7.00%                    | 4,745,157                        |
| 1% increase           | 8.00%                    | 374,036                          |

*Plan Fiduciary Net Position.* Detailed information about the Plan’s fiduciary net position is available in the separately issued Association County Commissioners of Georgia Benefit System financial report.

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.

County Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Plan is administered by an independent third party plan administrator.

In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the assets and liabilities of the County’s Deferred Compensation Plan are not included within the County’s financial statements.

Other Plans

In addition to the plan above, various County employees are covered under the following plans, which are considered to be special funding situations: Georgia Firefighters’ Pension Fund, Georgia State Employees’ Retirement System (ERS), Peace Officers’ Annuity and Benefit Fund of Georgia, Probate Judges’ Retirement Fund of Georgia, Sheriffs’ Retirement Fund of Georgia, and Superior Court Clerks’ Retirement Fund of Georgia. Further information regarding these plans can be obtained from the plans’ annual reports. These plans are immaterial to the financial statements.

Oconee County Board of Health Retirement Plan

Eligible employees of the Oconee County Board of Health participate in the Georgia State Employees’ Retirement System (ERS), a statewide multiple-employer public employee retirement system. During the fiscal year ended June 30, 2022, the Department contributed \$105,074. At the end of the fiscal year ended June 30, 2022, the Department reported a liability in the amount of \$426,242 for its proportionate share (0.018224%) of the net pension liability. The Department recognized pension expense of \$97,078 for the fiscal year ended June 30, 2022. Further information regarding the plan can be obtained from Department’s annual audit report by contacting the administrative offices of the Oconee County Health Department, 1060 Experiment Station Road, Watkinsville, GA 30677.

OTHER POST-EMPLOYMENT BENEFITS

County Plan

*Plan Description.* 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 (employed prior to January 1, 2018) who remain insured by the County’s health plan throughout their employment with the County through at least age 60 provided that the employee has at least 10 years of service. The plan is a single-employer defined-benefit other post-employment benefit (OPEB) plan administered by the County. The plan is closed to new entrants and employees must have been employed prior to January 1, 2018 to be eligible to participate in the plan. 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.

At June 30, 2022, the date of the most recent actuarial valuation, membership consisted of the following:

|                  |            |
|------------------|------------|
| Active members   | 128        |
| Retired members  | <u>74</u>  |
| Total membership | <u>202</u> |

*Benefits Provided.* The County allows eligible former employees to continue to participate in the County’s health insurance plan until they become eligible for Medicare and pays an amount equal to the cost of a Medicare Supplement Premium toward the retiree’s health benefit. The difference between the cost of the health benefit, on a composite (non-age adjustment basis) and the County’s contribution is paid by the retiree. The County pays \$270.65 per month towards a retiree’s Medicare supplement premium after the retiree becomes eligible for Medicare. Dependent cost is the responsibility of the retiree, but neither retirees nor current employees contribute toward the plan.

*Contributions.* The County has not elected to advance fund the OPEB plan, but rather maintains the OPEB plan on a “pay-as-you-go” basis, in that premiums are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds.

*OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB.* At the end of the fiscal year ended June 30, 2022, the County reported a net OPEB liability of \$9,326,895. The net OPEB liability was determined and measured from actuarial valuations using data as of June 30, 2022. For governmental activities, the net OPEB liability is liquidated in the General Fund, During the fiscal year ended June 30, 2022, the County recognized OPEB expenses of \$997,336.

The components of the net OPEB liability are as follows:

|   | Total<br>OPEB<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>OPEB<br>Liability<br>(a)-(b) |
|---|-----------------------------------|--|-------------------------------------|
| Balances at June 30, 2021                         | \$9,925,914                       | \$0                                      | \$9,925,914                         |
| Changes for the year:                             |                                   |  |                                     |
| Service cost                                      | 555,245                           | 0  | 555,245                             |
| Interest  | 212,105                           | 0  | 212,105                             |
| Difference between expected and actual experience | (160,385)                         | 0  | (160,385)                           |
| Assumption changes                                | (992,413)                         | 0  | (992,413)                           |
| Contributions - employer                          | 0                                 | 213,571                                  | (213,571)                           |
| Benefit payments                                  | <u>(213,571)</u>                  | <u>(213,571)</u>                         | <u>0</u>                            |
| Net changes                                       | <u>(599,019)</u>                  | <u>0</u>                                 | <u>(599,019)</u>                    |
| Balances at June 30, 2022                         | <u>\$9,326,895</u>                | <u>\$ 0</u>                              | <u>\$9,326,895</u>                  |

|   |             |
|---|-------------|
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00%       |
| Covered-employee payroll  | \$6,495,910 |
| Plan net OPEB liability as a percentage of covered-employee payroll     | 143.58%     |

At the end of the fiscal year ended June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 0  | \$ (282,141)                                 |
| Changes in participant fund allocation             | 195,155                                       | (195,155)                                    |
| Changes of assumptions                             | <u>1,928,476</u>                              | <u>(837,348)</u>                             |
| Totals   | <u>\$2,123,631</u>                            | <u>\$(1,314,644)</u>                         |

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

| <u>Fiscal Year<br/>Ending June 30,</u> |                 |
|--|-----------------|
| 2023                                   | \$229,987       |
| 2024                                   | 229,987         |
| 2025                                   | 229,987         |
| 2026                                   | 229,987         |
| 2027                                   | (43,273)        |
| Thereafter                             | <u>(67,688)</u> |
| Totals                                 | \$808,987       |

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                             |   |
|-----------------------------|---|
| Salary scale                | 4.50% per year with an aged based scale   |
| Actuarial cost method       | Entry age normal  |
| Discount rate               | 3.54%, 2.16% at prior measurement date  |
| Healthcare cost trend rates | Pre-Medicare: 7.5% trended down to 4.5% by 2034<br>Medicare: 7.5% trended down to 4.5% by 2034  |
| Mortality rates             | Pub-2010 50% General & 50% Public Safety<br>Headcount-weighted with Scale AA to 2021  |
| Disabled mortality rates    | 1985 CIDA Table Class 1   |
| Turnover                    | Vaughn Select and Ultimate Table through age 54   |
| Utilization                 | 75% utilization based on plan experience and input from the plan sponsor  |
| Marriage assumption         | Based on plan experience over the last 5 years, it was assumed that 10% of the population would be married with males being three years older than females. |

The demographic actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of a February 2019 experience study and review of recent plan experience done concurrently with the June 30, 2022 valuation.

*Development of Long-Term Rate.* Since the County funds this plan on a pay-as-you-go basis, GASB requires the discount rate be based on a yield or index rate for 20-year, tax-exempt municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The GO Bond Buyer Index rate used for this purpose is the last week of June Bond Buyer General Obligation 20-year GO Bond Buyer Index published weekly by The Bond Buyer ([www.bondbuyer.com](http://www.bondbuyer.com)). The GO Bond Buyer Index Rate as of the measurement date was 3.54%.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The following presents what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.54%) or one percentage-point higher (4.54%) than the current rate. Also, shown is the net OPEB liability as if it were calculated using healthcare cost trend rates that were one percentage point lower or one percentage point higher than the current healthcare trend rates:

|                                    |       |                  |
|------------------------------------|-------|------------------|
|                                    |       | Net OPEB         |
| <u>Discount Rate</u>               |       | <u>Liability</u> |
| 1% increase                        | 2.54% | \$ 10,597,393    |
| Current discount rate              | 3.54% | 9,326,895        |
| 1% decrease                        | 4.54% | 8,272,149        |
|                                    |       | Net OPEB         |
| <u>Healthcare Cost Trend Rates</u> |       | <u>Liability</u> |
| 1% decrease                        |       | \$ 8,148,932     |
| Current discount rate              |       | 9,326,895        |
| 1% increase                        |       | 10,794,085       |

*OPEB Plan Fiduciary Net Position.* Detailed information about the Plan’s fiduciary net position is available in the separately issued GASB Statement No. 75 Report for The Oconee County Health Care Plan.

Oconee County Board of Health OPEB Plans

Eligible employees of the Oconee County Board of Health are provided OPEB through the State of Georgia OPEB Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan and life insurance through the SEAD-OPEB Fund, a cost-sharing multiple-employer defined benefit other post-employment benefit plan. During the fiscal year ended June 30, 2022, the Department contributed \$26,631. At the end of the fiscal year ended June 30, 2022, the Department reported a net OPEB asset in the amount of \$86,567 for its proportionate share (0.018240% for the State of Georgia OPEB Fund and 0.022198% for the SEAD-OPEB Fund) of the net OPEB asset. The Department recognized OPEB expense of (\$107,536) for the fiscal year ended June 30, 2022. Further information regarding the plans can be obtained from the administrative offices of the Oconee County Health Department, 1060 Experiment Station Road, Watkinsville, GA 30677.

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## COUNTY DEBT STRUCTURE

### Summary of Debt by Category and Overlapping Debt\*

Set forth below is information concerning direct tax supported debt of the County, assuming the issuance of the Series 2023 Bonds, and the estimated overlapping property tax supported debt of certain governmental entities that is attributable to property owners in the County based on the proportion to which the jurisdiction of the County overlaps such entities. Although the County has attempted to obtain accurate information as to the outstanding overlapping debt, it does not warrant its completeness or accuracy, as there is no central reporting entity which has this information available, and the amounts are based on information supplied by others.

| <u>Category of Debt</u>  | <u>Debt Outstanding</u>      | <u>Percentage Applicable to County</u> | <u>Amount Applicable to County</u> |
|--|------------------------------|--|------------------------------------|
| <b><u>Direct Debt</u></b>  |                              |  |                                    |
| <b>County</b>  |                              |  |                                    |
| <i>Intergovernmental Contract<sup>(1)</sup></i>                          |                              |  |                                    |
| Oconee County Industrial Development Authority (2016) <sup>(2)</sup>     | \$1,030,000                  | 100%                                   | \$1,030,000                        |
| Oconee County Industrial Development Authority (2020) <sup>(2)</sup>     | 7,120,000                    | 100%                                   | 7,120,000                          |
| Oconee County Industrial Development Authority (2022) <sup>(3)</sup>     | 16,000,000                   | 100%                                   | 16,000,000                         |
| Oconee County (Hard Labor Creek Reservoir Project) (2015) <sup>(4)</sup> | 8,240,000                    | 100%                                   | 8,240,000                          |
| Oconee County (Hard Labor Creek Reservoir Project) (2016) <sup>(4)</sup> | 6,330,000                    | 100%                                   | 6,330,000                          |
| Oconee County (Hard Labor Creek Reservoir Project) (2023) <sup>(4)</sup> | 11,350,000*                  | 100%                                   | 11,350,000*                        |
| Upper Oconee Basin Water Authority (2015A) <sup>(5)</sup>                | 11,440,000                   | 20.959%                                | 2,936,356                          |
| Walton County Water and Sewer Authority (GEFA) <sup>(6)</sup>            | 27,922,734                   | 28.8%                                  | 8,041,748                          |
| <i>General Obligation Bonds<sup>(7)</sup></i>                            |                              |  |                                    |
| Series 2020 Bond   | 6,925,000                    | 100%                                   | 6,925,000                          |
| Series 2021 Bonds  | <u>11,855,000</u>            | 100%                                   | <u>11,855,000</u>                  |
| <b>Total Direct Debt</b>   | <b><u>\$108,212,734*</u></b> |  | <b><u>\$79,828,104*</u></b>        |
| <b><u>Overlapping Debt</u></b>   |                              |  |                                    |
| <b>Oconee County School District</b>                                     |                              |  |                                    |
| <i>General Obligation<sup>(7)</sup></i>                                  |                              |  |                                    |
| Series 2021 Bonds  | \$37,200,000                 | 100%                                   | \$37,200,000                       |
| <b>Total Overlapping Debt</b>  | <b><u>\$37,200,000</u></b>   |  | <b><u>\$37,200,000</u></b>         |
| <b>TOTAL DIRECT AND OVERLAPPING</b>                                      | <b><u>\$145,412,734*</u></b> |  | <b><u>\$117,028,104*</u></b>       |

<sup>(1)</sup> Intergovernmental contracts under Georgia law, while not “debt”, are binding obligations of the governmental entity to make payments.

<sup>(2)</sup> Includes intergovernmental contracts with the Oconee County Industrial Development Authority Revenue Bond (Oconee County Economic Development Project), Series 2016, and the Oconee County Industrial Development Authority Taxable Refunding Revenue Bond (Economic Development Project), Series 2020 (the “Series 2020 Bond”). Under the intergovernmental contracts for the Series 2012 Bonds, Series 2016 Bond and the Series 2020 Bond, the County has agreed to levy and collect an annual tax on all taxable property located within the County as may be necessary to produce in each year revenues which are sufficient to make the payments required by such contracts; provided, however, that such tax shall not exceed one mill per dollar, or such greater millage as may hereafter be prescribed by applicable law, upon the assessed value of taxable property in the County in accordance with O.C.G.A. §48-5-220(20).

<sup>(3)</sup> Includes intergovernmental contract with the Oconee County Industrial Development Authority for the Oconee County Industrial Development Authority (Georgia) Taxable Revenue Bonds (Economic Development Project), Series 2022 (the “Series 2022 Bonds”). Under the intergovernmental contract for the Series 2022 Bonds, the County has agreed to levy and collect an annual tax on all taxable property located within the County as may be necessary to produce in each year revenues which are sufficient to make the payments required by such contract (the “2022 Contract Payments”); provided, however, that such tax shall not exceed the lesser of one mill per dollar, or such greater



millage as may hereafter be prescribed by applicable law, upon the assessed value of taxable property in the County in accordance with O.C.G.A. §48-5-220(20). The 2022 Contract Payments shall be paid on a monthly basis and each monthly 2022 Contract Payment shall be equal and limited to the County's portion of the 1% local option sales and use tax (authorized to be imposed pursuant to O.C.G.A. §48-8-80 et seq.) (the "Local Option Sales Tax") reported to be collected at the economic development project financed with the proceeds of the Series 2022 Bonds (the "Costco Project") for the previous month.

- (4) Includes intergovernmental contracts with the Issuer for the Prior Bonds. It is intent of the County that the principal and interest on the Prior Bonds and the Series 2023 Bonds will be paid from the revenues of the County's water and sewer system. The County will not collect ad valorem taxes to pay the Prior Bonds and the Series 2023 Bonds unless the revenues of the water and sewer system are insufficient.
- (5) Includes an intergovernmental contract with the Upper Oconee Basin Water Authority in connection with the Upper Oconee Basin Water Authority Revenue Bonds, Series 2015A (the "UOBWA Series 2015A Bonds"), the Upper Oconee Basin Water Authority Taxable Revenue Bonds, Series 2015B (the "UOBWA Series 2015B Bonds" and, together, with the UOBWA Series 2015A Bonds, the "UOBWA Bonds"). The County is obligated to pay 20.929% of the debt service for the UOBWA Bonds. It is intent that the principal and interest on the UOBWA Bonds will be paid from the revenues of the Upper Oconee Basin Water Authority's respective water systems. The County will not collect ad valorem taxes to pay the UOBWA Bonds unless the revenues of the respective water systems are insufficient.
- (6) The Issuer entered into a note payable to the Georgia Environmental Finance Authority (GEFA) in 2013. The County is obligated to pay 28.8% of the amounts payable under that note pursuant to an intergovernmental agreement that establishes the Hard Labor Creek Reservoir Project (HLC). The note allows for draws in the amount of up to \$20,000,000, of which the County's share would be \$5,760,000. The entire note balance has been drawn and is outstanding. In 2014, WCWSA entered into a second note payable to GEFA which allows for draws in the amount of up to \$12,000,000, of which the County's share would be \$3,456,000. WCWSA had drawn \$7,922,734 on the note and the County's share was \$2,281,748. All money drawn to date is still outstanding at the end of the current fiscal year.
- (7) General obligation bonds are general obligations of the governmental entity to which its full faith and credit and tax powers are pledged.

### Tax Supported Debt Ratios

The following table sets forth certain debt ratios following issuance of the Series 2023 Bonds.

#### TAX SUPPORTED DEBT RATIOS

|  | <u>Direct Tax<br/>Supported Debt*</u> | <u>Overlapping Tax<br/>Supported Debt</u> | <u>Overall Tax<br/>Supported Debt*</u> |
|--|---------------------------------------|---|--|
| Per Capita Debt <sup>(1)</sup>                                       | \$1,831.42                            | \$853.45                                  | \$2,684.87                             |
| Percentage of Gross Tax Digest <sup>(2)</sup>                        | 2.43%                                 | 1.13%                                     | 3.57%                                  |
| Percentage of Fair Market Value <sup>(3)</sup>                       | 0.97%                                 | 0.45%                                     | 1.43%                                  |
| Per Capita Debt as Percentage of Per<br>Capita Income <sup>(4)</sup> | 2.40%                                 | 1.12%                                     | 3.51%                                  |

<sup>(1)</sup> Based upon estimated 2022 population figure of 43,588.

<sup>(2)</sup> Based upon 2022 Gross Tax Digest of \$3,282,147,142.

<sup>(3)</sup> Based on 2022 estimated fair market value of \$8,205,367,855.

<sup>(4)</sup> Based upon 2021 per capita income figure of \$76,403.

### Proposed Debt

The Upper Oconee Basin Water Authority anticipates issuing its revenue bonds to finance certain reservoir and water treatment facility projects. If issued, the County would be obligated to pay a percentage of the debt service for such revenue bonds. It is the County's intent that the principal and interest on these revenue bonds would be paid from the revenues of the Upper Oconee Basin Water Authority's respective water systems. The County will not collect ad valorem taxes to pay these bonds unless the revenues of the respective water systems are insufficient.

The County entered into a loan with the Georgia Environmental Finance Authority (GEFA) in 2023 which allows draws in the amount up to \$25,000,000. The loan has an interest rate of 0.13% and is for a term of twenty years. On the date hereof, no amount has been drawn on this loan, but the County anticipate drawing the full amount within the next three years.

Other than these proposed revenue bonds, the County does not anticipate the need to issue any additional long-term indebtedness in the next three years.

## Limitations on County Debt

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

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

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

As computed in the table below, based upon its 2022 Maintenance and Operation Digest and after issuance of the Series 2023 Bonds, the County could incur (upon necessary voter approval) approximately \$263,045,837 of long-term obligations payable out of general property taxes (or general obligation bonds).

### Computation of Legal Debt Margin

|   |                 |
|---|-----------------|
| Net M&O Digest <sup>(1)</sup>           | \$2,818,258,370 |
| Debt Limit (10% of Assessed Value)      | 281,825,837     |
| Amount of Debt Applicable to Debt Limit | 18,780,000      |
| Legal Debt Margin                       | \$263,045,837   |

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

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## AD VALOREM TAXATION

### Introduction

An important source of revenue to fund the operations of the County is ad valorem property taxes. Ad valorem property taxes accounted for an annual average of approximately 50.3% of County general fund revenues for the past five fiscal years of the County, from approximately 48.7% in 2018 to 52.1% in 2022, and are budgeted to account for approximately 51.18% of general fund revenues for the year ending June 30, 2023. Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

### Property Subject to Taxation

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

In addition, the County allows exemptions from ad valorem taxation for (1) homesteads, or owner-occupied residences, of persons 65 years of age or older with net income less than \$15,000, of up to \$15,000 of assessed value, (2) homesteads, or owner-occupied residences, of persons 62 years of age with net income less than \$10,000, of up to \$10,000 of assessed value and (3) homesteads, or owner-occupied residences, of disabled veterans, of up to \$100,896 of assessed value. The County also allows exemptions from ad valorem taxation for school maintenance and operation purposes for (1) homesteads, or owner-occupied residences, of up to \$2,000 of assessed value and (2) homesteads, or owner-occupied residences, and up to assessed land value of 5.00 acres, of persons 65 years or older of 100% of the assessed home value. The County has also enacted a homestead valuation freeze exemption. This exemption freezes the valuation of property at the base year valuation for as long as the homeowner owns and resides on the property. Manufacturing and distribution businesses within the County are allowed a “freeport” exemption as authorized by the Constitution of the State of Georgia.

### Assessed Value

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

The chief appraiser of the County is required to submit a certified list of assessments for all taxable property, except motor vehicles and property owned by public utilities, within the County to the County Board of Tax Assessors. The Tax Commissioner of the County is required to present the tax returns of the County to the County Board of Tax Assessors by April 1 of each year. The County Board of Tax Assessors is required to complete its revision and assessment of returns by June 1 of each year and to forward a copy of the completed digest to the State of Georgia Revenue Commissioner for examination and approval. The State of Georgia Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may also be subject to review at various stages by the County Board of Equalization and by state courts.

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

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

The Board of Commissioners of the County determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within the territorial limits of the County, will produce the necessary amount of property tax revenues. The Board of Commissioners then levies its ad valorem property tax.

## **Property Tax Collections**

The County bills and collects its own property taxes. Real and personal property taxes, except motor vehicle taxes, are levied in August through October of each year on the assessed value listed as of January 1. Taxes levied by the County are normally billed around October 20<sup>th</sup> and are due 60 days later, normally on or about December 20 of each year.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property taxed. The lien normally becomes enforceable 30 days after notification. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

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

At any time after the last day for the payment of taxes has arrived, the tax collector may notify the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after thirty days from giving the notice described in the preceding sentence, the County Clerk may issue an execution for nonpayment of taxes to the Tax Commissioner. The Tax Commissioner may then publish a notice of the sale in a local newspaper weekly for four weeks and give the taxpayer ten days written notice by registered or certified mail. A public sale of the property may then be made by the Tax Commissioner at the Oconee County Courthouse on the first Tuesday of the month after the required notices are given.

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

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**Property Tax Levies and Collections**

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

| Applicable<br>Collection<br>Period/<br>Fiscal Year | Current<br>Year<br>Tax Levy <sup>(1)</sup> | Current Year<br>Tax Levy | Tax Collections<br><i>(During Applicable Collection Period/Fiscal Year)</i> |   |   | Total Tax<br>Collections | Collections<br>from the<br>Current Year <sup>(1)</sup><br>Tax Levy<br>as a % of the<br>Current Year <sup>(1)</sup><br>Tax Levy | Total Tax<br>Collections<br>as a % of the<br>Current Year <sup>(1)</sup><br>Tax Levy |         |
|--|--|--------------------------|---|---|---|--------------------------|--|--|---------|
|  |  |                          | Collections<br>from<br>Current Year <sup>(1)</sup><br>Tax Levy              | + | Collections<br>from<br>Prior Years'<br>Tax Levies |                          |  |  | =       |
| 2022   | 2021                                       | \$16,336,721             | \$16,246,122  | + | \$180,084   | =                        | \$16,426,206   | 99.26%   | 100.54% |
| 2021   | 2020                                       | 15,305,125               | 15,118,267  | + | 128,110   | =                        | 15,246,377   | 98.78  | 99.62   |
| 2020   | 2019                                       | 14,242,233               | 14,155,565  | + | 30,321  | =                        | 14,185,886   | 99.28  | 99.60   |
| 2019   | 2018                                       | 12,927,899               | 12,842,135  | + | 11,451  | =                        | 12,853,586   | 99.34  | 99.43   |
| 2018   | 2017                                       | 11,856,668               | 11,755,363  | + | 5,938   | =                        | 11,761,301   | 99.15  | 99.20   |

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

Source: Oconee County Tax Commissioner.

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

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## Historical Property Tax Data

The property tax digests of the County for calendar years 2018 through 2022 are outlined on the following tables. Values for real property represent all real estate less the exempt property in the County. Personal property includes motor vehicles, bank shares, inventories, aircraft, pleasure boats, industrial machinery, fixtures and equipment, farm machinery and equipment, livestock and mobile homes. Property assessments for public utilities represent assessments for all public utilities and public service corporations in the County. Under Georgia law, property is assessed at 40 percent of estimated fair market value, except as described in “COUNTY AD VALOREM TAXATION – Assessed Value,” herein.

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

| Property Type                 | 2018                 | 2019                 | 2020                 | 2021                 | 2022                 |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Residential                   | \$1,372,604,488      | \$1,503,004,481      | \$1,612,571,783      | \$1,733,972,499      | \$2,016,116,651      |
| Agricultural                  | 188,164,320          | 218,678,663          | 244,043,987          | 280,959,085          | 350,172,361          |
| Preferential                  | 0                    | 0                    | 0                    | 0                    | 0                    |
| Conservation Use              | 230,239,659          | 249,718,613          | 270,499,452          | 308,440,869          | 360,254,550          |
| Forest Land                   | 241,414              | 250,556              | 250,556              | 273,684              | 292,236              |
| Commercial                    | 351,948,465          | 395,790,526          | 419,205,973          | 419,012,087          | 454,439,925          |
| Industrial                    | 29,297,295           | 29,889,908           | 32,765,217           | 33,326,042           | 38,065,513           |
| Utility                       | 36,209,987           | 37,192,407           | 39,891,538           | 39,921,857           | 39,944,063           |
| Motor Vehicle                 | 35,493,740           | 29,467,460           | 25,856,770           | 21,833,690           | 20,042,890           |
| Mobile Home                   | 1,740,040            | 2,238,037            | 2,238,536            | 2,319,859            | 2,214,408            |
| Timber 100%                   | 199,931              | 714,272              | 349,492              | 236,131              | 504,660              |
| Heavy Equipment               | 0                    | 40,803               | 111,094              | 50,004               | 99,885               |
| Historic                      | 0                    | 0                    | 0                    | 0                    | 0                    |
| <b>Gross Digest</b>           | <b>2,246,139,339</b> | <b>2,466,985,726</b> | <b>2,647,784,398</b> | <b>2,840,345,807</b> | <b>3,282,147,142</b> |
| Bond Exemption <sup>(2)</sup> | 0                    | 0                    | 0                    | 17,552,776           | 464,024,772          |
| Net Bond Digest               | 2,246,139,339        | 2,466,985,726        | 2,647,784,398        | 2,822,793,031        | 2,818,122,370        |
| M&O Exemptions                | 301,350,266          | 332,855,005          | 360,307,431          | 400,901,190          | 463,888,772          |
| Net M&O Digest                | \$1,944,789,073      | \$2,134,130,721      | \$2,287,476,967      | \$2,439,444,617      | \$2,818,258,370      |

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

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

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

## Conservation Use Property

Approximately 62.92% by acreage (approximately 10.98% of the total value) of the real property on the County’s 2022 general tax digest was designated as Conservation Use property. Conservation Use property is real property that consists of timber land or agricultural land and is assessed at a value equal to the sum of (a) 65% of the capitalization of the net income generated from use of the property and (b) 35% of its current use value. The purpose of this tax treatment is designed to protect property owners of agricultural and timber lands from being pressured by property tax burdens to convert their land to residential or commercial use. Conservation Use property must remain undeveloped and employed for a qualifying use (i.e., agricultural or timber land) for at least ten years after its original designation. The value of conservation use property is not permitted to be increased or decreased by more than 3% from the current use valuation for the immediately preceding tax year or increased or decreased during the ten year covenant period by more than 34.39% from its current use valuation in the initial year of the 10-year period.

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**Property Tax Millage Rates**

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

| MILLAGE RATES BY<br>CATEGORY:                | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Oconee County (unincorporated)               | 6.686       | 6.686       | 6.686       | 6.686       | 6.650       |
| Oconee County (incorporated)                 | 7.656       | 7.646       | 7.626       | 7.616       | 7.590       |
| Oconee County School District <sup>(1)</sup> | 17.000      | 17.000      | 16.500      | 16.500      | 16.500      |
| City of Bishop                               | 2.000       | 1.895       | 1.846       | 1.791       | 1.713       |
| City of Bogart                               | 2.878       | 2.878       | 2.878       | 2.788       | 2.081       |
| City of North High Shoals                    | 1.398       | 1.287       | 1.227       | 1.140       | 1.079       |
| City of Watkinsville                         | 2.677       | 2.508       | 2.508       | 2.368       | 2.081       |
| TOTAL COMBINED MILLAGE<br>RATES:             |             |             |             |             |             |
| Oconee County (unincorporated)               | 23.686      | 23.686      | 23.186      | 23.186      | 23.150      |
| City of Bishop                               | 26.656      | 26.541      | 25.972      | 25.907      | 25.803      |
| City of Bogart                               | 27.534      | 27.524      | 27.004      | 26.904      | 26.171      |
| City of North High Shoals                    | 26.054      | 25.933      | 25.353      | 25.256      | 25.169      |
| City of Watkinsville                         | 27.333      | 27.154      | 26.634      | 26.484      | 26.171      |

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

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

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## Ten Largest Taxpayers

The following table contains the ten largest taxpayers of the County for the calendar year 2022, based on their payment of the County real and personal property taxes. A determination of the largest taxpayers within the County can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessment in excess of those set forth in the table below. Furthermore, the taxpayers shown in the table below may own additional parcels within the County. No independent investigation has been made of, and consequently no representation can be made as to, the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the County.

| Taxpayer                                 | 2022<br>Assessed<br>Valuation | 2022<br>Assessed Valuation<br>as a Percent<br>of the 2022 Total<br>Assessed Valuation <sup>(1)</sup> | 2022<br>Taxes Paid <sup>(2)</sup> | 2022<br>Taxes Paid as a<br>Percent of<br>the 2022 Total<br>Taxes Levied <sup>(3)</sup> |
|--|-------------------------------|--|-----------------------------------|--|
| 1. HSRE Athens Ridge UGA,<br>LLC         | \$23,613,653                  | 0.84%  | \$506,608                         | 3.10%  |
| 2. PPF AHP OFF 1305 Jennings<br>Mill Rd  | 19,884,893                    | 0.71%  | 426,610                           | 2.61   |
| 3. Epps Bridge Centre Property<br>Co LLC | 17,831,036                    | 0.63%  | 382,547                           | 2.34   |
| 4. Walton EMC                            | 13,501,695                    | 0.48%  | 289,665                           | 1.77   |
| 5. Georgia Transmission Corp             | 10,697,099                    | 0.38%  | 231,169                           | 1.42   |
| 6. Caterpillar, Inc                      | 28,506,035                    | 1.01%  | 231,044                           | 1.41   |
| 7. Benson's Inc                          | 8,783,267                     | 0.31%  | 153,078                           | 0.94   |
| 8. The Markets at Epps Bridge<br>LLC     | 6,198,228                     | 0.22%  | 132,977                           | 0.81   |
| 9. LTC-Griffin Inc                       | 4,667,845                     | 0.17%  | 100,481                           | 0.62   |
| 10. Fairway-Epps LLC                     | 4,659,094                     | 0.17%  | 99,956                            | 0.61   |
| <b>TOTAL</b>                             | <b>\$138,342,845</b>          | <b>4.91%</b>   | <b>\$2,554,135</b>                | <b>15.63%</b>  |

<sup>(1)</sup> Based on total net maintenance and operations tax digest in 2022 of \$2,818,258,370.

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

<sup>(3)</sup> Based on a total real and personal property tax levy for 2022 of \$16,336,721.

Source: Oconee County Tax Commissioner.

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## Local Option Sales and Use Tax

During 1979, the Georgia General Assembly adopted an amendment to the Georgia Retailers and Consumers Sales and Use Tax Act (Ga. L. 1979, p. 446). This amendment (the “LOST Act”) contains provisions which enabled the County to levy a general 1% local option sales tax on sales within the County (the “LOST”). The tax is administered and collected by the Georgia State Revenue Commissioner. One percent of the tax collected is retained by the State, and all moneys collected from each taxpayer are first applied to the taxpayer’s liability, if any, for taxes owed to the State before net proceeds of the tax are disbursed by the State Revenue Commissioner.

The LOST Act requires a county and the qualified municipalities therein to agree among themselves as to the division of the net LOST proceeds. The LOST Act also provides that a county and the qualified municipalities therein must agree on a new division of the net LOST proceeds by December 30 of the second year following the year in which the census is conducted (by December 30, 2022). The LOST Act provides that if a county and the qualified municipalities therein are unable to agree to a division of such tax by December 30 of the second year following the year in which the census is conducted, the LOST will expire and cease to be collected.

The voters of the County approved the imposition of a LOST on December 7, 1982. In July, 2022, the County and the municipalities therein have agreed to a division of the net proceeds of the LOST under which the County receives 89.06% of the net revenues generated by collections of the tax in the County and the municipalities receive 10.94%.

The Act requires a dollar for dollar rollback to offset budgeted ad valorem property taxes in future years. Historical collections of the County’s percentage of the Local Option Sales Tax for the previous five calendar years and for the first six months of calendar year 2023 are as follows:

| <u>Calendar Year</u> | <u>Collections</u> |
|----------------------|--------------------|
| 2023                 | \$5,324,883        |
| 2022                 | 9,327,443          |
| 2021                 | 8,156,077          |
| 2020                 | 7,306,078          |
| 2019                 | 6,825,050          |
| 2018                 | 6,873,227          |

<sup>(1)</sup> Through June 30, 2023.

Source: Georgia Department of Revenue.

## Transportation Special Purpose Local Option Sales and Use Tax

Georgia law authorizes the County by resolution to impose, levy, and collect a sales and use tax in the County for transportation purposes (the “TSPLOST”) at the rate of one percent and for a period of time not to exceed five years, conditioned upon approval by a majority of the qualified voters of the County voting in an election thereon. The voters of the County approved the imposition of a TSPLOST in a referendum held on November 7, 2022. The resolution calling the election and the notice of the election authorized the imposition of the TSPLOST for a maximum period of time of 20 calendar quarters and for the raising of not more than \$71,000,000. The TSPLOST began to be imposed on April 1, 2023 and will cease to be imposed on the earlier of (1) the end of the 20<sup>th</sup> calendar quarter following the imposition of the TSPLOST (March 31, 2028) or (2) the end of the calendar quarter during which the Revenue Commissioner determines that the TSPLOST has raised revenues of not more than \$71,000,000. The County will receive 85% and the municipalities in the County will receive 15% of the amount of TSPLOST collected.

## Transportation Funding Act

On May 4, 2015, the Governor of Georgia signed into law House Bill 170 (the “Transportation Funding Act”), which became effective July 1, 2015. The new law eliminated the State sales tax on gasoline and diesel and imposed a new per-gallon excise tax on motor fuel (the “Excise Tax”). The Excise Tax is subject to annual

adjustments to account for inflation and the increasing fuel efficiency of new vehicles (which will be tied to increases in the Corporate Average Fuel Economy standard and the National Highway and Construction Cost index) and was initially imposed at the rate of 26 cents per gallon for gasoline and 29 cents per gallon for diesel. Proceeds of the Excise Tax would be required to be spent on transportation related projects. The Transportation Funding Act generally allows local governments to continue to collect local sales and use tax ("LOST"), special purpose local option sales tax ("SPLOST"), sales tax for educational purposes ("ESPLOST"), homestead option sales tax ("HOST"), and municipal optional sales tax ("MOST"), if any, at the current 1% rate on the sale of motor fuel. However, if the retail price of motor fuel rises above \$3.00 per gallon, any increase above \$3.00 will not be subject to such 1% rate of tax. At this time, it is uncertain if the Transportation Funding Act will have an adverse impact on tax revenues of the County.

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

There is no litigation now pending or, to the knowledge of the Issuer or the County, threatened against the Issuer or the County which restrains or enjoins the issuance or delivery of the Series 2023 Bonds, the provision of the security for the payment of the Series 2023 Bonds, or the use of the proceeds of the Series 2023 Bonds or which questions or contests the validity of the Series 2023 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization, nor existence of the Issuer or the County, nor the title of the present members or other officials of the Issuer or the County to their respective offices, is being contested or questioned. No litigation and no proceedings are pending against the County or the Issuer, or their respective officials, or to their knowledge are threatened against them, which would affect the sale of the Series 2023 Bonds, the security therefor, or the ability of the County to enter into and perform its obligations under the Contract.

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

The Series 2023 Bonds were validated in the Superior Court of Walton County on July 17, 2023. The State of Georgia was the plaintiff in the proceeding, and the Issuer and the County were the defendants. Under Georgia law, the judgment of validation is final and conclusive with respect to the validity of the Series 2023 Bonds against the Issuer and the County.

Legal matters incidental to authorization and issuance of the Series 2023 Bonds by the Issuer are subject to the approval of Gray Pannell & Woodward LLP, Athens, Georgia, Bond Counsel. It is anticipated that the approving opinion of Bond Counsel will be in substantially the form attached hereto as Appendix D. Certain legal matters will be passed upon for the Issuer by its counsel, Atkinson Ferguson, LLC, Monroe, Georgia and by its disclosure counsel, Gray Pannell & Woodward LLP, Athens, Georgia, for the County by its counsel, Daniel C. Haygood, Esq., Watkinsville, Georgia, and for the Underwriter by its counsel, Arnall Golden Gregory LLP, Atlanta, Georgia.

### **Closing Certificates**

The County will deliver to the Underwriter a certificate that no litigation is pending or threatened against it which would have a material effect on (i) the issuance or validity of the Series 2023 Bonds, (ii) the levy and collection of an ad valorem tax to permit the County to make payments under the Contract in amounts sufficient to pay the Series 2023 Bonds or (iii) the financial condition of the County. In addition, the County will represent to the Underwriter in the Bond Purchase Agreement that the information contained in this Official Statement does not contain any misrepresentation of a material fact and does not omit or state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

### **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 2023 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 2023 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 2023 Bonds are to be invested and require that certain investment earnings on the foregoing be rebated on a periodic basis to the Treasury Department of the United States. The Issuer and the County have covenanted in the Bond Resolution to comply with the requirements of the Code in

order to maintain the exclusion of interest on the Series 2023 Bonds from gross income for federal income tax purposes. Failure to comply with these covenants could result in interest on the Series 2023 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 2023 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 2023 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 2023 Bonds is excludable from gross income for federal income tax purposes under § 103 of the Code and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however interest on the Series 2023 Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain 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 2023 Bonds.

Ownership of the Series 2023 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 2023 Bonds. Purchasers of the Series 2023 Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

In rendering the opinion that the interest on the Series 2023 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 Issuer and the County with respect to, among other things, the use of the proceeds of the Series 2023 Bonds without undertaking to verify the same by independent investigation and (ii) assume the continued compliance by the Issuer and the County with its covenants relating to the use of the proceeds of the Series 2023 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 2023 Bonds to become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2023 Bonds.

*State Tax Matters.* In the opinion of Bond Counsel, under existing statutes, interest on the Series 2023 Bonds is exempt from all present state income taxation within the State of Georgia. Interest on the Series 2023 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 2023 Bonds should consult their tax advisors as to the taxable status of the Series 2023 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 2023 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 2023 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 2023 Bonds. Purchasers of Series 2023 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 2023 Bonds.

## **Premium Bonds**

The difference between the principal amount of the Series 2023 Bonds maturing February 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 purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Premium Bonds. Owners of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

The foregoing is a general discussion of certain federal income tax consequences of original issue premium and discount and does not purport to deal with all tax questions that may be relevant to particular investors or circumstances. Holders of the Series 2023 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.

## **Original Issue Discount Bonds**

With respect to the Series 2023 Bonds maturing February 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.

## **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 2023 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 2023 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 2023 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 2023 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2023 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 2023 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.

## **RISK FACTORS**

The following section is intended only as a summary of certain pertinent risk factors relating to an investment in the Series 2023 Bonds. This summary is not intended to be an exclusive summary of factors to be considered in connection with making an investment in the Series 2023 Bonds. In order for potential investors to identify risk factors and make an informed investment decision, they should thoroughly review this entire Official Statement and the appendices hereto and confer with their own tax and financial advisors when considering a purchase of the Series 2023 Bonds.

### **Coronavirus (COVID-19)**

Developments relating to COVID-19 and its variants continue to occur rapidly. Epidemiology experts predict continued multiple “waves” of infections from COVID-19, which may require the local governments around the State to temporarily suspend operations or remote working arrangements. The duration and severity of COVID-19, and its ongoing impact on the State and County is unknown and will continue to evolve, particularly in light of the emergence of new COVID-19 variants. The State and the County’s finances are likely to be adversely affected by the continued spread of COVID-19 variants. The County cannot predict what effect the spread of COVID-19 variants or the various governmental and private actions taken in response thereto will have on the finances or operations of the County.

The County will likely see an increase in expenditures related to cleaning supplies, and safety equipment, such as personal protection equipment and temperature scanners, in 2023 and beyond. The County will continue reporting positive cases to the Georgia Department of Public Health to assist with contact tracing and precautionary quarantine efforts. County employees who are diagnosed with COVID-19 are directed to follow DPH guidelines.

The economic consequences and the risk of declines in the U.S. and global stock markets resulting from the spread of COVID-19 variants, and responses thereto by local, State, and the federal governments could have a material impact on the investments in employee pension plans, which could materially increase the County’s required contribution rates in future fiscal years. The continued spread of COVID-19 variants and its related impact on the County could include, but are not limited to, increased costs and challenges relating to disruption of the regional and local economy with corresponding decreases in State revenues, tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales and real estate development. If there is a negative impact on the revenues of the County, the County’s ability to pay debt service on the Series 2023 Bonds may be adversely impacted.

### **Climate Change**

Planning for climate change in the State and its impact on the County’s operations is an unknown challenge. The State’s climate is exceedingly variable and projections of future conditions range significantly. While projections in the State indicate rising average temperatures, precipitation projections are much less clear and often contradictory. Other potential impacts include changes in the length, intensity, and frequency of droughts and floods. The financial impact of the climate change is not yet known and therefore its future impact on the County cannot be quantified reliably at this time.

## **Cyber-Security**

Computer networks and data transmission and collection are vital to the efficient operations of the County. Computer security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in operations and the services provided by the County, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties and the services provided, and cause a loss of confidence in the operations of the County, which could materially adversely affect the operations of the County.

## **MISCELLANEOUS**

### **Rating**

Moody's Investors Service, Inc. ("Moody's") has assigned the rating of "Aaa" to the Series 2023 Bonds. The rating reflects only the views of the rating agency, and an explanation of the significance of such rating may be obtained from the rating agency furnishing such rating. There is no assurance that such rating will remain unchanged for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the liquidity and market price of the Series 2023 Bonds. The Underwriter, the Issuer and the County have not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

Additionally, due to the ongoing uncertainty regarding the debt of the United States of America, including without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Series 2023 Bonds, could be subject to a rating downgrade. Furthermore, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for and ratings, liquidity, and market value of outstanding debt obligations, such as the Series 2023 Bonds.

### **Underwriting**

Stifel Nicolaus & Company, Incorporated, or its successor in interest (the "Underwriter"), has agreed to purchase the Series 2023 Bonds pursuant to a Bond Purchase Agreement entered into among, the Issuer, the County and the Underwriter. The Underwriter has agreed to purchase the Series 2023 Bonds at a purchase price of \$\_\_\_\_\_ (par [plus/less] net [premium/discount] of \$\_\_\_\_\_ less underwriting discount of \$\_\_\_\_\_). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2023 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 2023 Bonds to the public initially at the offering prices shown on the inside front cover page hereof, which prices may subsequently change without any requirement of prior notice. The Underwriter may offer and sell the Series 2023 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 2023 Bonds are subject to the approval of Gray Pannell & Woodward LLP, Athens, Georgia, Bond Counsel. Certain legal matters will be passed on for the Issuer by its counsel, Atkinson Ferguson, LLC, Monroe, Georgia and by its disclosure counsel, Gray Pannell & Woodward LLP, Athens, Georgia, for the County by its counsel, Daniel C. Haygood, Esq., Watkinsville, Georgia and for the Underwriter by its counsel, Arnall Golden Gregory LLP, Atlanta, Georgia.

The financial statements of the County as of June 30, 2022 and for the year then ended have been audited by Rushton, LLC, Gainesville, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon, which appears in Appendix A. The consent of Rushton, LLC to the inclusion of the audited financial statements of the County and its report thereon in Appendix A hereto has not been requested. Therefore, Rushton, LLC has not and will not perform any subsequent procedures relating to the audit or review the information presented in this Official Statement.

**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 2023 Bonds.

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**AUTHORIZATION OF AND CERTIFICATION  
CONCERNING OFFERING STATEMENT**

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

WALTON COUNTY WATER AND SEWERAGE  
AUTHORITY

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

OCONEE COUNTY, GEORGIA

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

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**APPENDIX A**

AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR FISCAL YEAR ENDED JUNE 30, 2022

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***OCONEE COUNTY, GEORGIA***

***Annual Financial Report***

***For the fiscal year ended June 30, 2022***

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**OCONEE COUNTY, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the fiscal year ended June 30, 2022*

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**OCONEE COUNTY, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
*For the fiscal year ended June 30, 2022*

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## Independent Auditor's Report

Honorable Chairman and  
Members of the Board of Commissioners  
Oconee County, Georgia

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oconee County, Georgia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Oconee County, Georgia's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oconee County, Georgia, as of June 30, 2022, and the respective changes in the financial position and, where applicable, cash flows thereof, and the budgetary comparisons of the General Fund, ARP Act Local Fiscal Recovery Special Revenue Fund, and Industrial Development Authority Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Oconee County Board of Health or the Oconee County Tourism & Visitors Bureau, which represent 100% of the assets, 100% of the net position, and 100% of the revenues of the County's component units for the year ended June 30, 2022. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Oconee County Board of Health and the Oconee County Tourism & Visitors Bureau, is based solely on the reports of the other auditors.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oconee County, Georgia and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Oconee County, Georgia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Oconee County, Georgia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oconee County, Georgia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 4 through 14 and 93 through 100, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oconee County, Georgia's basic financial statements. The combining statements, the schedule of projects financed with special purpose local option sales tax, the schedule of state contractual assistance, and the community development block grant program project cost and source and application of funds schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The combining statements, the schedule of expenditures of federal awards, the schedule of projects financed with special purpose local option sales tax, the schedule of state contractual assistance, and the community development block grant program project cost and source and application of funds schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, the schedule of expenditures of federal awards, the schedule of projects financed with special purpose local option sales tax, the schedule of state contractual assistance, and the community development block grant program project cost and source and application of funds schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2022, on our consideration of Oconee County, Georgia's internal control over financial reporting and 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 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.

*Rushion, LLC*

Gainesville, Georgia  
November 25, 2022

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**MANAGEMENT DISCUSSION AND ANALYSIS**

**OCONEE COUNTY, GEORGIA  
YEAR ENDED JUNE 30, 2022**

**OCONEE COUNTY, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2022**

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.

Oconee County's government-wide financial statements, as described below, show an increasing net position indicating long-term stability. Oconee County's fund financial statements also show an increase in fund balance displaying short term financial liquidity as a strength of Oconee County. In summary, the County's financial position is strong. Oconee County continues to practice conservative fiscal policies.

**Overview of the Financial Statements**

Management's discussion and analysis' intention is 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 long-term broad overview of the economic 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, 2022. 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 public safety, public works, general government, culture and recreation, judicial, housing and development, and health and welfare. Business-type activities financed by user charges include water and sewer, sanitation collection sites, and special facilities.

### **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 six major governmental funds – General Fund, ARP Act Local Fiscal Recovery, Industrial Development Authority, Administration Building, SPLOST 2021, and the Local Resources Capital Projects Fund. The County's basic governmental fund financial statements are presented on pages 18-27 of this report.

Proprietary Funds report, in greater detail, the same information presented as business-type activities in the government-wide financial statements. The County's proprietary fund financial statements are presented on pages 28-32 of this report.

Fiduciary Funds are custodial 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 reflect in this section as a Custodial Fund. The county reports six custodial funds – Tax Commissioner, Sheriff, Superior Court, Probate Court, Magistrate Court and Juvenile Court (pages 33-34).

### **Notes to the Financial Statements**

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

### **Required Supplementary Information**

The required supplementary information includes required schedules and information on the County's defined benefit pension plan and OPEB plan (pages 93-100).

### **Other Supplementary Information**

Other supplementary information includes combining financial statements for non-major governmental, proprietary, and fiduciary funds. These funds are added together by fund type and presented in single columns in the basic financial statements but are not reported individually, as with major funds, on the government-wide financial statements.

## **Financial Analysis of Oconee County**

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

Table 1 & Table 2 depict comparative data for Oconee County, Georgia for the fiscal year ended June 30, 2021 and the fiscal year ended June 30, 2022. The comparative data highlights Government-wide net position (Table 1) and changes in net position (Table 2). Fiscal year ending 2022 shows a total increase in net position of \$9.95 million (Table 2) over the previous fiscal year.

Governmental activities net position increased \$6.87 million (Table 2). General revenues for the primary government consist mainly of property taxes and sales taxes. Other general revenues include business taxes and intangible taxes. General revenues increased \$3.11 million (Table 2) for the governmental activities. The County experienced a digest increase, constant ad valorem tax which increased in prior year, and increases in local option sales tax collections. Prior year



saw an increase in intangible tax; however, current year was a slight decrease. Total program revenues for primary government consist of charges for services, operating grants and contributions, and capital grants and contributions. Program revenues increased \$1.31 million (Table 2) for the governmental activities due to operating grants & contributions. In fiscal year ending 2021, Oconee County received federal grant funds totaling \$1,849,130 from the CARES Act Coronavirus Relief Fund. In fiscal year ending 2022, the County recognized \$3,010,952 from the ARP Act Local Fiscal Recovery Fund. Program expense and transfers to business-type activities contributed to the overall governmental activities net position increase of \$6.87 million.

Business-type activities net position increased \$3.08 million (Table 2) as a result of water sales, water availability fees, sewer sales, and capacity fees.

### **Governmental Funds Financial Analysis**

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, Special Revenue Funds, and Capital Projects Funds.

As of June 30, 2022, Oconee County governmental funds reported combined fund balances of \$58,023,290, up from \$29,678,553, in the prior year, an increase of \$28,344,737 (page 22).

General Fund is the chief operating fund of the county. At June 30, 2022, total fund balance in the General Fund was \$10,411,674, a decrease of \$8,264,184 from the prior year's fund balance of \$18,675,858 (page 21). Before transfers to the Local Resources Capital Projects fund in the amount of \$17,054,144, the fund balance of the General Fund increased by \$8,789,960 from operations.

ARP Act Local Fiscal Recovery Fund is a special revenue fund used to account for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund. As of June 30, 2022, Oconee County has received ARP funds totaling \$7,823,918 which is 100% collection of grant funds. Funds are classified as unearned revenue on the governmental funds balance sheet until expended. In fiscal year 2022, the county recognized revenue and expended \$3,010,952.

Industrial Development Authority Special Revenue Fund presents revenues and expenditures of the Oconee County Industrial Development Authority, a blended component unit of Oconee County. In fiscal year 2022, the Oconee County Industrial Development Authority issued \$16,000,000 in taxable revenue bonds for the purpose of facilitating the COSTCO economic development project. From bond proceeds, issuance costs, land acquisition, and payments to others were expended. In addition, debt service reserves were established. Additional details can be found on page 71 in the Notes to the Financial Statements.

Administration Building Capital Projects Fund presents the issuance of \$12,500,000 in general obligation bonds for the purpose of acquiring, constructing, and equipping an administrative facility building as approved in the 2021 SPLOST referendum. From bond proceeds, bond issuance costs have been expended in addition to capital expenditures of \$808,219. Additional details can be found on page 71 in the Notes to the Financial Statements.

SPLOST 2021 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. In fiscal year 2022, SPLOST 2021 funded the HVAC design for the Oconee Veterans Park Community Center project. The SPLOST 2021 total fund balance at year-end is \$6,286,504 (page 22).

Local Resources Capital Projects Fund is a capital projects fund used to account for fund balance assigned for capital projects. In fiscal year ending 2022, this fund received transfers from the General Fund in the amount of \$17,054,144. These funds are assigned for projects such as road improvements, building renovations, broadband upgrades, and equipment purchases.

### **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, 2022, total net position amounted to \$96,722,464 (page 29). This includes a change in net position of \$3,087,370. Net position changes are a result of operations, non-operating revenues and expenses, capital contributions, and transfers. The funds in this category, Water and Sewer, Solid Waste, and Special Facilities Funds, receive revenue from such areas as user fees, licenses, permits, rent and donated infrastructure.

### **Financial Highlights**

Oconee County's main revenue sources are sales taxes and property taxes. Sales tax revenues increased 7.98%, while property tax revenues increased 6.39% in fiscal year 2022. 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. Final collections for SPLOST 2015 were distributed to the County in October 2021. Collections totaled \$46,207,264. SPLOST 2015 projects in fiscal year 2022 include fire station building improvements, courthouse building improvements, law enforcement vehicles and equipment, fire engine acquisition, road maintenance, calls creek expansion project, southeast pressure zone water tank, and library building contribution. The remaining fund balance of SPLOST 2015 is \$4,485,811. SPLOST 2021 was approved by voters in November 2020 with a referendum total

of \$64,648,250. Collections of SPLOST 2021 began in October 2021 and the County received the first distribution in November 2021.

There was an increase in the property tax digest due to new homes and increasing home values. While the Board of Commissioners approved a millage rate rollback, property tax revenues increased.

As a whole, the financial position of the Oconee County government is strong. At June 30, 2022, Oconee County’s Governmental Funds Balance Sheet combined ending fund balances were \$58,023,290 (page 19), including an unassigned fund balance of \$10,118,324 (page 19).

The Governmental Funds assigned fund balance includes \$482,498 for Health and Welfare, \$2,104,094 for Housing and Development, and \$16,601,360 for capital outlays.

Governmental funds report a \$25,011,878 restricted fund balance for capital projects, which include restrictions of the following funds (page 19):

| <b>Fund:</b>                                     | <b>Balance:</b>     | <b>Reference:</b> |
|--|---------------------|-------------------|
| <b>Industrial Development Authority</b>          | 150,000             | Exhibit A-3       |
| <b>Administration Building</b>                   | 14,058,371          | Exhibit A-3       |
| <b>SPLOST 2021</b>                               | 5,990,783           | Exhibit A-3       |
| <b>SPLOST 2015</b>                               | 4,485,811           | Exhibit C-1       |
| <b>Hotel/Motel Tax</b>                           | 248,612             | Exhibit C-1       |
| <b>Industrial Development Authority Projects</b> | 78,301              | Exhibit C-1       |
| <b>Total</b>                                     | <b>\$25,011,878</b> |                   |

### **Capital Assets and Debt Administration**

Oconee County has invested \$222,539,148 in capital assets net of accumulated depreciation. These assets include land, water and sewer treatment and distribution systems, infrastructure, buildings, equipment, and vehicles. Major capital asset expenditures during the current fiscal year include the following:

- Senior Center Facility Expansion
- Administrative Facility Construction
- Parkway Boulevard Land Acquisition
- Eagle Tavern Restoration
- Fire Engine
- Continued Water and Sewer System Expansion

Major disposals of capital assets during the fiscal year include the sale of the operations and elections buildings.

On June 30, 2022, Oconee County had debt totaling \$87,995,291. This debt is comprised of contracts of \$18,091,356, notes of \$8,105,748, bonds of \$58,867,235, and net premiums/discounts of \$2,930,952 (page 72). Changes in debt during the fiscal year are related to new debt issuances and regularly scheduled principal payments.

Additional information on capital assets can be found in Note 9 to the financial statements and additional information on the County’s long-term debt and other liabilities can be found in Notes 10, 11, and 12 to the financial statements.

### **Budget Variations**

The original General Fund budget for the fiscal year end June 30, 2022, reflected anticipated revenues and other financing sources and expenditures and other financing uses of \$32,691,229. The final budget for the fiscal year showed revenues and other financing sources of \$40,110,940 and expenditures and other financing uses of \$56,712,300, while the actual results for fiscal year ending June 30, 2022 indicated revenues and other financing sources of \$42,415,595 and expenditures and other financing uses of \$50,679,779 (pages 24-25).

| <b>General Fund Budget vs.<br/>Actual:</b> | <b>Revenues and<br/>Other Financing<br/>Sources:</b> | <b>Expenditures and<br/>Other Financing<br/>Uses:</b> | <b>Change in<br/>Fund<br/>Balance:</b> |
|--|--|---|--|
| <b>Original Budget</b>                     | 32,691,229   | 32,691,229  | \$0                                    |
| <b>Final Budget</b>                        | 40,110,940   | 56,712,300  | (\$16,601,360)                         |
| <b>Actual Results</b>                      | 42,415,595   | 50,679,779  | (\$8,264,184)                          |

The increase over budgeted revenues is related to local option sales tax increases, transfers from the ARP Act Local Fiscal Recovery Special Revenue Fund, and the sale of assets. Other financing uses include the transfers to the Local Resources Capital Projects fund in the amount of \$17,054,144.

### **Changes to Financial Presentation**

In fiscal year 2022, the County implemented GASB Statement No. 87, *Leases*. This statement requires a lessee to recognize a lease liability and right-to-use asset and a lessor to recognize a lease receivable and deferred inflow of resources. County contracts and agreements were reviewed and evaluated for eligibility of this standard. It was concluded that this statement has no material impact on the net position of the County and thus lease liabilities, right-to-use assets, lease receivables, and deferred inflow of resources related to leases are not presented in Oconee County’s financial statements. County contracts and agreements will be reviewed annually for GASB 87 eligibility.

## **Component Units**

Separately issued financial statements for the County's discretely presented component units provide more detailed information about their financial position. These statements can be obtained by contacting these entities:

Oconee County Health Department  
1060 Experiment Station Road  
Post Office Box 222  
Watkinsville, Georgia 30677

Oconee County Tourism & Visitors Bureau  
21 North Main Street  
Watkinsville, Georgia 30677

**Oconee County, Georgia**  
**For the Year Ended June 30, 2022**

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

|   | Governmental<br>Activities |               | Business-Type<br>Activities |               | Total         |               |
|---|----------------------------|---------------|-----------------------------|---------------|---------------|---------------|
|   | 2021                       | 2022          | 2021                        | 2022          | 2021          | 2022          |
| <b>Assets</b>                                 |                            |               |                             |               |               |               |
| Current & Other Assets                        | 38.10                      | 65.47         | 21.67                       | 23.10         | 59.77         | 88.57         |
| Capital Assets, Net                           | 98.51                      | 106.04        | 118.19                      | 116.50        | 216.70        | 222.54        |
| <b>Total Assets</b>                           | <b>136.61</b>              | <b>171.51</b> | <b>139.86</b>               | <b>139.60</b> | <b>276.47</b> | <b>311.11</b> |
| <b>Deferred Outflows of Resources</b>         |                            |               |                             |               |               |               |
| Deferred Amount on Debt Refunding             | 0.78                       | 0.71          | 1.52                        | 1.36          | 2.30          | 2.07          |
| Deferred Outflow Related to Pensions          | 1.87                       | 2.01          | 0.39                        | 0.33          | 2.26          | 2.34          |
| Deferred Outflow Related to OPEB              | 2.15                       | 1.66          | 0.25                        | 0.46          | 2.40          | 2.12          |
| <b>Total Assets and Deferred Outflows</b>     | <b>141.41</b>              | <b>175.90</b> | <b>142.02</b>               | <b>141.75</b> | <b>283.43</b> | <b>317.65</b> |
| <b>Liabilities</b>                            |                            |               |                             |               |               |               |
| Current & Other Liabilities                   | 8.16                       | 7.60          | 2.91                        | 3.44          | 11.07         | 11.04         |
| Long-Term Liabilities                         |                            |               |                             |               |               |               |
| Due Within One Year                           | 2.25                       | 2.31          | 2.53                        | 1.12          | 4.78          | 3.43          |
| Due in More Than One Year                     | 32.20                      | 58.33         | 42.56                       | 39.86         | 74.76         | 98.19         |
| <b>Total Liabilities</b>                      | <b>42.61</b>               | <b>68.24</b>  | <b>48.00</b>                | <b>44.42</b>  | <b>90.61</b>  | <b>112.66</b> |
| <b>Deferred Inflows of Resources</b>          |                            |               |                             |               |               |               |
| Deferred Inflow Related to Pensions           | 2.12                       | 3.11          | 0.35                        | 0.46          | 2.47          | 3.57          |
| Deferred Inflow Related to OPEB               | 0.16                       | 1.16          | 0.04                        | 0.15          | 0.20          | 1.31          |
| <b>Total Liabilities and Deferred Inflows</b> | <b>44.89</b>               | <b>72.51</b>  | <b>48.39</b>                | <b>45.03</b>  | <b>93.28</b>  | <b>117.54</b> |
| <b>Net Position</b>                           |                            |               |                             |               |               |               |
| Net Investment in Capital Assets              | 88.95                      | 82.63         | 79.76                       | 80.61         | 168.71        | 163.24        |
| Restricted                                    |                            |               |                             |               |               |               |
| Judicial                                      | 0.44                       | 0.53          | 0.00                        | 0.00          | 0.44          | 0.53          |
| Public Safety                                 | 0.29                       | 0.35          | 0.00                        | 0.00          | 0.29          | 0.35          |
| Public Works                                  | 0.14                       | 0.01          | 0.00                        | 0.00          | 0.14          | 0.01          |
| Culture and Recreation                        | 0.03                       | 0.04          | 0.00                        | 0.00          | 0.03          | 0.04          |
| Housing and Development                       | 0.10                       | 0.09          | 0.00                        | 0.00          | 0.10          | 0.09          |
| Other Purposes                                | 0.00                       | 0.00          | 0.00                        | 0.00          | 0.00          | 0.00          |
| Capital Projects                              | 7.60                       | 10.62         | 0.45                        | 0.38          | 8.05          | 11.00         |
| Debt Service                                  | 0.00                       | 0.00          | 1.23                        | 1.24          | 1.23          | 1.24          |
| Unrestricted                                  | (1.03)                     | 9.12          | 12.20                       | 14.49         | 11.17         | 23.61         |
| <b>Total Net Position</b>                     | <b>96.52</b>               | <b>103.39</b> | <b>93.64</b>                | <b>96.72</b>  | <b>190.16</b> | <b>200.11</b> |

**Oconee County, Georgia**  
**For the Year Ended June 30, 2022**  
**Table 2**  
**Changes in Net Position**  
**(in Millions)**

|                                      | <u>Governmental<br/>Activities</u> |               | <u>Business-Type<br/>Activities</u> |              | <u>Total</u>  |               |
|--------------------------------------|------------------------------------|---------------|-------------------------------------|--------------|---------------|---------------|
|                                      | 2021                               | 2022          | 2021                                | 2022         | 2021          | 2022          |
| <b>Revenue</b>                       |                                    |               |                                     |              |               |               |
| <b>Program Revenues:</b>             |                                    |               |                                     |              |               |               |
| Charges for Services                 | 5.10                               | 5.51          | 11.61                               | 13.04        | 16.71         | 18.55         |
| Operating Grants & Contributions     | 3.12                               | 4.47          | 0.00                                | 0.01         | 3.12          | 4.48          |
| Capital Grants & Contributions       | 2.22                               | 1.77          | 0.57                                | 0.24         | 2.79          | 2.01          |
| <b>General Revenues:</b>             |                                    |               |                                     |              |               |               |
| Property Taxes                       | 19.07                              | 20.28         | 0.00                                | 0.00         | 19.07         | 20.28         |
| Sales Taxes                          | 17.26                              | 18.64         | 0.00                                | 0.00         | 17.26         | 18.64         |
| Insurance Premium Taxes              | 2.07                               | 2.15          | 0.00                                | 0.00         | 2.07          | 2.15          |
| Intangible Taxes                     | 1.03                               | 0.88          | 0.00                                | 0.00         | 1.03          | 0.88          |
| Other                                | 1.27                               | 1.41          | 0.00                                | 0.00         | 1.27          | 1.41          |
| Interest and Investment Earnings     | 0.02                               | 0.06          | 0.01                                | 0.02         | 0.03          | 0.08          |
| Gain on Disposal of Capital Asset    | 0.20                               | 0.60          | 0.00                                | 0.00         | 0.20          | 0.60          |
| Rental Revenue                       | 0.00                               | 0.00          | 0.02                                | 0.09         | 0.02          | 0.09          |
| Other                                | 0.32                               | 0.33          | 0.07                                | 0.07         | 0.39          | 0.40          |
| <b>Total Revenues</b>                | <b>51.68</b>                       | <b>56.10</b>  | <b>12.28</b>                        | <b>13.47</b> | <b>63.96</b>  | <b>69.57</b>  |
| <b>Program Expenses</b>              |                                    |               |                                     |              |               |               |
| General Government                   | 7.73                               | 7.07          | 0.00                                | 0.00         | 7.73          | 7.07          |
| Judicial                             | 2.81                               | 2.85          | 0.00                                | 0.00         | 2.81          | 2.85          |
| Public Safety                        | 12.46                              | 12.58         | 0.00                                | 0.00         | 12.46         | 12.58         |
| Public Works                         | 13.89                              | 12.47         | 0.00                                | 0.00         | 13.89         | 12.47         |
| Health & Welfare                     | 1.14                               | 1.08          | 0.00                                | 0.00         | 1.14          | 1.08          |
| Culture & Recreation                 | 4.27                               | 5.61          | 0.00                                | 0.00         | 4.27          | 5.61          |
| Housing & Development                | 1.59                               | 5.30          | 0.00                                | 0.00         | 1.59          | 5.30          |
| Interest & Fiscal Charges            | 0.38                               | 0.92          | 0.00                                | 0.00         | 0.38          | 0.92          |
| Water & Sewer                        | 0.00                               | 0.00          | 10.29                               | 10.51        | 10.29         | 10.51         |
| Solid Waste                          | 0.00                               | 0.00          | 0.65                                | 0.65         | 0.65          | 0.65          |
| Special Facilities                   | 0.00                               | 0.00          | 0.56                                | 0.58         | 0.56          | 0.58          |
| <b>Total Expenses</b>                | <b>44.27</b>                       | <b>47.88</b>  | <b>11.50</b>                        | <b>11.74</b> | <b>55.77</b>  | <b>59.62</b>  |
| <b>Excess (Deficiency) Before</b>    |                                    |               |                                     |              |               |               |
| <b>Transfers &amp; Contributions</b> | <b>7.41</b>                        | <b>8.22</b>   | <b>0.78</b>                         | <b>1.73</b>  | <b>8.19</b>   | <b>9.95</b>   |
| Total Transfers                      | (4.06)                             | (1.35)        | 4.06                                | 1.35         | 0.00          | 0.00          |
| <b>Changes in Net Position</b>       | <b>3.35</b>                        | <b>6.87</b>   | <b>4.84</b>                         | <b>3.08</b>  | <b>8.19</b>   | <b>9.95</b>   |
| <b>Net Position, Beginning</b>       | <b>93.17</b>                       | <b>96.52</b>  | <b>88.80</b>                        | <b>93.64</b> | <b>181.97</b> | <b>190.16</b> |
| <b>Net Position, Ending</b>          | <b>96.52</b>                       | <b>103.39</b> | <b>93.64</b>                        | <b>96.72</b> | <b>190.16</b> | <b>200.11</b> |

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***BASIC FINANCIAL STATEMENTS***

**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
*June 30, 2022*

|   | Primary Government         |                             |               | Component<br>Units |
|---|----------------------------|-----------------------------|---------------|--------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total         |                    |
| <b>ASSETS</b>                               |                            |                             |               |                    |
| <b>Current assets</b>                       |                            |                             |               |                    |
| Cash and cash equivalents                   | \$ 45,799,032              | \$ 9,650,001                | \$ 55,449,033 | \$ 1,066,097       |
| Receivables (net)                           |                            |                             |               |                    |
| Accounts                                    | 95,367                     | 1,569,669                   | 1,665,036     | 59,957             |
| Intergovernmental                           | 756,270                    | 98,794                      | 855,064       | 0                  |
| Taxes                                       | 1,882,531                  | 0                           | 1,882,531     | 0                  |
| Prepaid items                               | 219,585                    | 15,374                      | 234,959       | 600                |
| Inventories                                 | 0                          | 0                           | 0             | 6,397              |
| Restricted cash and cash equivalents        | 16,723,617                 | 3,098,165                   | 19,821,782    | 0                  |
| Internal balances                           | (4,676)                    | 4,676                       | 0             | 0                  |
| Total current assets                        | 65,471,726                 | 14,436,679                  | 79,908,405    | 1,133,051          |
| <b>Noncurrent assets</b>                    |                            |                             |               |                    |
| Investment - UOBWA (net)                    | 0                          | 8,662,483                   | 8,662,483     | 0                  |
| Net OPEB asset                              | 0                          | 0                           | 0             | 86,567             |
| Non-depreciable capital assets              | 38,185,145                 | 18,985,208                  | 57,170,353    | 0                  |
| Depreciable capital assets (net)            | 67,856,387                 | 97,512,408                  | 165,368,795   | 66,023             |
| Total noncurrent assets                     | 106,041,532                | 125,160,099                 | 231,201,631   | 152,590            |
| <b>Total assets</b>                         | 171,513,258                | 139,596,778                 | 311,110,036   | 1,285,641          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                            |                             |               |                    |
| Deferred charges on refunding               | 713,163                    | 1,360,491                   | 2,073,654     | 0                  |
| Deferred outflows of resources - pension    | 2,007,006                  | 338,444                     | 2,345,450     | 288,289            |
| Deferred outflows of resources - OPEB       | 1,662,479                  | 461,152                     | 2,123,631     | 99,713             |
| <b>Total deferred outflows of resources</b> | 4,382,648                  | 2,160,087                   | 6,542,735     | 388,002            |
| <b>LIABILITIES</b>                          |                            |                             |               |                    |
| <b>Current liabilities</b>                  |                            |                             |               |                    |
| Payables                                    |                            |                             |               |                    |
| Accounts                                    | 1,686,935                  | 430,237                     | 2,117,172     | 52,693             |
| Retainage                                   | 33,624                     | 16,106                      | 49,730        | 0                  |
| Interest                                    | 390,222                    | 0                           | 390,222       | 0                  |
| Accrued salaries and payroll liabilities    | 662,904                    | 111,596                     | 774,500       | 0                  |
| Unearned revenue                            | 4,812,966                  | 0                           | 4,812,966     | 0                  |
| Compensated absences                        | 12,328                     | 4,937                       | 17,265        | 0                  |
| Contracts payable                           | 0                          | 1,123,646                   | 1,123,646     | 0                  |
| Bonds payable                               | 2,300,000                  | 0                           | 2,300,000     | 0                  |
| Liabilities payable from restricted assets  |                            |                             |               |                    |
| Interest payable                            | 0                          | 656,800                     | 656,800       | 0                  |
| Customer deposits                           | 14,745                     | 815,830                     | 830,575       | 0                  |
| Bonds payable                               | 0                          | 1,400,000                   | 1,400,000     | 0                  |
| Total current liabilities                   | 9,913,724                  | 4,559,152                   | 14,472,876    | 52,693             |

**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
*June 30, 2022*

|   | Primary Government         |                             |                | Component<br>Units |
|---|----------------------------|-----------------------------|----------------|--------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total          |                    |
| <b>Noncurrent liabilities</b>           |                            |                             |                |                    |
| Compensated absences                    | \$ 810,549                 | \$ 134,081                  | \$ 944,630     | \$ 75,562          |
| Net pension liability                   | 4,207,384                  | 537,773                     | 4,745,157      | 426,242            |
| Net OPEB liability                      | 8,040,426                  | 1,286,469                   | 9,326,895      | 0                  |
| Contracts payable                       | 0                          | 18,739,940                  | 18,739,940     | 0                  |
| Notes payable                           | 64,000                     | 5,043,674                   | 5,107,674      | 0                  |
| Bonds payable                           | 45,203,966                 | 14,120,065                  | 59,324,031     | 0                  |
| Total noncurrent liabilities            | 58,326,325                 | 39,862,002                  | 98,188,327     | 501,804            |
| <b>Total liabilities</b>                | 68,240,049                 | 44,421,154                  | 112,661,203    | 554,497            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>    |                            |                             |                |                    |
| Deferred inflows of resources - pension | 3,108,237                  | 458,835                     | 3,567,072      | 393,949            |
| Deferred inflows of resources - OPEB    | 1,160,232                  | 154,412                     | 1,314,644      | 254,164            |
| Total deferred inflows of resources     | 4,268,469                  | 613,247                     | 4,881,716      | 648,113            |
| <b>NET POSITION</b>                     |                            |                             |                |                    |
| Net investment in capital assets        | 82,625,397                 | 80,606,306                  | 163,231,703    | 66,023             |
| Restricted for:                         |                            |                             |                |                    |
| Judicial                                | 534,099                    | 0                           | 534,099        | 0                  |
| Public Safety                           | 347,108                    | 0                           | 347,108        | 0                  |
| Public Works                            | 11,315                     | 0                           | 11,315         | 0                  |
| Culture and Recreation                  | 44,115                     | 0                           | 44,115         | 0                  |
| Housing and Development                 | 87,231                     | 0                           | 87,231         | 0                  |
| Capital outlay                          | 10,618,996                 | 378,644                     | 10,997,640     | 0                  |
| Debt service                            | 0                          | 1,246,891                   | 1,246,891      | 0                  |
| Unrestricted                            | 9,119,127                  | 14,490,623                  | 23,609,750     | 405,010            |
| Total net position                      | \$ 103,387,388             | \$ 96,722,464               | \$ 200,109,852 | \$ 471,033         |

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**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF ACTIVITIES**  
For the fiscal year ended June 30, 2022

| FUNCTIONS/PROGRAMS                      | Expenses                           | Program Revenues                    |  |  | Net<br>(Expense)<br>Revenue |
|---|------------------------------------|-------------------------------------|--|--|-----------------------------|
|   |                                    | Charges for<br>Services             | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |                             |
| <b>Primary government</b>               |                                    |                                     |  |  |                             |
| Governmental activities                 |                                    |                                     |  |  |                             |
| General Government                      | \$ 7,072,536                       | \$ 1,495,752                        | \$ 41,038                                | \$ 92                                  | \$ (5,535,654)              |
| Judicial                                | 2,857,830                          | 483,313                             | 883,792                                  | 0                                      | (1,490,725)                 |
| Public Safety                           | 12,581,393                         | 1,775,465                           | 3,217,100                                | 181,752                                | (7,407,076)                 |
| Public Works                            | 12,469,355                         | 764,307                             | 2,128                                    | 884,169                                | (10,818,751)                |
| Health and Welfare                      | 1,081,120                          | 0                                   | 310,247                                  | 704,158                                | (66,715)                    |
| Culture and Recreation                  | 5,612,639                          | 872,178                             | 17,964                                   | 0                                      | (4,722,497)                 |
| Housing and Development                 | 5,295,557                          | 121,350                             | 2,404                                    | 0                                      | (5,171,803)                 |
| Interest on long-term debt              | 920,773                            | 0                                   | 0  | 0                                      | (920,773)                   |
| Total governmental activities           | 47,891,203                         | 5,512,365                           | 4,474,673                                | 1,770,171                              | (36,133,994)                |
| Business-type activities                |                                    |                                     |  |  |                             |
| Water and Sewer                         | 10,505,860                         | 12,683,447                          | 6,021                                    | 241,633                                | 2,425,241                   |
| Solid Waste                             | 649,380                            | 293,421                             | 6,309                                    | 0                                      | (349,650)                   |
| Special Facilities                      | 583,210                            | 66,054                              | 0  | 0                                      | (517,156)                   |
| Total business-type activities          | 11,738,450                         | 13,042,922                          | 12,330                                   | 241,633                                | 1,558,435                   |
| Total primary government                | 59,629,653                         | 18,555,287                          | 4,487,003                                | 2,011,804                              | (34,575,559)                |
| <b>Component Units</b>                  |                                    |                                     |  |  |                             |
| Oconee County Board of Health           |                                    |                                     |  |  |                             |
| Health and Welfare                      | 1,043,237                          | 601,126                             | 787,509                                  | 0                                      | 345,398                     |
| Oconee County Tourism & Visitors Bureau |                                    |                                     |  |  |                             |
| Housing and Development                 | 78,817                             | 9,819                               | 130,125                                  | 0                                      | 61,127                      |
| Total component units                   | 1,122,054                          | 610,945                             | 917,634                                  | 0                                      | 406,525                     |
| <b>Primary Government</b>               |                                    |                                     |  |  |                             |
|   | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>                             | <b>Component<br/>Units</b>             |                             |
| <b>Change in net position</b>           |                                    |                                     |  |  |                             |
| Net (expense) revenue                   | \$ (36,133,994)                    | \$ 1,558,435                        | \$ (34,575,559)                          | \$ 406,525                             |                             |
| General revenues                        |                                    |                                     |  |  |                             |
| Taxes                                   |                                    |                                     |  |  |                             |
| Property                                | 20,284,057                         | 0                                   | 20,284,057                               | 0                                      |                             |
| Sales                                   | 18,639,779                         | 0                                   | 18,639,779                               | 0                                      |                             |
| Insurance premium                       | 2,149,397                          | 0                                   | 2,149,397                                | 0                                      |                             |
| Intangible                              | 883,340                            | 0                                   | 883,340                                  | 0                                      |                             |
| Other                                   | 1,405,315                          | 0                                   | 1,405,315                                | 0                                      |                             |
| Interest and investment earnings        | 55,181                             | 15,520                              | 70,701                                   | 1,582                                  |                             |
| Gain on sale of capital assets          | 604,760                            | 0                                   | 604,760                                  | 0                                      |                             |
| Rental revenue                          | 0                                  | 91,044                              | 91,044                                   | 0                                      |                             |
| Other                                   | 327,809                            | 73,005                              | 400,814                                  | 73                                     |                             |
| Transfers                               | (1,349,366)                        | 1,349,366                           | 0  | 0                                      |                             |
| Total general revenues and transfers    | 43,000,272                         | 1,528,935                           | 44,529,207                               | 1,655                                  |                             |
| Change in net position                  | 6,866,278                          | 3,087,370                           | 9,953,648                                | 408,180                                |                             |
| Net position, July 1                    | 96,521,110                         | 93,635,094                          | 190,156,204                              | 62,853                                 |                             |
| <b>Net position, June 30</b>            | <b>\$ 103,387,388</b>              | <b>\$ 96,722,464</b>                | <b>\$ 200,109,852</b>                    | <b>\$ 471,033</b>                      |                             |

**OCONEE COUNTY, GEORGIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
*June 30, 2022*

|  | <b>General</b>       | <b>ARP Act<br/>Local Fiscal<br/>Recovery</b> | <b>Industrial<br/>Development<br/>Authority</b> |
|--|----------------------|--|---|
| <b>ASSETS</b>  |                      |  |   |
| Cash and cash equivalents  | \$ 27,502,304        | \$ 4,812,966                                 | \$ 2,104,095                                    |
| Receivables (net)  |                      |  |   |
| Accounts   | 95,367               | 0  | 0   |
| Intergovernmental  | 189,103              | 0  | 0   |
| Taxes  | 1,000,599            | 0  | 0   |
| Due from other funds   | 229,305              | 0  | 0   |
| Prepaid items  | 209,914              | 0  | 0   |
| Restricted cash and cash equivalents   | 14,745               | 0  | 2,315,961                                       |
| <b>Total assets</b>  | <b>\$ 29,241,337</b> | <b>\$ 4,812,966</b>                          | <b>\$ 4,420,056</b>                             |
| <b>LIABILITIES AND FUND BALANCES</b>   |                      |  |   |
| <b>Liabilities</b>   |                      |  |   |
| Accounts payable   | \$ 900,789           | \$ 0   | \$ 0  |
| Retainage payable  | 0                    | 0  | 0   |
| Customer deposits payable  | 14,745               | 0  | 0   |
| Accrued salaries and payroll liabilities                                       | 602,634              | 0  | 0   |
| Unearned revenue   | 0                    | 4,812,966                                    | 0   |
| Due to other funds   | 17,128,243           | 0  | 0   |
| Total liabilities  | 18,646,411           | 4,812,966                                    | 0   |
| <b>Deferred inflows of resources</b>   |                      |  |   |
| Unavailable property taxes   | 183,252              | 0  | 0   |
| Unavailable grant reimbursements   | 0                    | 0  | 0   |
| Total deferred inflows of resources  | 183,252              | 0  | 0   |
| <b>Fund balances</b>   |                      |  |   |
| Nonspendable prepaid items   | 209,914              | 0  | 0   |
| Restricted for:  |                      |  |   |
| Judicial   | 0                    | 0  | 0   |
| Public Safety  | 0                    | 0  | 0   |
| Public Works   | 0                    | 0  | 0   |
| Culture and Recreation   | 0                    | 0  | 0   |
| Housing and Development  | 0                    | 0  | 0   |
| Capital outlay   | 0                    | 0  | 150,000   |
| Debt service   | 0                    | 0  | 2,165,962                                       |
| Assigned to:   |                      |  |   |
| Health and Welfare   | 0                    | 0  | 0   |
| Housing and Development  | 0                    | 0  | 2,104,094                                       |
| Capital outlay   | 0                    | 0  | 0   |
| Unassigned   | 10,201,760           | 0  | 0   |
| Total fund balances  | 10,411,674           | 0  | 4,420,056                                       |
| <b>Total liabilities, deferred inflows of<br/>resources, and fund balances</b> | <b>\$ 29,241,337</b> | <b>\$ 4,812,966</b>                          | <b>\$ 4,420,056</b>                             |

| <u>Administration<br/>Building</u> | <u>SPLOST<br/>2021</u> | <u>Local<br/>Resources<br/>Capital<br/>Projects</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Totals</u>        |
|------------------------------------|------------------------|---|--|----------------------|
| \$ 0                               | \$ 5,272,316           | \$ 0  | \$ 6,107,351                               | \$ 45,799,032        |
| 0                                  | 0                      | 0   | 0  | 95,367               |
| 0                                  | 0                      | 0   | 567,167                                    | 756,270              |
| 0                                  | 860,888                | 0   | 21,044                                     | 1,882,531            |
| 0                                  | 0                      | 16,730,871  | 558,932                                    | 17,519,108           |
| 0                                  | 295,721                | 0   | 9,671                                      | 515,306              |
| <u>14,313,703</u>                  | <u>29</u>              | <u>0</u>  | <u>79,179</u>                              | <u>16,723,617</u>    |
| <u>\$ 14,313,703</u>               | <u>\$ 6,428,954</u>    | <u>\$ 16,730,871</u>                                | <u>\$ 7,343,344</u>                        | <u>\$ 83,291,231</u> |
| \$ 230,687                         | \$ 142,450             | \$ 120,532  | \$ 292,477                                 | \$ 1,686,935         |
| 24,645                             | 0                      | 8,979   | 0  | 33,624               |
| 0                                  | 0                      | 0   | 0  | 14,745               |
| 0                                  | 0                      | 0   | 60,270                                     | 662,904              |
| 0                                  | 0                      | 0   | 0  | 4,812,966            |
| <u>0</u>                           | <u>0</u>               | <u>0</u>  | <u>395,541</u>                             | <u>17,523,784</u>    |
| <u>255,332</u>                     | <u>142,450</u>         | <u>129,511</u>                                      | <u>748,288</u>                             | <u>24,734,958</u>    |
| 0                                  | 0                      | 0   | 1,294                                      | 184,546              |
| <u>0</u>                           | <u>0</u>               | <u>0</u>  | <u>348,437</u>                             | <u>348,437</u>       |
| <u>0</u>                           | <u>0</u>               | <u>0</u>  | <u>349,731</u>                             | <u>532,983</u>       |
| 0                                  | 295,721                | 0   | 9,671                                      | 515,306              |
| 0                                  | 0                      | 0   | 534,099                                    | 534,099              |
| 0                                  | 0                      | 0   | 347,108                                    | 347,108              |
| 0                                  | 0                      | 0   | 11,315                                     | 11,315               |
| 0                                  | 0                      | 0   | 44,115                                     | 44,115               |
| 0                                  | 0                      | 0   | 87,231                                     | 87,231               |
| 14,058,371                         | 5,990,783              | 0   | 4,812,724                                  | 25,011,878           |
| 0                                  | 0                      | 0   | 0  | 2,165,962            |
| 0                                  | 0                      | 0   | 482,498                                    | 482,498              |
| 0                                  | 0                      | 0   | 0  | 2,104,094            |
| 0                                  | 0                      | 16,601,360  | 0  | 16,601,360           |
| <u>0</u>                           | <u>0</u>               | <u>0</u>  | <u>(83,436)</u>                            | <u>10,118,324</u>    |
| <u>14,058,371</u>                  | <u>6,286,504</u>       | <u>16,601,360</u>                                   | <u>6,245,325</u>                           | <u>58,023,290</u>    |
| <u>\$ 14,313,703</u>               | <u>\$ 6,428,954</u>    | <u>\$ 16,730,871</u>                                | <u>\$ 7,343,344</u>                        | <u>\$ 83,291,231</u> |

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**OCONEE COUNTY, GEORGIA**  
**RECONCILIATION OF THE BALANCE SHEET OF**  
**GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
*June 30, 2022*

**Total fund balance - total governmental funds** \$ 58,023,290

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

Some assets are not financial resources and, therefore, are not reported in the funds. These are:

|   |             |
|---|-------------|
| Capital assets, net of accumulated depreciation | 106,041,532 |
|---|-------------|

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

532,983

Deferred outflows and inflows of resources related to pensions, OPEB, and debt refundings are applicable to future periods and, therefore, are not reported in the funds. These are:

|  |                    |         |
|--|--------------------|---------|
| Deferred charges on refunding            | \$ 713,163         |         |
| Deferred outflows of resources - pension | 2,007,006          |         |
| Deferred outflows of resources - OPEB    | 1,662,479          |         |
| Deferred inflows of resources - pension  | (3,108,237)        |         |
| Deferred inflows of resources - OPEB     | <u>(1,160,232)</u> | 114,179 |

Prepaid interest is reported in the governmental funds. On the statement of net position, the prepaid interest is netted against accrued interest.

(295,721)

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

These are:

|                       |                     |                     |
|-----------------------|---------------------|---------------------|
| Compensated absences  | (822,877)           |                     |
| Net pension liability | (4,207,384)         |                     |
| Net OPEB liability    | (8,040,426)         |                     |
| Interest payable      | (390,222)           |                     |
| Notes payable         | (64,000)            |                     |
| Bonds payable         | <u>(47,503,966)</u> | <u>(61,028,875)</u> |

|   |                       |
|---|-----------------------|
| Net position of governmental activities | <u>\$ 103,387,388</u> |
|---|-----------------------|

**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
*For the fiscal year ended June 30, 2022*

|   | <u>General</u>       | <u>ARP Act<br/>Local Fiscal<br/>Recovery</u> | <u>Industrial<br/>Development<br/>Authority</u> |
|---|----------------------|--|---|
| <b>REVENUES</b>   |                      |  |   |
| Taxes   | \$ 33,049,243        | \$ 0   | \$ 0  |
| Licenses and permits                                      | 1,040,452            | 0  | 0   |
| Intergovernmental   | 922,449              | 3,010,952                                    | 0   |
| Charges for services                                      | 2,947,663            | 0  | 35,000  |
| Fines, fees and forfeitures                               | 425,086              | 0  | 0   |
| Interest  | 51,351               | 0  | 3,481   |
| Contributions   | 4,911                | 0  | 0   |
| Other   | 184,669              | 0  | 134,160   |
| <b>Total revenues</b>                                     | <u>38,625,824</u>    | <u>3,010,952</u>                             | <u>172,641</u>                                  |
| <b>EXPENDITURES</b>                                       |                      |  |   |
| Current   |                      |  |   |
| General Government  | 6,607,554            | 0  | 0   |
| Judicial  | 2,193,614            | 0  | 0   |
| Public Safety   | 9,487,269            | 0  | 0   |
| Public Works  | 6,656,970            | 0  | 0   |
| Health and Welfare  | 488,499              | 0  | 0   |
| Culture and Recreation                                    | 3,524,408            | 0  | 0   |
| Housing and Development                                   | 1,146,474            | 0  | 12,635,408                                      |
| Capital Outlay  | 0                    | 0  | 0   |
| Intergovernmental   | 0                    | 0  | 0   |
| Debt Service  | 1,170,212            | 0  | 1,116,015                                       |
| <b>Total expenditures</b>                                 | <u>31,275,000</u>    | <u>0</u>                                     | <u>13,751,423</u>                               |
| Excess (deficiency) of revenues over (under) expenditures | <u>7,350,824</u>     | <u>3,010,952</u>                             | <u>(13,578,782)</u>                             |
| Other financing sources (uses)                            |                      |  |   |
| Transfers in  | 3,026,760            | 0  | 0   |
| Transfers out   | (19,404,779)         | (3,010,952)                                  | 0   |
| Sale of capital assets                                    | 763,011              | 0  | 0   |
| Issuance of notes payable                                 | 0                    | 0  | 64,000  |
| Issuance of bonds payable                                 | 0                    | 0  | 16,000,000                                      |
| Bond premiums   | 0                    | 0  | 0   |
| Bond discounts  | 0                    | 0  | (155,000)                                       |
| <b>Total other financing sources (uses)</b>               | <u>(15,615,008)</u>  | <u>(3,010,952)</u>                           | <u>15,909,000</u>                               |
| Net change in fund balances                               | (8,264,184)          | 0  | 2,330,218                                       |
| Fund balances, July 1                                     | <u>18,675,858</u>    | <u>0</u>                                     | <u>2,089,838</u>                                |
| <b>Fund balances, June 30</b>                             | <u>\$ 10,411,674</u> | <u>\$ 0</u>                                  | <u>\$ 4,420,056</u>                             |

| <b>Administration<br/>Building</b> | <b>SPLOST<br/>2021</b> | <b>Local<br/>Resources<br/>Capital<br/>Projects</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Totals</b>        |
|------------------------------------|------------------------|---|--|----------------------|
| \$ 0                               | \$ 7,543,534           | \$ 0  | \$ 2,806,359                               | \$ 43,399,136        |
| 0                                  | 0                      | 0   | 0  | 1,040,452            |
| 0                                  | 0                      | 0   | 1,662,975                                  | 5,596,376            |
| 0                                  | 0                      | 0   | 991,067                                    | 3,973,730            |
| 0                                  | 0                      | 0   | 80,501                                     | 505,587              |
| 0                                  | 6,044                  | 0   | 4,466                                      | 65,342               |
| 0                                  | 0                      | 0   | 217,085                                    | 221,996              |
| 0                                  | 0                      | 0   | 8,980                                      | 327,809              |
| <u>0</u>                           | <u>7,549,578</u>       | <u>0</u>  | <u>5,771,433</u>                           | <u>55,130,428</u>    |
| 0                                  | 0                      | 0   | 16,662                                     | 6,624,216            |
| 0                                  | 0                      | 0   | 629,016                                    | 2,822,630            |
| 0                                  | 0                      | 0   | 2,250,080                                  | 11,737,349           |
| 0                                  | 0                      | 0   | 224,309                                    | 6,881,279            |
| 0                                  | 0                      | 0   | 619,592                                    | 1,108,091            |
| 0                                  | 0                      | 0   | 3,553                                      | 3,527,961            |
| 0                                  | 0                      | 0   | 294,113                                    | 14,075,995           |
| 808,219                            | 21,840                 | 452,784   | 5,278,293                                  | 6,561,136            |
| 0                                  | 1,056,849              | 0   | 0  | 1,056,849            |
| <u>291,193</u>                     | <u>190,742</u>         | <u>0</u>  | <u>108,808</u>                             | <u>2,876,970</u>     |
| <u>1,099,412</u>                   | <u>1,269,431</u>       | <u>452,784</u>                                      | <u>9,424,426</u>                           | <u>57,272,476</u>    |
| <u>(1,099,412)</u>                 | <u>6,280,147</u>       | <u>(452,784)</u>                                    | <u>(3,652,993)</u>                         | <u>(2,142,048)</u>   |
| 0                                  | 6,357                  | 17,054,144  | 1,789,749                                  | 21,877,010           |
| (6,357)                            | 0                      | 0   | (804,288)                                  | (23,226,376)         |
| 0                                  | 0                      | 0   | 0  | 763,011              |
| 0                                  | 0                      | 0   | 0  | 64,000               |
| 12,500,000                         | 0                      | 0   | 0  | 28,500,000           |
| 2,664,140                          | 0                      | 0   | 0  | 2,664,140            |
| <u>0</u>                           | <u>0</u>               | <u>0</u>  | <u>0</u>                                   | <u>(155,000)</u>     |
| <u>15,157,783</u>                  | <u>6,357</u>           | <u>17,054,144</u>                                   | <u>985,461</u>                             | <u>30,486,785</u>    |
| 14,058,371                         | 6,286,504              | 16,601,360  | (2,667,532)                                | 28,344,737           |
| <u>0</u>                           | <u>0</u>               | <u>0</u>  | <u>8,912,857</u>                           | <u>29,678,553</u>    |
| <u>\$ 14,058,371</u>               | <u>\$ 6,286,504</u>    | <u>\$ 16,601,360</u>                                | <u>\$ 6,245,325</u>                        | <u>\$ 58,023,290</u> |

**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, 2022**

**Net change in fund balances - total governmental funds** \$ 28,344,737

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

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

|                 |                    |           |
|-----------------|--------------------|-----------|
| Capital outlays | \$ 13,917,056      |           |
| Depreciation    | <u>(6,436,334)</u> | 7,480,722 |

In the statement of activities, the gain or loss on the sale or disposal of assets is reported, whereas in the governmental funds the proceeds from the sale increase financial resources.

|                                  |                |           |
|----------------------------------|----------------|-----------|
| Cost of assets disposed          | (698,828)      |           |
| Related accumulated depreciation | <u>540,577</u> | (158,251) |

Contributions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.

|   |          |         |
|---|----------|---------|
| Cost of assets contributed from individuals | 208,300  |         |
| Related accumulated depreciation            | <u>0</u> | 208,300 |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognition of unavailable revenue. 170,763

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

|  |                    |           |
|--|--------------------|-----------|
| Pension contributions                                  | 2,581,154          |           |
| Cost of benefits earned, net of employee contributions | <u>(1,197,601)</u> | 1,383,553 |

Governmental funds report OPEB contributions as expenditures. However, in the statement of activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.

|  |                  |           |
|--|------------------|-----------|
| OPEB contributions                                     | 184,113          |           |
| Cost of benefits earned, net of employee contributions | <u>(812,423)</u> | (628,310) |

The proceeds of debt issuance, net of premiums, discounts and issuance costs provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In addition, interest on long-term debt is not recognized in the governmental funds until due, but is recognized in the statement of activities as it accrues.

|   |                  |              |
|---|------------------|--------------|
| Debt proceeds                               | (31,073,140)     |              |
| Debt principal payments                     | 1,609,616        |              |
| Amortization of bond premiums and discounts | 187,409          |              |
| Net change in deferred charges on refunding | (65,584)         |              |
| Net change in interest payable              | <u>(586,158)</u> | (29,927,857) |

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

|                                    |  |                |
|------------------------------------|--|----------------|
| Net change in compensated absences |  | <u>(7,379)</u> |
|------------------------------------|--|----------------|

|   |  |                            |
|---|--|----------------------------|
| Change in net position of governmental activities |  | <u><u>\$ 6,866,278</u></u> |
|---|--|----------------------------|

**OCONEE COUNTY, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2022**

|   | Budget            |                   | Actual            | Variance with    |
|---|-------------------|-------------------|-------------------|------------------|
|   | Original          | Final             |                   | Final Budget     |
| <b>REVENUES</b>                                     |                   |                   |                   |                  |
| Taxes   | \$ 28,750,399     | \$ 32,175,072     | \$ 33,049,243     | \$ 874,171       |
| Licenses and permits                                | 694,600           | 943,300           | 1,040,452         | 97,152           |
| Intergovernmental                                   | 697,400           | 925,157           | 922,449           | (2,708)          |
| Charges for services                                | 2,034,725         | 2,346,929         | 2,947,663         | 600,734          |
| Fines, fees and forfeitures                         | 416,100           | 424,774           | 425,086           | 312              |
| Interest  | 11,188            | 11,188            | 51,351            | 40,163           |
| Contributions                                       | 750               | 4,500             | 4,911             | 411              |
| Other   | 61,067            | 61,067            | 184,669           | 123,602          |
| <b>Total revenues</b>                               | <b>32,666,229</b> | <b>36,891,987</b> | <b>38,625,824</b> | <b>1,733,837</b> |
| <b>EXPENDITURES</b>                                 |                   |                   |                   |                  |
| Current   |                   |                   |                   |                  |
| General Government                                  |                   |                   |                   |                  |
| Commission  | 623,845           | 625,998           | 568,998           | 57,000           |
| Administration                                      | 835,909           | 886,929           | 837,964           | 48,965           |
| Human resources                                     | 487,487           | 996,598           | 949,992           | 46,606           |
| Finance   | 806,990           | 918,882           | 782,468           | 136,414          |
| Board of elections                                  | 416,105           | 448,278           | 388,631           | 59,647           |
| Information technology                              | 582,346           | 546,130           | 522,287           | 23,843           |
| GIS   | 176,279           | 192,755           | 191,157           | 1,598            |
| Tax commissioner                                    | 603,734           | 622,988           | 604,057           | 18,931           |
| Tax assessor  | 740,095           | 756,371           | 708,804           | 47,567           |
| Operations  | 1,006,208         | 1,274,198         | 1,050,185         | 224,013          |
| Board of equalization                               | 10,000            | 10,000            | 3,011             | 6,989            |
| Judicial  |                   |                   |                   |                  |
| Superior court                                      | 506,778           | 540,778           | 500,558           | 40,220           |
| Clerk of courts                                     | 904,904           | 940,175           | 897,044           | 43,131           |
| District attorney                                   | 29,468            | 29,468            | 29,078            | 390              |
| Magistrate court                                    | 97,527            | 97,527            | 87,106            | 10,421           |
| Probate court                                       | 535,417           | 564,848           | 552,379           | 12,469           |
| Juvenile court                                      | 154,300           | 164,300           | 127,449           | 36,851           |
| Grand jury  | 400               | 400               | 0                 | 400              |
| Public Safety                                       |                   |                   |                   |                  |
| Law enforcement                                     | 4,395,766         | 4,694,522         | 4,609,575         | 84,947           |
| Jail  | 3,375,522         | 3,321,479         | 3,108,840         | 212,639          |
| Public safety                                       | 1,765,032         | 1,920,438         | 1,728,918         | 191,520          |
| Coroner   | 40,803            | 40,803            | 39,936            | 867              |
| Public Works  |                   |                   |                   |                  |
| Public works  | 4,433,669         | 7,469,837         | 5,494,989         | 1,974,848        |
| County facilities                                   | 525,920           | 530,226           | 473,481           | 56,745           |
| Telecommunications                                  | 0                 | 1,377,000         | 688,500           | 688,500          |
| Health and Welfare                                  |                   |                   |                   |                  |
| Joint governmental<br>programs - health and welfare | 338,973           | 488,973           | 488,499           | 474              |
| Culture and Recreation                              |                   |                   |                   |                  |
| Parks and recreation                                | 2,959,905         | 3,045,167         | 2,966,252         | 78,915           |
| Joint governmental programs - library               | 572,842           | 572,842           | 558,156           | 14,686           |
| Housing and Development                             |                   |                   |                   |                  |
| Community development                               | 101,000           | 104,000           | 104,000           | 0                |
| Joint governmental<br>programs - development        | 183,677           | 187,035           | 147,545           | 39,490           |
| Code enforcement                                    | 922,856           | 985,596           | 894,929           | 90,667           |

**OCONEE COUNTY, GEORGIA**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2022**

|  | <u>Budget</u>      |                     | <u>Actual</u>        | <u>Variance with</u> |
|--|--------------------|---------------------|----------------------|----------------------|
|  | <u>Original</u>    | <u>Final</u>        |                      | <u>Final Budget</u>  |
| <b>EXPENDITURES (continued)</b>                              |                    |                     |                      |                      |
| Debt service   |                    |                     |                      |                      |
| Housing and Development                                      |                    |                     |                      |                      |
| Community development  | \$ 1,181,962       | \$ 1,178,962        | \$ 1,170,212         | \$ 8,750             |
| <b>Total expenditures</b>                                    | <u>29,315,719</u>  | <u>35,533,503</u>   | <u>31,275,000</u>    | <u>4,258,503</u>     |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>3,350,510</u>   | <u>1,358,484</u>    | <u>7,350,824</u>     | <u>5,992,340</u>     |
| Other financing sources (uses)                               |                    |                     |                      |                      |
| Transfers in   | 25,000             | 3,045,953           | 3,026,760            | (19,193)             |
| Transfers out  | (3,375,510)        | (21,178,797)        | (19,404,779)         | 1,774,018            |
| Sale of capital assets                                       | 0                  | 9,000               | 763,011              | 754,011              |
| Lease proceeds   | <u>0</u>           | <u>164,000</u>      | <u>0</u>             | <u>(164,000)</u>     |
| Total other financing sources (uses)                         | <u>(3,350,510)</u> | <u>(17,959,844)</u> | <u>(15,615,008)</u>  | <u>2,344,836</u>     |
| Net change in fund balance                                   | 0                  | (16,601,360)        | (8,264,184)          | 8,337,176            |
| Fund balances, July 1  | <u>0</u>           | <u>16,601,360</u>   | <u>18,675,858</u>    | <u>2,074,498</u>     |
| <b>Fund balances, June 30</b>                                | <u>\$ 0</u>        | <u>\$ 0</u>         | <u>\$ 10,411,674</u> | <u>\$ 10,411,674</u> |

**OCONEE COUNTY, GEORGIA**  
**ARP ACT LOCAL FISCAL RECOVERY SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2022**

|  | <u>Budget</u>   |                    | <u>Actual</u>      | <u>Variance with<br/>Final Budget</u> |
|--|-----------------|--------------------|--------------------|---------------------------------------|
|  | <u>Original</u> | <u>Final</u>       |                    |                                       |
| <b>REVENUES</b>  |                 |                    |                    |                                       |
| Intergovernmental  | \$ 0            | \$ 3,010,953       | \$ 3,010,952       | \$ (1)                                |
| <b>Total revenues</b>  | <u>0</u>        | <u>3,010,953</u>   | <u>3,010,952</u>   | <u>(1)</u>                            |
| <b>EXPENDITURES</b>  | <u>0</u>        | <u>0</u>           | <u>0</u>           | <u>0</u>                              |
| Excess (deficiency) of revenues<br>over (under) expenditures | 0               | 3,010,953          | 3,010,952          | (1)                                   |
| Other financing sources (uses)                               |                 |                    |                    |                                       |
| Transfers out  | <u>0</u>        | <u>(3,010,953)</u> | <u>(3,010,952)</u> | <u>1</u>                              |
| Net change in fund balance                                   | 0               | 0                  | 0                  | 0                                     |
| Fund balances, July 1  | <u>0</u>        | <u>0</u>           | <u>0</u>           | <u>0</u>                              |
| <b>Fund balances, June 30</b>                                | <u>\$ 0</u>     | <u>\$ 0</u>        | <u>\$ 0</u>        | <u>\$ 0</u>                           |

**OCONEE COUNTY, GEORGIA**  
**INDUSTRIAL DEVELOPMENT AUTHORITY SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET (GAAP) AND ACTUAL**  
**For the fiscal year ended June 30, 2022**

|  | <u>Budget</u>   |                     | <u>Actual</u>       | <u>Variance with</u> |
|--|-----------------|---------------------|---------------------|----------------------|
|  | <u>Original</u> | <u>Final</u>        |                     | <u>Final Budget</u>  |
| <b>REVENUES</b>  |                 |                     |                     |                      |
| Charges for services   | \$ 35,000       | \$ 35,000           | \$ 35,000           | \$ 0                 |
| Interest   | 340             | 340                 | 3,481               | 3,141                |
| Other  | 134,160         | 134,160             | 134,160             | 0                    |
| <b>Total revenues</b>  | <u>169,500</u>  | <u>169,500</u>      | <u>172,641</u>      | <u>3,141</u>         |
| <b>EXPENDITURES</b>  |                 |                     |                     |                      |
| Current  |                 |                     |                     |                      |
| Housing and Development                                      |                 |                     |                     |                      |
| Economic development   | 169,500         | 14,961,033          | 12,635,408          | 2,325,625            |
| Debt service   |                 |                     |                     |                      |
| Housing and Development                                      |                 |                     |                     |                      |
| Economic development   | 0               | 1,117,467           | 1,116,015           | 1,452                |
| <b>Total expenditures</b>                                    | <u>169,500</u>  | <u>16,078,500</u>   | <u>13,751,423</u>   | <u>2,327,077</u>     |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>0</u>        | <u>(15,909,000)</u> | <u>(13,578,782)</u> | <u>2,330,218</u>     |
| Other financing sources (uses)                               |                 |                     |                     |                      |
| Issuance of notes payable                                    | 0               | 64,000              | 64,000              | 0                    |
| Issuance of bonds payable                                    | 0               | 16,000,000          | 16,000,000          | 0                    |
| Bond discounts   | 0               | (155,000)           | (155,000)           | 0                    |
| Total other financing sources (uses)                         | <u>0</u>        | <u>15,909,000</u>   | <u>15,909,000</u>   | <u>0</u>             |
| Net change in fund balance                                   | 0               | 0                   | 2,330,218           | 2,330,218            |
| Fund balances, July 1  | <u>0</u>        | <u>0</u>            | <u>2,089,838</u>    | <u>2,089,838</u>     |
| <b>Fund balances, June 30</b>                                | <u>\$ 0</u>     | <u>\$ 0</u>         | <u>\$ 4,420,056</u> | <u>\$ 4,420,056</u>  |



**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2022**

|  | Business-Type Activities |                |                       | Totals             |
|--|--------------------------|----------------|-----------------------|--------------------|
|  | Water and<br>Sewer       | Solid<br>Waste | Special<br>Facilities |                    |
| <b>ASSETS</b>                              |                          |                |                       |                    |
| <b>Current assets</b>                      |                          |                |                       |                    |
| Cash and cash equivalents                  | \$ 9,646,400             | \$ 1,606       | \$ 1,995              | \$ 9,650,001       |
| Receivables (net)                          |                          |                |                       |                    |
| Accounts                                   | 1,549,770                | 7,064          | 12,835                | 1,569,669          |
| Intergovernmental                          | 98,794                   | 0              | 0                     | 98,794             |
| Due from other funds                       | 62,000                   | 0              | 0                     | 62,000             |
| Prepaid items                              | 11,703                   | 1,371          | 2,300                 | 15,374             |
| Restricted cash and cash equivalents       | 3,098,165                | 0              | 0                     | 3,098,165          |
| Total current assets                       | 14,466,832               | 10,041         | 17,130                | 14,494,003         |
| <b>Noncurrent assets</b>                   |                          |                |                       |                    |
| Investment - UOBWA (net)                   | 8,662,483                | 0              | 0                     | 8,662,483          |
| Non-depreciable capital assets             | 18,829,258               | 130,950        | 25,000                | 18,985,208         |
| Depreciable capital assets (net)           | 95,204,941               | 142,698        | 2,164,769             | 97,512,408         |
| Total noncurrent assets                    | 122,696,682              | 273,648        | 2,189,769             | 125,160,099        |
| <b>Total assets</b>                        | <b>137,163,514</b>       | <b>283,689</b> | <b>2,206,899</b>      | <b>139,654,102</b> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>      |                          |                |                       |                    |
| Deferred charges on refunding              | 1,360,491                | 0              | 0                     | 1,360,491          |
| Deferred outflows of resources - pension   | 309,339                  | 0              | 29,105                | 338,444            |
| Deferred outflows of resources - OPEB      | 342,619                  | 0              | 118,533               | 461,152            |
| Total deferred outflows of resources       | 2,012,449                | 0              | 147,638               | 2,160,087          |
| <b>LIABILITIES</b>                         |                          |                |                       |                    |
| <b>Current liabilities</b>                 |                          |                |                       |                    |
| Payables                                   |                          |                |                       |                    |
| Accounts                                   | 386,442                  | 34,531         | 9,264                 | 430,237            |
| Retainage                                  | 16,106                   | 0              | 0                     | 16,106             |
| Accrued salaries and payroll liabilities   | 90,525                   | 8,358          | 12,713                | 111,596            |
| Compensated absences                       | 135                      | 0              | 4,802                 | 4,937              |
| Due to other funds                         | 57,324                   | 0              | 0                     | 57,324             |
| Contracts payable                          | 1,123,646                | 0              | 0                     | 1,123,646          |
| Liabilities payable from restricted assets |                          |                |                       |                    |
| Interest payable                           | 656,800                  | 0              | 0                     | 656,800            |
| Customer deposits                          | 815,830                  | 0              | 0                     | 815,830            |
| Bonds payable                              | 1,400,000                | 0              | 0                     | 1,400,000          |
| Total current liabilities                  | 4,546,808                | 42,889         | 26,779                | 4,616,476          |
| <b>Noncurrent liabilities</b>              |                          |                |                       |                    |
| Compensated absences                       | 103,541                  | 8,737          | 21,803                | 134,081            |
| Net pension liability                      | 464,686                  | 0              | 73,087                | 537,773            |
| Net OPEB liability                         | 1,029,175                | 0              | 257,294               | 1,286,469          |
| Contracts payable                          | 18,739,940               | 0              | 0                     | 18,739,940         |
| Notes payable                              | 5,043,674                | 0              | 0                     | 5,043,674          |
| Bonds payable                              | 14,120,065               | 0              | 0                     | 14,120,065         |
| Total noncurrent liabilities               | 39,501,081               | 8,737          | 352,184               | 39,862,002         |
| <b>Total liabilities</b>                   | <b>44,047,889</b>        | <b>51,626</b>  | <b>378,963</b>        | <b>44,478,478</b>  |

**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
*June 30, 2022*

|  | <b>Business-Type Activities</b> |                        |                               | <b>Totals</b>        |
|--|---------------------------------|------------------------|-------------------------------|----------------------|
|  | <b>Water and<br/>Sewer</b>      | <b>Solid<br/>Waste</b> | <b>Special<br/>Facilities</b> |                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |                                 |                        |                               |                      |
| Deferred inflows of resources - pension    | \$ 334,992                      | \$ 0                   | \$ 123,843                    | \$ 458,835           |
| Deferred inflows of resources - OPEB       | 123,530                         | 0                      | 30,882                        | 154,412              |
| <b>Total deferred inflows of resources</b> | <b>458,522</b>                  | <b>0</b>               | <b>154,725</b>                | <b>613,247</b>       |
| <b>NET POSITION</b>                        |                                 |                        |                               |                      |
| Net investment in capital assets           | 78,142,889                      | 273,648                | 2,189,769                     | 80,606,306           |
| Restricted for capital outlay              | 378,644                         | 0                      | 0                             | 378,644              |
| Restricted for debt service                | 1,246,891                       | 0                      | 0                             | 1,246,891            |
| Unrestricted                               | 14,901,128                      | (41,585)               | (368,920)                     | 14,490,623           |
| <b>Total net position</b>                  | <b>\$ 94,669,552</b>            | <b>\$ 232,063</b>      | <b>\$ 1,820,849</b>           | <b>\$ 96,722,464</b> |

**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
*For the fiscal year ended June 30, 2022*

|  | <b>Business-Type Activities</b> |                        |                               | <b>Totals</b>        |
|--|---------------------------------|------------------------|-------------------------------|----------------------|
|  | <b>Water and<br/>Sewer</b>      | <b>Solid<br/>Waste</b> | <b>Special<br/>Facilities</b> |                      |
| <b>OPERATING REVENUES</b>                                    |                                 |                        |                               |                      |
| Charges for sales and services                               | \$ 12,683,447                   | \$ 293,421             | \$ 66,054                     | \$ 13,042,922        |
| Rental revenue   | 0                               | 0                      | 91,044                        | 91,044               |
| Other  | 73,005                          | 0                      | 0                             | 73,005               |
| <b>Total operating revenues</b>                              | <b>12,756,452</b>               | <b>293,421</b>         | <b>157,098</b>                | <b>13,206,971</b>    |
| <b>OPERATING EXPENSES</b>                                    |                                 |                        |                               |                      |
| Costs of sales and services                                  | 3,763,079                       | 467,857                | 90,897                        | 4,321,833            |
| Personal services  | 2,161,674                       | 177,378                | 357,261                       | 2,696,313            |
| Depreciation   | 3,022,563                       | 4,145                  | 135,052                       | 3,161,760            |
| <b>Total operating expenses</b>                              | <b>8,947,316</b>                | <b>649,380</b>         | <b>583,210</b>                | <b>10,179,906</b>    |
| Operating income (loss)                                      | 3,809,136                       | (355,959)              | (426,112)                     | 3,027,065            |
| Non-operating revenues (expenses)                            |                                 |                        |                               |                      |
| Intergovernmental revenues                                   | 6,021                           | 6,309                  | 0                             | 12,330               |
| Interest revenue   | 15,520                          | 0                      | 0                             | 15,520               |
| Interest expense   | (1,558,544)                     | 0                      | 0                             | (1,558,544)          |
| <b>Total non-operating revenues (expenses)</b>               | <b>(1,537,003)</b>              | <b>6,309</b>           | <b>0</b>                      | <b>(1,530,694)</b>   |
| Net income (loss) before capital contributions and transfers | 2,272,133                       | (349,650)              | (426,112)                     | 1,496,371            |
| Capital contributions  | 241,633                         | 0                      | 0                             | 241,633              |
| Net income (loss) before transfers                           | 2,513,766                       | (349,650)              | (426,112)                     | 1,738,004            |
| Transfers in (out)   |                                 |                        |                               |                      |
| Transfers in   | 665,085                         | 373,011                | 311,270                       | 1,349,366            |
| Change in net position                                       | 3,178,851                       | 23,361                 | (114,842)                     | 3,087,370            |
| Net position, July 1   | 91,490,701                      | 208,702                | 1,935,691                     | 93,635,094           |
| <b>Net position, June 30</b>                                 | <b>\$ 94,669,552</b>            | <b>\$ 232,063</b>      | <b>\$ 1,820,849</b>           | <b>\$ 96,722,464</b> |

**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the fiscal year ended June 30, 2022

|  | Business-Type Activities    |                        |                        | Totals                      |
|--|-----------------------------|------------------------|------------------------|-----------------------------|
|  | Water and<br>Sewer          | Solid<br>Waste         | Special<br>Facilities  |                             |
| <b>Cash flows from operating activities:</b>                         |                             |                        |                        |                             |
| Receipts from customers  | \$ 12,157,677               | \$ 287,517             | \$ 147,063             | \$ 12,592,257               |
| Payments to suppliers  | (3,742,612)                 | (479,435)              | (92,453)               | (4,314,500)                 |
| Payments to employees  | (2,076,806)                 | (172,616)              | (355,365)              | (2,604,787)                 |
| Other receipts   | 73,005                      | 0                      | 0                      | 73,005                      |
| Net cash provided (used) by operating activities                     | <u>6,411,264</u>            | <u>(364,534)</u>       | <u>(300,755)</u>       | <u>5,745,975</u>            |
| <b>Cash flows from non-capital financing activities:</b>             |                             |                        |                        |                             |
| Receipts from other funds  | 0                           | 373,011                | 301,270                | 674,281                     |
| Receipts from other governments                                      | 6,021                       | 6,309                  | 0                      | 12,330                      |
| Payments to other funds  | (128,023)                   | 0                      | 0                      | (128,023)                   |
| Net cash provided (used) by non-capital financing activities         | <u>(122,002)</u>            | <u>379,320</u>         | <u>301,270</u>         | <u>558,588</u>              |
| <b>Cash flows from capital and related financing activities:</b>     |                             |                        |                        |                             |
| Receipt of capital contributions                                     | 241,633                     | 0                      | 0                      | 241,633                     |
| Receipts from other funds  | 1,163,774                   | 0                      | 10,000                 | 1,173,774                   |
| Payments for acquisitions of capital assets                          | (1,177,297)                 | (5,950)                | (10,000)               | (1,193,247)                 |
| Payment of prior year capital related payables                       | (890,417)                   | (7,990)                | 0                      | (898,407)                   |
| Interest paid  | (1,524,106)                 | 0                      | 0                      | (1,524,106)                 |
| Principal payments - contracts                                       | (1,074,783)                 | 0                      | 0                      | (1,074,783)                 |
| Principal payments - bonds   | (1,335,000)                 | 0                      | 0                      | (1,335,000)                 |
| Net cash provided (used) by capital and related financing activities | <u>(4,596,196)</u>          | <u>(13,940)</u>        | <u>0</u>               | <u>(4,610,136)</u>          |
| <b>Cash flows from investing activities</b>                          |                             |                        |                        |                             |
| Interest received  | <u>15,520</u>               | <u>0</u>               | <u>0</u>               | <u>15,520</u>               |
| Net increase (decrease) in cash and cash equivalents                 | 1,708,586                   | 846                    | 515                    | 1,709,947                   |
| Cash and cash equivalents, July 1                                    | <u>11,035,979</u>           | <u>760</u>             | <u>1,480</u>           | <u>11,038,219</u>           |
| <b>Cash and cash equivalents, June 30</b>                            | <u><u>\$ 12,744,565</u></u> | <u><u>\$ 1,606</u></u> | <u><u>\$ 1,995</u></u> | <u><u>\$ 12,748,166</u></u> |

**OCONEE COUNTY, GEORGIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the fiscal year ended June 30, 2022

|   | Business-Type Activities |                     |                       | Totals               |
|---|--------------------------|---------------------|-----------------------|----------------------|
|   | Water and<br>Sewer       | Solid<br>Waste      | Special<br>Facilities |                      |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |                          |                     |                       |                      |
| Operating income (loss)   | \$ 3,809,136             | \$ (355,959)        | \$ (426,112)          | \$ 3,027,065         |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                          |                     |                       |                      |
| Depreciation expense  | 3,022,563                | 4,145               | 135,052               | 3,161,760            |
| (Increase) decrease in accounts receivable  | (161,988)                | (5,904)             | (10,035)              | (177,927)            |
| (Increase) decrease in intergovernmental receivable   | (70,984)                 | 0                   | 0                     | (70,984)             |
| (Increase) decrease in prepaid items  | 335                      | (88)                | 95                    | 342                  |
| (Increase) decrease in deferred outflows of resources - pension                                       | 45,549                   | 0                   | 2,281                 | 47,830               |
| (Increase) decrease in deferred outflows of resources - OPEB  | (135,249)                | 0                   | (80,096)              | (215,345)            |
| Increase (decrease) in accounts payable   | 20,132                   | (11,490)            | (1,651)               | 6,991                |
| Increase (decrease) in customer deposits  | (292,798)                | 0                   | 0                     | (292,798)            |
| Increase (decrease) in accrued payroll liabilities  | 15,952                   | 4,762               | 2,228                 | 22,942               |
| Increase (decrease) in net pension liability  | (213,468)                | 0                   | (34,752)              | (248,220)            |
| Increase (decrease) in net OPEB liability   | 161,650                  | 0                   | 96,494                | 258,144              |
| Increase (decrease) in deferred inflows of resources - pension  | 118,907                  | 0                   | (5,389)               | 113,518              |
| Increase (decrease) in deferred inflows of resources - OPEB   | 91,527                   | 0                   | 21,130                | 112,657              |
| Total adjustments   | 2,602,128                | (8,575)             | 125,357               | 2,718,910            |
| Net cash provided (used) by operating activities  | <u>\$ 6,411,264</u>      | <u>\$ (364,534)</u> | <u>\$ (300,755)</u>   | <u>\$ 5,745,975</u>  |
| <b>Cash and cash equivalents reconciliation</b>   |                          |                     |                       |                      |
| Cash and cash equivalents   | \$ 9,646,400             | \$ 1,606            | \$ 1,995              | \$ 9,650,001         |
| Restricted cash and cash equivalents  | 3,098,165                | 0                   | 0                     | 3,098,165            |
|   | <u>\$ 12,744,565</u>     | <u>\$ 1,606</u>     | <u>\$ 1,995</u>       | <u>\$ 12,748,166</u> |
| <b>Noncash investing, capital, and financing activities:</b>  |                          |                     |                       |                      |
| Acquisition of capital assets through payables totaled \$281,348.                                     |                          |                     |                       |                      |

**OCONEE COUNTY, GEORGIA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
*June 30, 2022*

|  | <b>Custodial<br/>Funds</b> |
|--|----------------------------|
| <b>ASSETS</b>  |                            |
| Cash and cash equivalents  | \$ 783,459                 |
| Taxes receivable   | 508,849                    |
| <b>Total assets</b>  | <b>1,292,308</b>           |
| <b>LIABILITIES</b>   |                            |
| Due to others  | 540,813                    |
| <b>NET POSITION</b>  |                            |
| Restricted for individuals, organizations, and other governments | <b>\$ 751,495</b>          |

**OCONEE COUNTY, GEORGIA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the fiscal year ended June 30, 2022**

|  | <b>Custodial<br/>Funds</b> |
|--|----------------------------|
| <b>ADDITIONS</b>                         |                            |
| Taxes collected for other agencies       | \$ 49,301,932              |
| Court fees collected for other agencies  | 3,619,898                  |
| Court individual cases                   | 814,579                    |
| Sheriff fees collected                   | 1,833                      |
| Sheriff inmate account deposits          | 111,770                    |
|  | <b>53,850,012</b>          |
| <b>DEDUCTIONS</b>                        |                            |
| Taxes distributed to other agencies      | 49,301,932                 |
| Court fees distributed to other agencies | 3,619,898                  |
| Payments to others                       | 658,387                    |
| Payments from inmates to others          | 109,236                    |
|  | <b>53,689,453</b>          |
| Change in net position                   | 160,559                    |
| Net position, July 1                     | 590,936                    |
| <b>Net position, June 30</b>             | <b>\$ 751,495</b>          |

**OCONEE COUNTY, GEORGIA**  
**COMBINING STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**June 30, 2022**

|   | <b>Oconee County<br/>Board of<br/>Health</b> | <b>Oconee County<br/>Tourism &amp;<br/>Visitors Bureau</b> | <b>Totals</b>     |
|---|--|--|-------------------|
| <b>ASSETS</b>                               |  |  |                   |
| <b>Current assets</b>                       |  |  |                   |
| Cash and cash equivalents                   | \$ 1,043,611                                 | \$ 22,486  | \$ 1,066,097      |
| Accounts receivable (net)                   | 8,055  | 51,902   | 59,957            |
| Prepaid items                               | 0  | 600  | 600               |
| Inventory                                   | 0  | 6,397  | 6,397             |
| Total current assets                        | <u>1,051,666</u>                             | <u>81,385</u>  | <u>1,133,051</u>  |
| <b>Noncurrent assets</b>                    |  |  |                   |
| Net OPEB asset                              | 86,567                                       | 0  | 86,567            |
| Depreciable capital assets (net)            | 66,023                                       | 0  | 66,023            |
| Total current assets                        | <u>152,590</u>                               | <u>0</u>   | <u>152,590</u>    |
| <b>Total assets</b>                         | <u>1,204,256</u>                             | <u>81,385</u>  | <u>1,285,641</u>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |  |  |                   |
| Deferred outflows of resources - pension    | 288,289                                      | 0  | 288,289           |
| Deferred outflows of resources - OPEB       | 99,713                                       | 0  | 99,713            |
| <b>Total deferred outflows of resources</b> | <u>388,002</u>                               | <u>0</u>   | <u>388,002</u>    |
| <b>LIABILITIES</b>                          |  |  |                   |
| <b>Current liabilities</b>                  |  |  |                   |
| Accounts payable                            | 46,854                                       | 5,839  | 52,693            |
| <b>Noncurrent liabilities</b>               |  |  |                   |
| Compensated absences                        | 75,562                                       | 0  | 75,562            |
| Net pension liability                       | 426,242                                      | 0  | 426,242           |
| Total noncurrent liabilities                | <u>501,804</u>                               | <u>0</u>   | <u>501,804</u>    |
| <b>Total liabilities</b>                    | <u>548,658</u>                               | <u>5,839</u>   | <u>554,497</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |  |  |                   |
| Deferred inflows of resources - pension     | 393,949                                      | 0  | 393,949           |
| Deferred inflows of resources - OPEB        | 254,164                                      | 0  | 254,164           |
| <b>Total deferred inflows of resources</b>  | <u>648,113</u>                               | <u>0</u>   | <u>648,113</u>    |
| <b>NET POSITION</b>                         |  |  |                   |
| Investment in capital assets                | 66,023                                       | 0  | 66,023            |
| Unrestricted                                | 329,464                                      | 75,546   | 405,010           |
| <b>Total net position</b>                   | <u>\$ 395,487</u>                            | <u>\$ 75,546</u>   | <u>\$ 471,033</u> |



**OCONEE COUNTY, GEORGIA**  
**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
*For the fiscal year ended June 30, 2022*

|                                    | <b>Oconee County<br/>Board of<br/>Health</b> | <b>Oconee County<br/>Tourism &amp;<br/>Visitors Bureau</b> | <b>Totals</b>            |
|------------------------------------|--|--|--------------------------|
| <b>Expenses</b>                    |  |  |                          |
| Health and Welfare                 | \$ 1,043,237                                 | \$ 0   | \$ 1,043,237             |
| Housing and Development            | 0  | 78,817   | 78,817                   |
| <b>Total expenses</b>              | <u>1,043,237</u>                             | <u>78,817</u>  | <u>1,122,054</u>         |
| <b>Program revenues</b>            |  |  |                          |
| Charges for services               | 601,126                                      | 9,819  | 610,945                  |
| Operating grants and contributions | 787,509                                      | 130,125  | 917,634                  |
| Total program revenues             | <u>1,388,635</u>                             | <u>139,944</u>   | <u>1,528,579</u>         |
| Net (expense) revenue              | <u>345,398</u>                               | <u>61,127</u>  | <u>406,525</u>           |
| <b>General revenues</b>            |  |  |                          |
| Interest                           | 1,582  | 0  | 1,582                    |
| Miscellaneous                      | 0  | 73   | 73                       |
| Total general revenues             | <u>1,582</u>                                 | <u>73</u>  | <u>1,655</u>             |
| Change in net position             | 346,980                                      | 61,200   | 408,180                  |
| Net position - beginning           | <u>48,507</u>                                | <u>14,346</u>  | <u>62,853</u>            |
| <b>Net position - ending</b>       | <u><u>\$ 395,487</u></u>                     | <u><u>\$ 75,546</u></u>                                    | <u><u>\$ 471,033</u></u> |

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**1. Description of Government Unit**

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 County provides a full range of governmental services, including public safety, health and welfare services, recreational programs, public works, water and sewer services, and solid waste services.

**2. Summary of Significant Accounting Policies**

**A. Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**B. Reporting Entity**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of Oconee County (the primary government) and material component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationship with the County.

In conformity with generally accepted accounting principles, as set forth in Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, the financial statements of component units have been included either as blended or discretely presented component units.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**2. Summary of Significant Accounting Policies (continued)**

**B. Reporting Entity, continued**

***Blended Component Units*** – Blended component units, although legally separate entities, are, in substance, part of the Government's operations.

Oconee County Industrial Development Authority – The financial operations of the Oconee County Industrial Development Authority (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. Separate financial statements are not issued.

***Discretely Presented Component Units*** – Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the government

Oconee County Board of Health – The Oconee County Board of Health was created by state legislative act in 1964 to provide various health and 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 board members and provides funding, the Board of Health is reported as a discretely presented component unit of the County. Complete financial statements can be obtained from the Oconee County Board of Health, 1060 Experiment Station Road, Watkinsville, Georgia 30677.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**2. Summary of Significant Accounting Policies (continued)**

**B. Reporting Entity, continued**

Oconee County Tourism & Visitors Bureau – The Oconee County Tourism & Visitors Bureau was established as a legally separate entity and operates pursuant to Section 501(c)(6) of the Internal Revenue Code. The Bureau was formed and organized to promote, solicit, and market the area's facilities, attractions, special events, and other appropriate businesses to encourage economic development through the attractions of visitors to Oconee County; and advocate for and assist with collaboration and cooperation between businesses and industries servicing visitors, conventions, and tourism in general. Oconee County appoints all seven members of the Bureau's board of directors. Because the County appoints a majority of the board members and provides funding, the Bureau is reported as a discretely presented component unit of the County. Complete financial statements can be obtained from the Oconee County Tourism & Visitors Bureau, 21 North Main Street, Watkinsville, Georgia 30677.

**C. Basis of Presentation – Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has two discretely presented component units. While they are not considered to be major component units, they are nevertheless aggregated and shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. 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. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

**General Fund** - The general operating fund of the County is used to account for all financial resources except those required to be accounted for in another fund.

**ARP Act Local Fiscal Recovery Special Revenue Fund** – This fund is used to account for revenues and expenditures of the American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Fund.

**Industrial Development Authority Special Revenue Fund** – This fund is used to account for the General Fund of the Oconee County Industrial Development Authority, which meets the criteria of a blended component unit.

**Administration Building Capital Projects Fund** – This fund is used to account for the administration building project funded by bond proceeds.

**SPLOST 2021 Capital Projects Fund** – This fund is used to account for all special purpose local option sales tax revenues collected as a result of the County's 2021 SPLOST referendum, as well as specifically identified projects for which the SPLOST was established.

**Local Resources Capital Projects Fund** – This fund is used to account for the acquisition of capital facilities.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements, continued**

The County reports the following major proprietary funds:

***Water and Sewer Enterprise Fund*** – This fund is used to account for the operation, maintenance, and development of the County's water and sewer system.

***Solid Waste Enterprise Fund*** – This fund is used to account for the operation and maintenance of the County's landfill disposal sites and recycling.

***Special Facilities Enterprise Fund*** – This fund is used to account 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.

Additionally, the County reports the following fund types:

**Governmental Fund Types**

***Special Revenue Funds*** - This fund type is used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

***Capital Projects Funds*** – This fund type is used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

**Fiduciary Fund Types**

***Custodial Funds*** - Custodial Funds are custodial in nature and are accounted for using the accrual basis of accounting. These funds are used to account for assets that are held for others. Custodial funds are accounted for using the accrual basis of accounting.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**2. Summary of Significant Accounting Policies (continued)**

**D. Basis of Presentation – Fund Financial Statements, continued**

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, are generally followed in the governmental and business type activities and enterprise fund financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option for following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**2. Summary of Significant Accounting Policies (continued)**

**E. Measurement Focus and Basis of Accounting, continued**

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**2. Summary of Significant Accounting Policies (continued)**

**F. Revenues and Expenditures/Expenses**

Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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

**G. Budgets and Budgetary Accounting**

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

1. Prior to the May Board of Commissioners' meeting, department heads must submit their requests for budgets for the coming fiscal 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 Board of Commissioners' meeting.
4. The final budget is approved at the June Board of Commissioners' meeting.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**2. Summary of Significant Accounting Policies (continued)**

**G. Budgets and Budgetary Accounting, continued**

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.
  
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 financial statements. 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.

**H. Cash and Investments**

Cash and equivalents, as reported in the statement of cash flows, includes amounts in demand deposits, amounts with fiscal agents, and investments with an original maturity at three months or less. Investments are reported at fair market value with accrued interest shown under a separate caption on the balance sheet. Reinvested interest on certain debt service and capital projects investments is included in the investment accounts.

**I. Intergovernmental Receivables**

Receivables from state, federal, and local governments are recorded as revenue for the period of the allocation or as earned based on expenditures made for which reimbursement is due.

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond the current fiscal year are recorded as prepaid items. The costs of governmental fund-type prepaid items are recorded as expenditures when consumed rather than when purchased.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2022**

**2. Summary of Significant Accounting Policies (continued)**

**K. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

GASB Statement No. 34 required the County to report and depreciate new infrastructure assets effective with the beginning of the fiscal year ended June 30, 2003. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. Neither their historical costs nor related depreciation had historically been reported in the financial statements. The County has previously implemented the requirements for retroactive reporting of major general infrastructure assets acquired in 1981 forward. The County elected not to report general infrastructure assets placed into service prior to July 1, 1980.

Property, plant, and equipment with initial, individual costs that equal or exceed \$10,000 are recorded as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at acquisition value.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging as follows:

|                                     | <b>Useful Life<br/>in Years</b> |
|-------------------------------------|---------------------------------|
| Land                                | N/A                             |
| Infrastructure                      | 15-50                           |
| Water and sewer distribution system | 20-50                           |
| Buildings and improvements          | 10-50                           |
| Equipment, furniture and vehicles   | 4-20                            |

The costs of normal maintenance and repairs that do not add value or materially extend the life of the asset are charged to operations as incurred. Costs of major additions and improvements are capitalized.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**2. Summary of Significant Accounting Policies (continued)**

**L. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County reports deferred outflows of resources for deferred charges on refundings and their defined benefit pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item that arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grant reimbursements. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The County also reports deferred inflows of resources related to their defined benefit pension and OPEB plans.

**M. Net Position Flow Assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**2. Summary of Significant Accounting Policies (continued)**

**N. Fund Balance Flow Assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**O. Restricted Assets and Restricted Net Position**

Restricted assets represent certain resources restricted by funding source or required to be set aside for the repayment of debt. They are maintained in a separate bank account and their use is limited.

Restricted net position is equal to the excess of the restricted assets funded from operations over the liabilities to be paid with restricted assets which are due in one year or less. Restricted assets exclude bond proceeds for calculation of restricted net position.

**P. Fund Balances – Governmental Funds**

Oconee County implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

**Nonspendable** – includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. All amounts reported as nonspendable at the end of the current fiscal year by the County are nonspendable in form. The County has not reported any amounts that are legally or contractually required to be maintained intact.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**2. Summary of Significant Accounting Policies (continued)**

**P. Fund Balances – Governmental Funds, continued**

**Restricted** – includes amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

**Committed** – includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision making authority. The Board of Commissioners (the County's highest level of authority) has authority to set aside funds for a specific purpose. Any funds set aside as Committed Fund Balance requires the passage of a resolution. The passage of the resolution must take place prior to the end of the applicable fiscal year. If the actual amount of the commitment is not available by the end of the fiscal year, the resolution, must state the process or formula to calculate the actual amount as soon as information is available. Commitments may be changed or lifted only by the Board taking the same formal action that imposed the constraint originally.

**Assigned** – includes amounts that are intended to be used by the County for a specific purpose. Intent can only be expressed by the Board of Commissioners or their designee. An assignment of fund balance requires the majority vote of the Board. Through board action, the Board of Commissioners has authorized the Finance Director to assign fund balances.

**Unassigned** – includes amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that should report this category of fund balance.

When an expenditure is incurred for the purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the County to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the County that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**2. Summary of Significant Accounting Policies (continued)**

**Q. Compensation for Future Absences**

It is the County's policy to permit employees to accumulate earned but unused vacation benefits which will be paid to the employees upon separation from County service. Accumulated unpaid vacation pay amounts are accrued when incurred by the County in the government-wide, proprietary, and fiduciary fund financial statements. The liability of the proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees. In governmental fund types, a liability is recorded only if the benefit has matured and is expected to be liquidated with expendable available financial resources.

**R. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as prepaid bond insurance premiums, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**S. Pension and OPEB Plans**

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

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**2. Summary of Significant Accounting Policies (continued)**

**T. Capital Contributions**

Federal, state and local government assistance in the form of grants that are permanent in nature and restricted for the construction or acquisition of specific property and equipment is recorded as an asset and as non-operating revenue.

**3. Deposit and Investment Risk**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned. The County has no formal policy, but follows the State of Georgia requirement that all deposits be federally insured or fully collateralized.

**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 has no formal policy on the amount the County may invest in any one issuer.

**Foreign currency risk**

The County has no investments denominated in a foreign currency.

**Credit Risk**

State of Georgia law limits investments to include certificates of deposit, repurchase agreements, direct and agency obligations of the United States, obligations of the State of Georgia or other states, obligations of other political subdivisions of the State of Georgia, and pooled investment programs of the State of Georgia. The County has no investment policy that would further limit its investment choices. Investments are reported at fair value.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**3. Deposit and Investment Risk (continued)**

The County participates in the State of Georgia Local Government Investment Pool (Georgia Fund 1). Assets in this pool are invested in the Georgia Fund 1, created by OCGA §36-83-8, which is a stable net asset investment pool that follows Standard and Poor's criteria for AAAf rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company.

The pool's 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. Georgia Fund 1 is managed by the Georgia Office of the State Treasurer. The investment policies of Georgia Fund 1 are established by the Georgia State Depository Board.

The Georgia Fund 1 is rated AAAf by Standard & Poor's. The weighted average maturity at the end of the current fiscal year was 43 days. At the end of the current fiscal year, the County's balance in Georgia Fund 1 was \$28,589,644.

**4. Accounts Receivable**

Net accounts receivable at the end of the current fiscal year consist of the following:

**Primary Government:**

|                                    |              |           |
|------------------------------------|--------------|-----------|
| General Fund                       | \$           | 95,367    |
| Water and Sewer Enterprise Fund    | \$ 1,623,793 |           |
| Less: Allowance for Uncollectibles | (74,023)     | 1,549,770 |
| Solid Waste Enterprise Fund        |              | 7,064     |
| Special Facilities Enterprise Fund |              | 12,835    |
| Total primary government           | \$           | 1,665,036 |

**Component Units:**

|   |    |        |
|---|----|--------|
| Oconee County Board of Health           | \$ | 8,055  |
| Oconee County Tourism & Visitors Bureau |    | 51,902 |
| Total primary government                | \$ | 59,957 |

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**5. Intergovernmental Receivables**

Intergovernmental receivables at the end of the current fiscal year consist of the following:

|                                 |                          |
|---------------------------------|--------------------------|
| <b>Primary Government:</b>      |                          |
| General Fund                    | \$ 189,103               |
| Water and Sewer Enterprise Fund | 98,794                   |
| Nonmajor Governmental Funds     | <u>567,167</u>           |
| Total primary government        | <u><u>\$ 855,064</u></u> |

**6. Property Taxes**

Property tax rates are set by the Board of Commissioners each year and are limited by statutory or constitutional provision. Property values are assessed as of January 1<sup>st</sup> each year. Property taxes for digest year 2021, based upon the assessments of January 1, 2021, were levied on August 3, 2021, billed on September 20, 2021, and due on November 15, 2021. Tax liens may be issued 90 days after the due date.

**7. Interfund Receivables and Payables**

A summary of interfund receivables and payables at the end of the current fiscal year is as follows:

| <u>Receivable Fund</u>           | <u>Payable Fund</u>   | <u>Amount</u>               |
|----------------------------------|-----------------------|-----------------------------|
| General                          | Water and Sewer       | \$ 57,324                   |
|                                  | Nonmajor Governmental | 171,981                     |
| Local Resources Capital Projects | General               | 16,730,871                  |
| Water and Sewer                  | Nonmajor Governmental | 62,000                      |
| Nonmajor Governmental            | General               | 397,372                     |
|                                  | Nonmajor Governmental | <u>161,560</u>              |
|                                  |                       | <u><u>\$ 17,581,108</u></u> |

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**7. Interfund Receivables and Payables (continued)**

The balances reported as Due to/Due from represent loans between funds. These balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between the funds are made. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

**8. Interfund Transfers**

A summary of interfund transfers for the current fiscal year is as follows:

| <u>Transfer Out Fund</u>      | <u>Transfer In Fund</u>          | <u>Amount</u>        |
|-------------------------------|----------------------------------|----------------------|
| General                       | Nonmajor Governmental            | \$ 1,676,354         |
|                               | Local Resources Capital Projects | 17,054,144           |
|                               | Solid Waste                      | 373,011              |
|                               | Special Facilities               | 301,270              |
| ARP Act Local Fiscal Recovery | General                          | 3,010,952            |
| Administration Building       | SPLOST 2021                      | 6,357                |
| Nonmajor Governmental         | General                          | 15,808               |
|                               | Water and Sewer                  | 665,085              |
|                               | Special Facilities               | 10,000               |
|                               | Nonmajor Governmental            | 113,395              |
|                               |                                  | <u>\$ 23,226,376</u> |

Interfund transfers are used to 1) move revenues from the fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and 2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are eliminated in the government-wide financial statements if the interfund transfer is within the governmental fund group or business-type fund group.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2022**

**9. Capital Assets**

Capital asset activity for the primary government for the current fiscal year was as follows:

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u>      | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|-----------------------|---------------------------|
| <b>Governmental activities</b>               |                              |                     |                       |                           |
| Non-depreciable assets                       |                              |                     |                       |                           |
| Land   | \$ 23,018,924                | \$ 10,115,537       | \$ 0                  | \$ 33,134,461             |
| Construction in progress                     | 1,499,446                    | 2,414,082           | (1,584,279)           | 2,329,249                 |
| Intangibles                                  | 2,704,635                    | 16,800              | 0                     | 2,721,435                 |
| Total non-depreciable assets                 | <u>27,223,005</u>            | <u>12,546,419</u>   | <u>(1,584,279)</u>    | <u>38,185,145</u>         |
| Depreciable assets                           |                              |                     |                       |                           |
| Infrastructure                               | 126,344,662                  | 167,500             | 0                     | 126,512,162               |
| Buildings and improvements                   | 55,740,076                   | 1,784,377           | (479,692)             | 57,044,761                |
| Equipment, furniture and vehicles            | 21,041,579                   | 1,211,339           | (219,136)             | 22,033,782                |
| Total depreciable assets                     | <u>203,126,317</u>           | <u>3,163,216</u>    | <u>(698,828)</u>      | <u>205,590,705</u>        |
| Less accumulated depreciation                |                              |                     |                       |                           |
| Infrastructure                               | (93,502,474)                 | (3,647,060)         | 0                     | (97,149,534)              |
| Buildings and improvements                   | (22,078,035)                 | (1,678,372)         | 328,401               | (23,428,006)              |
| Equipment, furniture and vehicles            | (16,258,052)                 | (1,110,902)         | 212,176               | (17,156,778)              |
| Total accumulated depreciation               | <u>(131,838,561)</u>         | <u>(6,436,334)</u>  | <u>540,577</u>        | <u>(137,734,318)</u>      |
| Total depreciable assets, net                | <u>71,287,756</u>            | <u>(3,273,118)</u>  | <u>(158,251)</u>      | <u>67,856,387</u>         |
| Governmental activities capital assets, net  | <u>\$ 98,510,761</u>         | <u>\$ 9,273,301</u> | <u>\$ (1,742,530)</u> | <u>\$ 106,041,532</u>     |
| <b>Business-type activities</b>              |                              |                     |                       |                           |
| Non-depreciable assets                       |                              |                     |                       |                           |
| Land   | \$ 14,558,521                | \$ 0                | \$ 0                  | \$ 14,558,521             |
| Construction in progress                     | 6,031,986                    | 1,195,905           | (3,137,145)           | 4,090,746                 |
| Intangibles                                  | 207,611                      | 128,330             | 0                     | 335,941                   |
| Total non-depreciable assets                 | <u>20,798,118</u>            | <u>1,324,235</u>    | <u>(3,137,145)</u>    | <u>18,985,208</u>         |
| Depreciable assets                           |                              |                     |                       |                           |
| Treatment and distribution system            | 130,946,869                  | 3,176,836           | 0                     | 134,123,705               |
| Land improvements                            | 190,211                      | 0                   | 0                     | 190,211                   |
| Buildings and improvements                   | 4,149,231                    | 10,000              | 0                     | 4,159,231                 |
| Equipment, furniture and vehicles            | 1,883,441                    | 100,669             | 0                     | 1,984,110                 |
| Total depreciable assets                     | <u>137,169,752</u>           | <u>3,287,505</u>    | <u>0</u>              | <u>140,457,257</u>        |
| Less accumulated depreciation                |                              |                     |                       |                           |
| Treatment and distribution system            | (36,592,161)                 | (2,871,067)         | 0                     | (39,463,228)              |
| Land improvements                            | (41,850)                     | (4,574)             | 0                     | (46,424)                  |
| Buildings and improvements                   | (1,831,181)                  | (134,023)           | 0                     | (1,965,204)               |
| Equipment, furniture and vehicles            | (1,317,897)                  | (152,096)           | 0                     | (1,469,993)               |
| Total accumulated depreciation               | <u>(39,783,089)</u>          | <u>(3,161,760)</u>  | <u>0</u>              | <u>(42,944,849)</u>       |
| Total depreciable assets, net                | <u>97,386,663</u>            | <u>125,745</u>      | <u>0</u>              | <u>97,512,408</u>         |
| Business-type activities capital assets, net | <u>\$ 118,184,781</u>        | <u>\$ 1,449,980</u> | <u>\$ (3,137,145)</u> | <u>\$ 116,497,616</u>     |

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**9. Capital Assets (continued)**

Capital asset activity for the discretely presented component units for the current fiscal year was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| <b>Oconee County Board of Health</b>              |                              |                  |                  |                           |
| Depreciable assets                                |                              |                  |                  |                           |
| Office and Medical Equipment                      | \$ 129,520                   | \$ 40,207        | \$ 0             | \$ 169,727                |
| Less accumulated depreciation                     |                              |                  |                  |                           |
| Office and Medical Equipment                      | (88,716)                     | (14,988)         | 0                | (103,704)                 |
| Oconee County Board of Health capital assets, net | <u>\$ 40,804</u>             | <u>\$ 25,219</u> | <u>\$ 0</u>      | <u>\$ 66,023</u>          |

Depreciation expense was charged to functions/programs as follows:

**Primary Government:**

**Governmental activities**

|  |                  |
|--|------------------|
| General Government                                     | \$ 514,738       |
| Judicial   | 28,178           |
| Public Safety  | 1,202,919        |
| Public Works   | 3,643,901        |
| Health and Welfare                                     | 6,635            |
| Culture and Recreation                                 | 797,854          |
| Housing and Development                                | 242,109          |
|  | <u>6,436,334</u> |
| Total depreciation expense for governmental activities | <u>6,436,334</u> |

**Business-type activities**

|   |                  |
|---|------------------|
| Water and Sewer   | 3,022,563        |
| Solid Waste   | 4,145            |
| Special Facilities                                      | 135,052          |
|   | <u>3,161,760</u> |
| Total depreciation expense for business-type activities | <u>3,161,760</u> |

|   |                     |
|---|---------------------|
| Total depreciation expense for primary government | <u>\$ 9,598,094</u> |
|---|---------------------|

**Component units:**

|                               |                  |
|-------------------------------|------------------|
| Oconee County Board of Health | <u>\$ 14,988</u> |
|-------------------------------|------------------|

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**10. Long-Term Debt**

**Governmental Activities**

**Notes From Direct Borrowings**

The County has entered into an agreement for the acquisition of certain equipment. The agreement bears interest at 3.96% and required monthly payments through June 2023. The remaining principal balance of the agreement was paid in full in the current fiscal year.

In February 2022, the Oconee County Industrial Development Authority (the Authority) issued Subordinate Taxable Revenue Note (Economic Development Project), Series 2022. The note was issued in an original principal amount of \$64,000 and bears interest at 7.00%. The note is a limited obligation of the Authority and is secured and payable from the 2022 subordinate contract payments from the County as approved in an intergovernmental contract. The payment of principal and interest installments for the Series 2022 Subordinate Note is subordinated and subject in right of payment to the prior payment in full of the Authority's Taxable Revenue Bonds (Economic Development Project), Series 2022 (the Series 2022 Senior Bonds). The principal and interest installments for the Series 2022 Subordinate Note shall be paid commencing on the March 1 and September 1 following the date the Series 2022 Senior Bonds are paid in full. Due to the variable payments required and unknown maturity date for the 2022 Senior Bonds, a schedule of the future payments is not included. Additional information on the 2022 Senior Bonds is shown below.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**10. Long-Term Debt (continued)**

**Governmental Activities, continued**

**General Obligation Bonds**

General obligation bonds have been issued for governmental activities to pay, or to be applied or contributed toward, the cost of constructing, improving, expanding and extending public roads, highways, streets and related facilities as well as the construction, improvement and expansion of various municipal buildings. General obligation bonds of the governmental activities are comprised of the following individual issue:

- The County issued \$12,500,000 Oconee County, Georgia General Obligation Bonds, Series 2021, with a premium of \$2,664,140. The bonds were issued to pay a portion of the costs of acquiring, constructing, and equipping of administrative facilities of the County and paying the costs of issuing the bonds. The bonds are due in annual principal payments on January 1 beginning in 2023 with semi-annual interest payments (3.00% to 4.00%) due on January 1 and July 1. The bond principal and interest payments are payable first from a one percent sales and use tax (SPLOST) received by the County. To the extent the proceeds from the sales and use tax are insufficient to make such payments, the principal and interest on the bonds are payable from an ad valorem tax, unlimited as to rate or amount, which may be levied upon all taxable property within the territorial limits of the County subject to taxation for general obligation bond purposes. The remaining balance at the end of the current fiscal year was \$12,500,000.

The annual requirements to amortize general obligation bonds at the end of the current fiscal year are as follows:

| <b>Fiscal Year<br/>Ending June 30</b> | <b>Principal</b>     | <b>Interest</b>     | <b>Total</b>         |
|---------------------------------------|----------------------|---------------------|----------------------|
| 2023                                  | \$ 645,000           | \$ 487,000          | \$ 1,132,000         |
| 2024                                  | 655,000              | 467,650             | 1,122,650            |
| 2025                                  | 665,000              | 448,000             | 1,113,000            |
| 2026                                  | 675,000              | 421,400             | 1,096,400            |
| 2027                                  | 685,000              | 394,400             | 1,079,400            |
| 2028-2032                             | 6,265,000            | 1,394,000           | 7,659,000            |
| 2033-2034                             | 2,910,000            | 175,000             | 3,085,000            |
| Totals                                | <u>\$ 12,500,000</u> | <u>\$ 3,787,450</u> | <u>\$ 16,287,450</u> |

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**10. Long-Term Debt (continued)**

**Governmental Activities, continued**

**Revenue Bonds**

Revenue bonds have been issued for the Oconee County Industrial Development Authority and are comprised of the following individual issues:

- The Oconee County Industrial Development Authority issued \$10,380,000 Series 2012 Revenue Bonds, with a discount of \$11,879. The bonds were issued to provide incentives for a large private employer to locate a factory within the County. The bonds are due in annual principal payments on March 1 beginning in 2015 with semi-annual interest payments (2.00% to 3.70%) due on March 1 and September 1. The bond principal and interest payments are payable through the proceeds of intergovernmental contracts which call for the County to make all of the required debt service payments. 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. A portion of the bonds was refunded with the issuance of the Oconee County Industrial Development Authority Taxable Revenue Refunding Bond, Series 2020. The remaining principal balance was paid in full in the current fiscal year.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. Long-Term Debt (continued)**

**Governmental Activities, continued**

**Revenue Bonds, continued**

- The Oconee County Industrial Development Authority issued \$16,000,000 Taxable Revenue Bonds (Economic Development Project), Series 2022, with a discount of \$155,000. The bonds were issued for the purpose of financing the acquisition of the 2022 Project (certain land to be leased for economic development purposes), paying capitalized interest on the Series 2022 Bonds, funding a debt service reserve fund, and paying the costs of issuing the Series 2022 Bonds. The bonds bear interest at rates between 5.75% and 6.00% and mature in March 2048. The bond principal and interest payments are payable from the proceeds of intergovernmental contracts which call for the County to make contract payments. The contract payments shall be paid monthly from the General Fund of the County and shall be in amount equal to the County's previous month's portion of Local Option Sales Tax reported to be generated at the Premises; provided, however, that such amounts paid shall not be paid from the revenues of such Local Option Sales Tax collected.

The Authority shall cause Costco Wholesale Corporation or any other owner or operator of the Premises to provide the Authority and the Trustee the monthly sales and use tax returns required to be filed with the Department of Revenue of the State of Georgia (the "Sales and Use Tax Returns") for the Local Option Sales Tax generated at the Premises. The amount of each Contract Payment shall equal the amount of Local Option Sales Tax reported to be generated at the Premises as provided in the previous month's Sales and Use Tax Return, multiplied by the County's percentage share of the Local Option Sales Tax (currently 88.45%).

Notwithstanding the foregoing, on an annual basis, the Contract Payments together with any other principal and interest amounts due on the Series 2012 Bonds, the Series 2020 Bond and any other obligations secured by the Statutory Tax as authorized to be issued pursuant to Section 210 of the Indenture shall not exceed one mill per dollar upon the assessed value of taxable property in the County in accordance with the Statutory Tax (or such greater amount as may hereafter be authorized by applicable law).

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**10. Long-Term Debt (continued)**

**Governmental Activities, continued**

**Revenue Bonds, continued**

In the event that the amount of the Statutory Tax collected by the County in any year is insufficient to pay (1) the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any outstanding Additional Bonds or other obligations authorized to be issued under the Indenture and (2) the amount equal to the County's portion of the Local Option Sales Tax reported to be generated at the Costco Project, the amount of the Statutory Tax for such year will be applied to the payment of the scheduled debt service on the Series 2012 Bonds, the Series 2020 Bond and any outstanding Additional Bonds and then, the remaining amount (subject to the amount of the Local Option Sales Tax reported to be generated at the Premises for such year) will be applied to the payment of the Contract Payments on the Series 2022 Bonds due in such year. Due to the variable payments required, a schedule of the future payments is not included. The remaining balance at the end of the current fiscal year was \$16,000,000.

Upon an event of default, the bondholders may (1) require the Authority to furnish copies of all books and records of the Authority pertaining to the 2022 Project, (2) take whatever action at law or in equity may appear necessary or desirable to collect the contract payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, or covenant of the County or the Authority under the contract, (3) require any depository under the indenture to turn over to the sinking fund custodian any moneys held in any of the funds, and (4) exercise any remedies provided for in the indenture and revenue bond law.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**10. Long-Term Debt (continued)**

**Governmental Activities, continued**

**Bonds from Direct Placements**

Bonds from direct placements have been issued and are comprised of the following individual issues:

- The County issued \$8,210,000 Series 2020 Oconee County, Georgia General Obligation Taxable Refunding Bond, with issue costs of \$161,918, for net proceeds to the County of \$8,048,082. The bond was issued to provide funds to advance refund \$7,640,000 of the Series 2011 Oconee County, Georgia General Obligation Refunding Bonds. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$564,429. This difference, reported in the financial statements in deferred outflow of resources as a deferred charge on refunding, is being charged to operations through fiscal year 2033 using the straight line method. The bond is due in annual principal payments on January 1 beginning in 2021 with semi-annual interest payments (1.395%) due on January 1 and July 1. The bond principal and interest payments are payable first from a one percent sales and use tax (SPLOST) received by the County. To the extent the proceeds from the sales and use tax are insufficient to make such payments, the principal and interest on the bonds are payable from an ad valorem tax, unlimited as to rate or amount, which may be levied upon all taxable property within the territorial limits of the County subject to taxation for general obligation bond purposes. The remaining balance at the end of the current fiscal year was \$7,495,000.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**10. Long-Term Debt (continued)**

**Governmental Activities, continued**

**Bonds from Direct Placements, continued**

- The Oconee County Industrial Development Authority issued \$4,285,000 Series 2016 Taxable Revenue Refunding Bond. The bond was issued to provide funds to finance the acquisition, construction, reconstruction, improvement, betterment, or extension of certain economic development road projects to be sold to the County upon completion. The bond is due in annual principal payments on November 1 beginning in 2017 with semi-annual interest payments (2.38%) due on May 1 and November 1. The bond principal and interest payments are payable through the proceeds of an intergovernmental contract which calls for the County to make all of the required debt service payments. 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. Upon the occurrence of an event of default, the bondholder may declare the payments to be made to be immediately due and payable. The remaining balance at the end of the current fiscal year was \$1,467,235.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**10. Long-Term Debt (continued)**

**Governmental Activities, continued**

**Bonds from Direct Placements, continued**

- The Oconee County Industrial Development Authority issued \$7,790,000 Series 2020 Taxable Revenue Refunding Bond. The bond was issued to provide funds to refund the Oconee County Industrial Development Authority Revenue Bonds, Series 2012, maturing in the years 2021 and 2023 through 2034. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$290,833. This difference, reported in the financial statements in deferred outflow of resources as a deferred charge on refunding, is being charged to operations through fiscal year 2034 using the straight line method. The bond is due in annual principal payments on March 1 beginning in 2022 with semi-annual interest payments (1.25%) due on March 1 and September 1. The bond principal and interest payments are payable through the proceeds of an intergovernmental contract which calls for the County to make all of the required debt service payments. 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. Upon the occurrence of an event of default, the bondholder may pursue any available remedy provided by the contract, as well as any available remedy at law or in equity to enforce the payment of the principal installments of and interest on the bond. The remaining balance at the end of the current fiscal year was \$7,720,000.

The annual requirements to amortize bonds from direct placements at the end of the current fiscal year are as follows:

| <b>Fiscal Year<br/>Ending June 30</b> | <b>Principal</b>     | <b>Interest</b>     | <b>Total</b>         |
|---------------------------------------|----------------------|---------------------|----------------------|
| 2023                                  | \$ 1,655,000         | \$ 230,076          | \$ 1,885,076         |
| 2024                                  | 1,755,000            | 202,955             | 1,957,955            |
| 2025                                  | 1,757,235            | 174,695             | 1,931,930            |
| 2026                                  | 1,285,000            | 152,087             | 1,437,087            |
| 2027                                  | 1,305,000            | 135,060             | 1,440,060            |
| 2028-2032                             | 6,810,000            | 410,874             | 7,220,874            |
| 2033-2034                             | 2,115,000            | 36,143              | 2,151,143            |
| Totals                                | <u>\$ 16,682,235</u> | <u>\$ 1,341,890</u> | <u>\$ 18,024,125</u> |

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**10. Long-Term Debt (continued)**

**Business-Type Activities**

**Contracts Payable**

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 reported in deferred outflow of resources as a deferred charge on refunding on the Water and Sewer Fund statement of net position. This amount will be amortized to interest expense over the life of the Series 2015 Bonds.

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. Under the terms of the Contract, the County 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 Series 2008 Bonds were partially refunded with the issuance of the Series 2015 Bonds and the refunding of the Series 2008 Bonds was completed with the issuance of the Series 2016 Bonds (discussed below).

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**10. Long-Term Debt (continued)**

**Business-Type Activities, continued**

**Contracts Payable, continued**

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 Bonds at a premium of \$769,090. The County signed an intergovernmental contract for these bonds that is substantially the same as the one related to the Series 2008 Bonds. The refunding of this portion of the Series 2008 Bonds resulted in a deferred charge of \$1,113,677 that will be amortized to interest expense using the straight-line method over the life of the Series 2015 Bonds. The Series 2015 Bonds bear interest at rates ranging from 2% to 4% and mature at dates ranging from 2016 to 2035. The contract payable that obligates the County to make the debt service payments required by the Series 2015 Bonds is subordinate to the County's revenue bonds described below.

During October 2016, the WCWSA completed its refunding of the Series 2008 Bonds by issuing \$9,465,000 of its Series 2016 Bonds at a premium of \$1,351,577. The County again signed an intergovernmental agreement requiring that the County make contract payments sufficient to pay the debt service on the Series 2016 Bonds. The remaining outstanding Series 2008 Bonds had a carrying value of \$10,464,994 and a reacquisition price of \$11,068,847 resulting in a deferred charge of \$603,853. The deferred charge will be amortized to interest expense using the straight-line method over the life of the Series 2016 Bonds. The Series 2016 Bonds bear interest at rates ranging from 2% to 5% and mature at dates ranging from 2017 to 2038. The contract payable that obligates the County to make the debt service payments required by the Series 2016 Bonds is subordinate to the County's revenue bonds described below.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**10. Long-Term Debt (continued)**

**Business-Type Activities, continued**

**Contracts Payable, continued**

The annual requirements to amortize contracts payable at the end of the current fiscal year are as follows:

| <b>Fiscal Year<br/>Ending June 30</b> | <b>Principal</b>     | <b>Interest</b>     | <b>Total</b>         |
|---------------------------------------|----------------------|---------------------|----------------------|
| 2023                                  | \$ 1,123,646         | \$ 769,310          | \$ 1,892,956         |
| 2024                                  | 1,168,558            | 719,837             | 1,888,395            |
| 2025                                  | 1,228,708            | 665,733             | 1,894,441            |
| 2026                                  | 1,287,003            | 605,085             | 1,892,088            |
| 2027                                  | 1,348,441            | 541,522             | 1,889,963            |
| 2028-2032                             | 4,730,000            | 2,023,600           | 6,753,600            |
| 2033-2037                             | 5,860,000            | 996,400             | 6,856,400            |
| 2038                                  | 1,345,000            | 53,800              | 1,398,800            |
| Totals                                | <u>\$ 18,091,356</u> | <u>\$ 6,375,287</u> | <u>\$ 24,466,643</u> |

**Notes from Direct Borrowings**

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 the end of the current fiscal year, the entire note balance had been drawn and was outstanding. The note calls for no interest to be accrued or paid during the construction period, which originally continued until August 2016. GEFA modified the note multiple time to extend the period that the note does not accrue interest until April 1, 2023. From that date, the note accrues interest at 1%. No debt service payments are due until the note matures at December 31, 2052. All accrued interest and the principal are due at maturity.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**10. Long-Term Debt (continued)**

**Business-Type Activities, continued**

**Notes from Direct Borrowings, continued**

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 the end of the current fiscal year, WCWSA had drawn \$7,922,734 on the note and the County's 28.8% share was \$2,281,748. All of the money drawn to date was still outstanding at the end of the current fiscal year. GEFA modified the note multiple times so that no interest accrues until February 1, 2018. The modification then calls for the note to accrue 1% interest from February 1, 2018 until April 1, 2023, when the interest rate increases to 2%. All of the interest that accrues between February 2018 and April 2023 will be capitalized into the note balance. From May 1, 2023, the County will make 60 monthly interest only payments. The County will then make 419 equal monthly principal and interest payments.

Because the notes bear interest at rates that differ substantially from the market interest rate available to the County, the accounting standards require 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. The discounts will be amortized to interest expense over the life of the notes.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**10. Long-Term Debt (continued)**

**Business-Type Activities, continued**

**Revenue Bonds**

Revenue bonds have been issued and are comprised of the following individual issues:

- The County issued \$6,740,000 Series 2012 Oconee County, Georgia Water and Sewerage Refunding Revenue Bonds. The bonds were issued at a premium of \$1,295,000 with issuance costs of \$177,500. The bonds were issued to advance refund \$7,390,000 of the remaining outstanding balance of the Series 2003 Oconee County, Georgia Water and Sewerage Revenue Bonds. The bonds are due in annual principal payments on September 1 beginning in 2012 with semi-annual interest payments (2.00% to 5.00%) due on March 1 and September 1. The bonds are secured by a lien on the net revenues of the County's water and sewer system. Upon the occurrence of an event of default, the bondholders may declare the payments to be made to be immediately due and payable. The remaining balance at the end of the current fiscal year was \$2,770,000.
  
- The County issued \$10,915,000 Series 2017A and \$1,765,000 Series 2017B Oconee County, Georgia Water and Sewerage Revenue Bonds. The bonds were issued at a premium of \$2,239,307 with issuance costs of \$287,663. The bonds were issued to finance the renovation and improvement costs of the water and sewer system and to advance refund \$1,735,000 of the remaining outstanding balance of the Series 2009 Oconee County, Georgia Water and Sewerage Refunding Revenue Bonds. The bonds are due in annual principal payments on September 1 beginning in 2018 with semi-annual interest payments (1.70% to 2.92%) due on March 1 and September 1. The bonds are secured by a lien on the net revenues of the County's water and sewer system. Upon the occurrence of an event of default, the bondholders may declare the payments to be made to be immediately due and payable. The remaining balance at the end of the current fiscal year was \$10,915,000.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**10. Long-Term Debt (continued)**

**Business-Type Activities, continued**

**Revenue Bonds, continued**

The annual requirements to amortize revenue bonds payable at the end of the current fiscal year are as follows:

| <b>Fiscal Year<br/>Ending June 30</b> | <b>Principal</b>     | <b>Interest</b>     | <b>Total</b>         |
|---------------------------------------|----------------------|---------------------|----------------------|
| 2023                                  | \$ 1,400,000         | \$ 649,250          | \$ 2,049,250         |
| 2024                                  | 1,370,000            | 580,000             | 1,950,000            |
| 2025                                  | 550,000              | 532,000             | 1,082,000            |
| 2026                                  | 580,000              | 503,750             | 1,083,750            |
| 2027                                  | 610,000              | 474,000             | 1,084,000            |
| 2028-2032                             | 3,555,000            | 1,867,375           | 5,422,375            |
| 2033-2037                             | 4,560,000            | 857,500             | 5,417,500            |
| 2038                                  | 1,060,000            | 26,500              | 1,086,500            |
| Totals                                | <u>\$ 13,685,000</u> | <u>\$ 5,490,375</u> | <u>\$ 19,175,375</u> |

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. Bond Issuances**

On August 10, 2021, the County issued \$12,500,000 of General Obligation Bonds, Series 2021, with interest rates ranging from 3.00% to 4.00%. The net proceeds were \$14,866,590 (\$12,500,000 par plus \$2,664,140 premium less \$297,550 of issuance costs and underwriters' discount). The proceeds from the bonds are to be used to pay a portion of the costs of acquiring, constructing, and equipping of administrative facilities of the County and to pay the costs of issuing the bonds. The bond principal and interest payments are payable first from a one percent sales and use tax (SPLOST) received by the County. To the extent the proceeds from the sales and use tax are insufficient to make such payments, the principal and interest on the bonds are payable from an ad valorem tax, unlimited as to rate or amount, which may be levied upon all taxable property within the territorial limits of the County subject to taxation for general obligation bond purposes.

On February 8, 2022, Oconee County Industrial Development Authority issued \$16,000,000 Taxable Revenue Bonds (Economic Development Project), Series 2022, with interest rates ranging from 5.75% to 6.00%. The net proceeds were \$14,727,532 (\$16,000,000 par less \$155,000 discount less \$1,117,468 of issuance costs and underwriters' discount). the purpose of financing the acquisition of the 2022 Project (certain land to be leased for economic development purposes), paying capitalized interest on the Series 2022 Bonds, funding a debt service reserve fund, and paying the costs of issuing the Series 2022 Bonds. The bond principal and interest payments are payable from the proceeds of intergovernmental contracts which call for the County to make contract payments.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**12. Long-Term Liabilities**

**Changes in Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the current fiscal year:

|                                 | <u>Beginning<br/>Balance</u> | <u>Additions</u>     | <u>Deductions</u>   | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|---------------------------------|------------------------------|----------------------|---------------------|---------------------------|--------------------------------|
| <b>Governmental activities</b>  |                              |                      |                     |                           |                                |
| Notes from direct borrowings    | \$ 104,616                   | \$ 64,000            | \$ 104,616          | \$ 64,000                 | \$ 0                           |
| Bonds payable                   | 475,000                      | 28,500,000           | 475,000             | 28,500,000                | 645,000                        |
| Bonds from direct placements    | 17,712,235                   | 0                    | 1,030,000           | 16,682,235                | 1,655,000                      |
| Bond discounts                  | 0                            | (155,000)            | (3,434)             | (151,566)                 | 0                              |
| Bond premiums                   | 0                            | 2,664,140            | 190,843             | 2,473,297                 | 0                              |
| Compensated absences            | 815,498                      | 700,552              | 693,173             | 822,877                   | 12,328                         |
| Total governmental activities   | <u>\$ 19,107,349</u>         | <u>\$ 31,773,692</u> | <u>\$ 2,490,198</u> | <u>\$ 48,390,843</u>      | <u>\$ 2,312,328</u>            |
| <b>Business-type activities</b> |                              |                      |                     |                           |                                |
| Contracts payable               | \$ 19,166,139                | \$ 0                 | \$ 1,074,783        | \$ 18,091,356             | \$ 1,123,646                   |
| Contract premiums               | 1,932,756                    | 0                    | 160,526             | 1,772,230                 | 0                              |
| Notes from direct borrowings    | 8,041,748                    | 0                    | 0                   | 8,041,748                 | 0                              |
| Note discounts                  | (3,095,718)                  | 0                    | (97,644)            | (2,998,074)               | 0                              |
| Bonds payable                   | 15,020,000                   | 0                    | 1,335,000           | 13,685,000                | 1,400,000                      |
| Bond premiums                   | 2,063,947                    | 0                    | 228,882             | 1,835,065                 | 0                              |
| Compensated absences            | 137,958                      | 118,324              | 117,264             | 139,018                   | 4,937                          |
| Total business-type activities  | <u>\$ 43,266,830</u>         | <u>\$ 118,324</u>    | <u>\$ 2,818,811</u> | <u>\$ 40,566,343</u>      | <u>\$ 2,528,583</u>            |
| <b>Component Units</b>          |                              |                      |                     |                           |                                |
| Oconee County Board of Health   |                              |                      |                     |                           |                                |
| Compensated absences            | <u>\$ 68,891</u>             | <u>\$ 41,626</u>     | <u>\$ 34,955</u>    | <u>\$ 75,562</u>          | <u>\$ 0</u>                    |

In prior years, long-term liabilities, such as compensated absences, of the governmental activities were liquidated in the General Fund. Compensated absences of the Oconee County Board of Health are liquidated by the Oconee County Board of Health. The total interest incurred and charged to expense for the current fiscal year was \$920,773 for the governmental activities and \$1,558,544 for the business-type activities.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**13. 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 \$65,437,289, made up of six issues with original balances totaling \$120,267,663. The Authority receives an annual administrative fee of \$10,000 in connection with the issuance of the Series 2012 Bonds and \$25,000 in connection with the issuance of the Series 2018 Bonds. This fee is reported as charges for services 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.

**14. Landfill Closure and Post-Closure Care 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 post-closure 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 is defined as the sum of closure plus post-closure plus corrective action care cost. Closure costs are estimated at \$329,803. The annual post-closure care costs are estimated at \$33,814. The 30-year post-closure care cost estimate is \$1,014,430. Therefore, the total financial assurance required is \$1,344,233.

**OCONEE COUNTY, GEORGIA**  
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**15. Restricted, Committed, and Assigned Fund Balances**

The following is a summary of restricted, committed, and assigned fund balances of the governmental funds at the end of the current fiscal year:

|                                       | <b>Industrial<br/>Development<br/>Authority</b> | <b>Administration<br/>Building</b> | <b>SPLOST<br/>2021</b> | <b>Local<br/>Resources<br/>Capital<br/>Projects</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---------------------------------------|---|------------------------------------|------------------------|---|--|---|
| <b>Restricted for:</b>                |   |                                    |                        |   |  |   |
| Judicial                              |   |                                    |                        |   |  |   |
| Law library operations                | \$ 0  | \$ 0                               | \$ 0                   | \$ 0  | \$ 218,241                                 | \$ 218,241                              |
| Victim services                       | 0   | 0                                  | 0                      | 0   | 277,197                                    | 277,197                                 |
| Judicial activities                   | 0   | 0                                  | 0                      | 0   | 38,661                                     | 38,661                                  |
| Public Safety                         |   |                                    |                        |   |  |   |
| Drug abuse treatment<br>and education | 0   | 0                                  | 0                      | 0   | 92,025                                     | 92,025                                  |
| Public safety activities              | 0   | 0                                  | 0                      | 0   | 255,083                                    | 255,083                                 |
| Public Works                          |   |                                    |                        |   |  |   |
| Public works activities               | 0   | 0                                  | 0                      | 0   | 11,315                                     | 11,315                                  |
| Culture and recreation                |   |                                    |                        |   |  |   |
| Parks and recreation                  | 0   | 0                                  | 0                      | 0   | 44,115                                     | 44,115                                  |
| Housing and Development               |   |                                    |                        |   |  |   |
| Tourism promotion                     | 0   | 0                                  | 0                      | 0   | 82,213                                     | 82,213                                  |
| Tourism product development           | 0   | 0                                  | 0                      | 0   | 5,018                                      | 5,018                                   |
| Capital projects                      | 150,000   | 14,058,371                         | 5,990,783              | 0   | 4,812,724                                  | 25,011,878                              |
| Debt service                          | 2,165,962                                       | 0                                  | 0                      | 0   | 0  | 2,165,962                               |
|                                       | <u>\$ 2,315,962</u>                             | <u>\$ 14,058,371</u>               | <u>\$ 5,990,783</u>    | <u>\$ 0</u>   | <u>\$ 5,836,592</u>                        | <u>\$ 28,201,708</u>                    |
| <b>Assigned to:</b>                   |   |                                    |                        |   |  |   |
| Health and welfare                    |   |                                    |                        |   |  |   |
| Senior services                       | \$ 0  | \$ 0                               | \$ 0                   | \$ 0  | \$ 482,498                                 | \$ 482,498                              |
| Housing and Development               |   |                                    |                        |   |  |   |
| Economic development                  | 2,104,094                                       | 0                                  | 0                      | 0   | 0  | 2,104,094                               |
| Capital projects                      | 0   | 0                                  | 0                      | 16,601,360  | 0  | 16,601,360                              |
|                                       | <u>\$ 2,104,094</u>                             | <u>\$ 0</u>                        | <u>\$ 0</u>            | <u>\$ 16,601,360</u>                                | <u>\$ 482,498</u>                          | <u>\$ 19,187,952</u>                    |

**16. Deficit Equity Balances**

At the end of the current fiscal year, the Multiple Grant Special Revenue Fund has a deficit fund balance of \$47,490 and the CDBG-Senior Center Capital Projects Fund has a deficit fund balance of \$28,872. This is due to the payment of services in anticipation of future revenues. The County plans to liquidate these deficit fund balances through future revenue recognition.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. Net Investment in Capital Assets**

The net investment in capital assets reported on the government-wide statement of net position is calculated as follows at the end of the current fiscal year:

|                                    | Governmental<br>Activities | Business-Type<br>Activities |
|------------------------------------|----------------------------|-----------------------------|
| Cost of capital assets             | \$ 243,775,850             | \$ 159,442,465              |
| Accumulated depreciation           | (137,734,318)              | (42,944,849)                |
| Book value                         | 106,041,532                | 116,497,616                 |
| Capital-related accounts payable   | (561,271)                  | (265,242)                   |
| Capital-related retainages payable | (33,624)                   | (16,106)                    |
| Capital-related contracts payable  | 0                          | (16,638,578)                |
| Capital-related notes payable      | (64,000)                   | (5,043,674)                 |
| Capital-related bonds payable      | (39,783,966)               | (15,520,065)                |
| Deferred charges on refunding      | 467,882                    | 1,213,711                   |
| Unspent debt proceeds              | 16,558,844                 | 378,644                     |
| Net investment in capital assets   | <u>\$ 82,625,397</u>       | <u>\$ 80,606,306</u>        |

**18. Retirement Plans**

**County Defined Benefit Pension Plan**

*Plan Description.* The Plan provides retirement, disability and death benefits to plan members and beneficiaries. The Plan is affiliated with the Association County Commissioners of Georgia Defined Benefit Plan (the ACCG Plan), an agent multiple-employer defined benefit pension plan administered by the Government Employee Benefits Corporation of Georgia (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 retains the authority to amend the adoption agreement, which defines the specific operational provisions of the Plan. A separately issued financial report of the Plan may be obtained by writing GEBCORP at 400 Galleria Parkway, Suite 1250, Atlanta, Georgia 30339.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**18. Retirement Plans (continued)**

**County Defined Benefit Pension Plan, continued**

Control over the operation and administration of the plan is vested with ACCG along with custody of the plan assets. The plan provides that the County has no liability with respect to payments or benefits or otherwise under the plan except to pay over to ACCG such actuarially determined contributions as are required to meet minimum funding standards of the Public Retirement Systems Standards Law and provide benefits thereunder. If terminated, the plan provides that if there are funds remaining after the satisfaction of all liabilities, such funds shall not revert to the County but shall be allocated to employees. All full-time County employees are eligible to participate in the Plan after completing three years of service.

There are no loans to any of the County officials or other “party-in-interest,” and there are no prohibited transactions. The plan assets do not include any securities or investments in Oconee County. The funds are managed by independent money managers.

At January 1, 2021, the date of the most recent actuarial valuation, there were 439 participants consisting of the following:

|  |                   |
|--|-------------------|
| Retirees, beneficiaries and disablees receiving benefits                     | 104               |
| Terminated vested participants entitled to<br>but not yet receiving benefits | 142               |
| Active participants  | <u>193</u>        |
| Total number of participants   | <u><u>439</u></u> |

*Benefits Provided.* The plan provides retirement and death benefits. 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 benefit 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.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. Retirement Plans (continued)**

**County Defined Benefit Pension Plan, continued**

*Contributions.* Employees make no contributions to the plan. The County is required to contribute the amounts necessary to fund the plan in compliance with the minimum funding standards of the Public Retirement Systems Standards Law, using the basis described in the annual valuation report. The County's actual contributions for the current fiscal year were \$2,846,700, or 31.80% of covered payroll of \$8,952,957. The Board of Commissioners provides for the benefits and funding policy through County ordinance and maintains the authority to change the policy. This funding policy, as specified by ordinance, has been the same since the inception of the plan.

*Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* At the end of the current fiscal year, the County reported a net pension liability of \$4,745,157. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. For governmental activities, the net pension liability is liquidated in the General Fund. For the current fiscal year, the County recognized pension expense of \$1,376,273.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. Retirement Plans (continued)**

**County Defined Benefit Pension Plan, continued**

The components of the net pension liability are as follows:

|                                      | <b>Total Pension<br/>Liability</b> | <b>Plan Fiduciary<br/>Net Position</b> | <b>Net Pension<br/>Liability</b> |
|--------------------------------------|------------------------------------|--|----------------------------------|
|                                      | <b>(a)</b>                         | <b>(b)</b>                             | <b>(a) - (b)</b>                 |
| <b>Balances at December 31, 2020</b> | <b>\$ 35,764,635</b>               | <b>\$ 28,527,126</b>                   | <b>\$ 7,237,509</b>              |
| <b>Changes for the year:</b>         |                                    |  |                                  |
| Service cost                         | 804,667                            | 0                                      | 804,667                          |
| Interest                             | 2,452,644                          | 0                                      | 2,452,644                        |
| Liability experience (gain) / loss   | 738,560                            | 0                                      | 738,560                          |
| Assumption change                    | 63,760                             | 0                                      | 63,760                           |
| Employer contributions               | 0                                  | 2,343,100                              | (2,343,100)                      |
| Net investment income                | 0                                  | 4,431,815                              | (4,431,815)                      |
| Benefit payments                     | (1,453,718)                        | (1,453,718)                            | 0                                |
| Administrative expense               | 0                                  | (66,078)                               | 66,078                           |
| Other changes                        | 0                                  | (156,854)                              | 156,854                          |
| <b>Net changes</b>                   | <b>2,605,913</b>                   | <b>5,098,265</b>                       | <b>(2,492,352)</b>               |
| <b>Balances at December 31, 2021</b> | <b>\$ 38,370,548</b>               | <b>\$ 33,625,391</b>                   | <b>\$ 4,745,157</b>              |

|  |              |
|--|--------------|
| Plan fiduciary net position as a percentage of the total pension liability | 87.63%       |
| Covered payroll  | \$ 9,978,975 |
| Net pension liability as a percentage of covered payroll                   | 47.55%       |

At the end of the current fiscal year, the County reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience                                  | \$ 1,077,360                                  | \$ 0   |
| Changes in participant fund allocation  | 146,283                                       | (146,283)                                    |
| Net difference between projected and actual earnings<br>on pension plan investments | 0   | (3,420,789)                                  |
| Changes of assumptions  | 618,207                                       | 0  |
| Contributions subsequent to the measurement date                                    | 503,600                                       | 0  |
| <b>Totals</b>   | <b>\$ 2,345,450</b>                           | <b>\$ (3,567,072)</b>                        |

The \$503,600 of deferred outflows of resources resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. Retirement Plans (continued)**

**County Defined Benefit Pension Plan, continued**

Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:

| <b>Fiscal Year<br/>Ending June 30,</b> |                       |
|--|-----------------------|
| 2023                                   | \$ (8,280)            |
| 2024                                   | (847,722)             |
| 2025                                   | (549,180)             |
| 2026                                   | <u>(320,040)</u>      |
| Totals                                 | <u>\$ (1,725,222)</u> |

*Actuarial Assumptions.* The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                               |  |
|-------------------------------|--|
| Inflation                     | 3.00%                                  |
| Projected salary increases    | 4.50% per year with an age based scale |
| Cost of living adjustments    | N/A                                    |
| Net investment rate of return | 7.00%                                  |

Healthy mortality rates were based on the Pub-2010 Amount weighted Mortality Table with a blend of 50% of the General Employees Table and 50% of the Public Safety Employees with Scale AA to 2021. Disabled mortality rates were derived from the 1985 CIDA Table Class 1.

The mortality and economic actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study conducted in February 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**18. Retirement Plans (continued)**

**County Defined Benefit Pension Plan, continued**

The pension plan's target asset allocation as of December 31, 2021 is summarized in the following table:

|                   | <b>Target<br/>Allocation</b> | <b>Range</b> |
|-------------------|------------------------------|--------------|
| Fixed Income      | 30%                          | 25%-35%      |
| Large Cap         | 30%                          | 25%-35%      |
| Mid Cap           | 5%                           | 2.5%-10%     |
| Small Cap         | 5%                           | 2.5%-10%     |
| REIT              | 5%                           | 2.5%-10%     |
| International     | 15%                          | 10%-20%      |
| Multi Cap         | 5%                           | 2.5%-10%     |
| Global Allocation | 5%                           | 2.5%-10%     |

*Discount Rate.* The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00 percent) or one percentage-point higher (8.00 percent) than the current rate:

|                       | <b>Discount<br/>Rate</b> | <b>Net Pension<br/>Liability</b> |
|-----------------------|--------------------------|----------------------------------|
| 1% decrease           | 6.00%                    | \$ 10,011,559                    |
| Current discount rate | 7.00%                    | 4,745,157                        |
| 1% increase           | 8.00%                    | 374,036                          |

*Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued Association County Commissioners of Georgia Benefit System financial report.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**18. Retirement Plans (continued)**

**County 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.

**County Deferred Compensation Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The Plan is administered by an independent third party plan administrator.

In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the assets and liabilities of the County's Deferred Compensation Plan are not included within the County's financial statements.

**Other Plans**

In addition to the plan above, various County employees are covered under the following plans, which are considered to be special funding situations: Georgia Firefighters' Pension Fund, Georgia State Employees' Retirement System (ERS), Peace Officers' Annuity and Benefit Fund of Georgia, Probate Judges' Retirement Fund of Georgia, Sheriffs' Retirement Fund of Georgia, and Superior Court Clerks' Retirement Fund of Georgia. Further information regarding these plans can be obtained from the plans' annual reports. These plans are immaterial to the financial statements.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**18. Retirement Plans (continued)**

**Oconee County Board of Health Retirement Plan**

Eligible employees of the Oconee County Board of Health participate in the Georgia State Employees' Retirement System (ERS), a statewide multiple-employer public employee retirement system. During the current fiscal year, the Department contributed \$105,074. At the end of the current fiscal year, the Department reported a liability in the amount of \$426,242 for its proportionate share (0.018224%) of the net pension liability. The Department recognized pension expense of \$97,078 for the current fiscal year. Further information regarding the plan can be obtained from Department's annual audit report by contacting the administrative offices of the Oconee County Health Department, 1060 Experiment Station Road, Watkinsville, GA 30677.

**19. Other Post-Employment Benefits**

**County Plan**

*Plan Description.* 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 (employed prior to January 1, 2018) who remain insured by the County's health plan throughout their employment with the County through at least age 60 provided that the employee has at least 10 years of service. The plan is a single-employer defined-benefit other post-employment benefit (OPEB) plan administered by the County. The plan is closed to new entrants and employees must have been employed prior to January 1, 2018 to be eligible to participate in the plan. 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.

At June 30, 2022, the date of the most recent actuarial valuation, membership consisted of the following:

|                  |  |     |
|------------------|--|-----|
| Active members   |  | 128 |
| Retired members  |  | 74  |
| Total membership |  | 202 |

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**19. Other Post-Employment Benefits (continued)**

**County Plan, continued**

*Benefits Provided.* The County allows eligible former employees to continue to participate in the County's health insurance plan until they become eligible for Medicare and pays an amount equal to the cost of a Medicare Supplement Premium toward the retiree's health benefit. The difference between the cost of the health benefit, on a composite (non-age adjusted basis) and the County's contribution is paid by the retiree. The County pays \$270.65 per month towards a retiree's Medicare supplement premium after the retiree becomes eligible for Medicare. Dependent cost is the responsibility of the retiree, but neither retirees nor current employees contribute toward the plan.

*Contributions.* The County has not elected to advance fund the OPEB plan, but rather maintains the OPEB plan on a "pay-as-you-go" basis, in that premiums are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds.

*OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB.* At the end of the current fiscal year, the County reported a net OPEB liability of \$9,326,895. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined and measured from actuarial valuations using data as of June 30, 2022. For governmental activities, the net OPEB liability is liquidated in the General Fund. During the current fiscal year, the County recognized OPEB expense of \$997,336.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**19. Other Post-Employment Benefits (continued)**

**County Plan, continued**

The components of the net OPEB liability are as follows:

|   | <b>Total<br/>OPEB<br/>Liability<br/>(a)</b> | <b>Plan<br/>Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net<br/>OPEB<br/>Liability<br/>(a)-(b)</b> |
|---|---|--|---|
| <b>Balances at June 30, 2021</b>                  | \$ 9,925,914                                | \$ 0   | \$ 9,925,914                                  |
| Changes for the year:                             |   |  |   |
| Service cost                                      | 555,245                                     | 0  | 555,245                                       |
| Interest  | 212,105                                     | 0  | 212,105                                       |
| Difference between expected and actual experience | (160,385)                                   | 0  | (160,385)                                     |
| Assumption changes                                | (992,413)                                   | 0  | (992,413)                                     |
| Contributions - employer                          | 0   | 213,571  | (213,571)                                     |
| Benefit payments                                  | (213,571)                                   | (213,571)  | 0   |
| Net changes                                       | (599,019)                                   | 0  | (599,019)                                     |
| <b>Balances at June 30, 2022</b>                  | <b>\$ 9,326,895</b>                         | <b>\$ 0</b>  | <b>\$ 9,326,895</b>                           |

|   |              |
|---|--------------|
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00%        |
| Covered-employee payroll  | \$ 6,495,910 |
| Plan net OPEB liability as a percentage of covered-employee payroll     | 143.58%      |

At the end of the current fiscal year, the County reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience | \$ 0  | \$ (282,141)                                 |
| Changes in participant fund allocation             | 195,155                                       | (195,155)                                    |
| Changes of assumptions                             | 1,928,476                                     | (837,348)                                    |
| Totals   | <b>\$ 2,123,631</b>                           | <b>\$ (1,314,644)</b>                        |

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**19. Other Post-Employment Benefits (continued)**

**County Plan, continued**

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

| <u>Fiscal Year</u><br><u>Ending June 30,</u> |    |                 |
|--|----|-----------------|
| 2023   | \$ | 229,987         |
| 2024   |    | 229,987         |
| 2025   |    | 229,987         |
| 2026   |    | 229,987         |
| 2027   |    | (43,273)        |
| Thereafter                                   |    | <u>(67,688)</u> |
| Totals                                       | \$ | <u>808,987</u>  |

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                             |   |
|-----------------------------|---|
| Salary scale                | 4.50% per year with an aged based scale   |
| Actuarial cost method       | Entry age normal  |
| Discount rate               | 3.54%, 2.16% at prior measurement date  |
| Healthcare cost trend rates | Pre-Medicare: 7.5% trended down to 4.5% by 2034<br>Medicare: 7.5% trended down to 4.5% by 2034  |
| Mortality rates             | Pub-2010 50% General & 50% Public Safety<br>Headcount-weighted with Scale AA to 2021  |
| Disabled mortality rates    | 1985 CIDA Table Class 1   |
| Turnover                    | Vaughn Select and Ultimate Table through age 54   |
| Utilization                 | 75% utilization based on plan experience and input from the plan sponsor  |
| Marriage assumption         | Based on plan experience over the last 5 years, it was assumed that 10% of the population would be married with males being three years older than females. |

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**19. Other Post-Employment Benefits (continued)**

**County Plan, continued**

The demographic actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of a February 2019 experience study and review of recent plan experience done concurrently with the June 30, 2022 valuation.

*Development of Long-Term Rate.* Since the County funds this plan on a pay-as-you-go basis, GASB requires the discount rate be based on a yield or index rate for 20-year, tax-exempt municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The GO Bond Buyer Index rate used for this purpose is the last week of June Bond Buyer General Obligation 20-year GO Bond Buyer Index published weekly by The Bond Buyer ([www.bondbuyer.com](http://www.bondbuyer.com)). The GO Bond Buyer Index Rate as of the measurement date was 3.54%.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The following presents what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower (2.54%) or one percentage-point higher (4.54%) than the current rate. Also, shown is the net OPEB liability as if it were calculated using healthcare cost trend rates that were one percentage point lower or one percentage point higher than the current healthcare trend rates:

| <u>Discount Rate</u>               |       | <u>Net OPEB Liability</u> |
|------------------------------------|-------|---------------------------|
| 1% decrease                        | 2.54% | \$ 10,597,393             |
| Current discount rate              | 3.54% | 9,326,895                 |
| 1% increase                        | 4.54% | 8,272,149                 |
| <br>                               |       |                           |
| <u>Healthcare Cost Trend Rates</u> |       | <u>Net OPEB Liability</u> |
| 1% decrease                        |       | \$ 8,148,932              |
| Current discount rate              |       | 9,326,895                 |
| 1% increase                        |       | 10,794,085                |

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**19. Other Post-Employment Benefits (continued)**

**County Plan, continued**

*OPEB Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued GASB Statement No. 75 Report for The Oconee County Health Care Plan.

**Oconee County Board of Health OPEB Plans**

Eligible employees of the Oconee County Board of Health are provided OPEB through the State of Georgia OPEB Fund, a cost-sharing multiple-employer defined benefit post-employment healthcare plan and life insurance through the SEAD-OPEB Fund, a cost-sharing multiple-employer defined benefit other post-employment benefit plan. During the current fiscal year, the Department contributed \$26,631. At the end of the current fiscal year, the Department reported a net OPEB asset in the amount of \$86,567 for its proportionate share (0.018240% for the State of Georgia OPEB Fund and 0.022198% for the SEAD-OPEB Fund) of the net OPEB asset. The Department recognized OPEB expense of (\$107,536) for the current fiscal year. Further information regarding the plans can be obtained from the administrative offices of the Oconee County Health Department, 1060 Experiment Station Road, Watkinsville, GA 30677.

**20. Hotel/Motel Lodging Tax**

Effective January 1, 2021, the County levied a 6% lodging tax in accordance with OCGA §48-13-51(b). A summary of the transactions for the current fiscal year follows:

|  |            |                     |
|--|------------|---------------------|
| Lodging Tax Receipts                             | \$ 223,807 |                     |
| Disbursements for promotion of trade and tourism | \$ 111,482 | 50% of tax receipts |
| Disbursements for tourism product development    | \$ 18,643  | 8% of tax receipts  |

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2022**

**21. Tax Abatements**

The County can enter into ad valorem property tax abatement agreements with the Oconee County Industrial Development Authority (“the Authority”) under OCGA §36-62 by participating with the Authority and local businesses through a bond-lease transaction. Under this arrangement, the Authority issues revenue bonds. The proceeds of the bonds enable the Authority to take title to the applicant’s economic development project. The project is then leased or rented by the Authority to the applicant and the applicant pays rents that repay the bonds. The purpose of tax abatements through this authority is to create community employment and community investment. Eligibility for this program is individually considered based on the employment and investment commitment made by the applicant.

For the current fiscal year, the County abated ad valorem property taxes totaling \$142,974 through an agreement. The following agreement exceeds 25 percent of the total amount abated:

- A local manufacturing plant had tax abatements of \$142,974. The appraised value of leasehold interests is discounted using the agreement’s rate schedule. By meeting community job and community investment goals each year, the manufacturer continues to be eligible for tax abatements. If there is a shortfall in meeting the established criteria, 100% of abated taxes in the year of the shortfall will be due.

**22. Joint Ventures**

Under Georgia law, the County, in conjunction with other cities and counties in the northeast Georgia area, is a member of the Northeast Georgia Regional Commission (NEGRC) and is required to pay annual dues thereto. During the current fiscal year, the County paid \$32,916 in such dues. Membership in an RC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organizational structure of the RC in Georgia. The RC Board membership includes the chief elected official in each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of an RC. Financial statements for NEGRC can be obtained at 305 Research Drive, Athens, Georgia 30605-2795.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**22. Joint Ventures (continued)**

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 long-term debt note. 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 the end of the current fiscal year 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                               |    | (3,236,052)  |
| Investment in UOBWA, net                               |    | \$ 8,662,483 |

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

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**23. Risk Financing Activities**

Material estimates have been made by management about the historical cost of capital assets and the life of the depreciated capital assets. Management has used a conservative approach on these estimates.

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 County has joined together with other municipalities in the state as part of the Association of County Commissioners of Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Association of County Commissioners of Georgia 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 agent 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 cost taxed against the 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.

Settled claims in the past three years have not exceeded the coverages.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**23. Risk Financing Activities (continued)**

Management estimates liabilities for unpaid claims based on the probability of losses exceeding the occurrence limits and the reasonableness of estimating those losses. At the end of the current fiscal year, the County has no losses that are probable or estimable and accordingly has not recognized any liability.

**24. Commitments and Contingencies**

**Commitments**

At the end of the current fiscal year, contractual commitments on uncompleted contracts totaled \$20,064,645.

**Contingencies**

Oconee County participates in a number of revenue sharing grants. Expenditures financed by revenue sharing grants are subject to a compliance audit by the grantor or its representative. If expenditures are disallowed due to noncompliance with program regulations, the County may be required to reimburse the grantor government. The County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the County.

The County is involved in several pending lawsuits. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the County.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2022*

**25. Subsequent Events**

In August 2022, the County was approved for a promissory note with the Georgia Environmental Finance Authority (GEFA). The note allows for up to \$25,000,000 of borrowing.

**26. New Accounting Pronouncements**

The County implemented GASB Statement No. 87, *Leases*, effective for the County's current fiscal year. The requirements of this statement are effective for periods beginning after June 15, 2021. This statement had no effect on the net position of the County.

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***REQUIRED SUPPLEMENTARY INFORMATION***

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2022**  
**(Unaudited)**

|  | Fiscal Year End      |                      |                      |
|--|----------------------|----------------------|----------------------|
|  | 2022                 | 2021                 | 2020                 |
| <b>Total pension liability</b>   |                      |                      |                      |
| Service cost   | \$ 804,667           | \$ 763,562           | \$ 663,430           |
| Interest   | 2,452,644            | 2,299,029            | 2,066,670            |
| Liability experience (gain) / loss   | 738,560              | 454,558              | 374,857              |
| Assumption change  | 63,760               | 60,535               | 1,498,663            |
| Benefit payments, including refunds of employee contributions                | (1,453,718)          | (1,312,630)          | (1,255,798)          |
| Net change in total pension liability  | 2,605,913            | 2,265,054            | 3,347,822            |
| Total pension liability - beginning  | 35,764,635           | 33,499,581           | 30,151,759           |
| <b>Total pension liability - ending (a)</b>                                  | <b>\$ 38,370,548</b> | <b>\$ 35,764,635</b> | <b>\$ 33,499,581</b> |
| <b>Plan fiduciary net position</b>   |                      |                      |                      |
| Contributions - employer   | \$ 2,343,100         | \$ 2,241,866         | \$ 2,061,322         |
| Net investment income  | 4,431,815            | 3,443,414            | 4,072,030            |
| Benefit payments, including refunds of employee contributions                | (1,453,718)          | (1,312,630)          | (1,255,798)          |
| Administrative expense   | (66,078)             | (61,462)             | (57,095)             |
| Other  | (156,854)            | (121,844)            | (115,945)            |
| Net change in plan fiduciary net position                                    | 5,098,265            | 4,189,344            | 4,704,514            |
| Plan fiduciary net position - beginning                                      | 28,527,126           | 24,337,782           | 19,633,268           |
| <b>Plan fiduciary net position - ending (b)</b>                              | <b>\$ 33,625,391</b> | <b>\$ 28,527,126</b> | <b>\$ 24,337,782</b> |
| <b>Net pension liability - ending : (a) - (b)</b>                            | <b>\$ 4,745,157</b>  | <b>\$ 7,237,509</b>  | <b>\$ 9,161,799</b>  |
| Plan's fiduciary net position as a percentage of the total pension liability | 87.63%               | 79.76%               | 72.65%               |
| Covered payroll  | \$ 9,978,975         | \$ 9,426,119         | \$ 8,523,879         |
| Net pension liability as a percentage of covered payroll                     | 47.55%               | 76.78%               | 107.48%              |

Note: Fiscal year 2015 was the first year of implementation. Therefore, fiscal years prior to 2015 are not reported.

**Fiscal Year End**

| <u>2019</u>          | <u>2018</u>          | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 678,069           | \$ 658,214           | \$ 654,950           | \$ 660,206           | \$ 662,925           |
| 1,948,926            | 1,842,908            | 1,790,320            | 1,630,194            | 1,534,234            |
| 952,491              | 64,686               | (627,429)            | (95,391)             | 0                    |
| 298,321              | 58,794               | 833,028              | 945,358              | 0                    |
| <u>(1,215,562)</u>   | <u>(1,109,036)</u>   | <u>(1,095,712)</u>   | <u>(914,999)</u>     | <u>(920,393)</u>     |
| 2,662,245            | 1,515,566            | 1,555,157            | 2,225,368            | 1,276,766            |
| <u>27,489,514</u>    | <u>25,973,948</u>    | <u>24,418,791</u>    | <u>22,193,423</u>    | <u>20,916,657</u>    |
| <u>\$ 30,151,759</u> | <u>\$ 27,489,514</u> | <u>\$ 25,973,948</u> | <u>\$ 24,418,791</u> | <u>\$ 22,193,423</u> |
| <br>                 |                      |                      |                      |                      |
| \$ 1,969,963         | \$ 1,789,897         | \$ 1,732,389         | \$ 1,716,341         | \$ 1,781,612         |
| (1,040,521)          | 2,597,610            | 1,029,641            | 152,431              | 849,702              |
| (1,215,562)          | (1,109,036)          | (1,095,712)          | (914,999)            | (920,393)            |
| (43,795)             | (39,969)             | (44,504)             | (44,145)             | (41,842)             |
| <u>(25,000)</u>      | <u>(77,237)</u>      | <u>(68,060)</u>      | <u>(167,210)</u>     | <u>(50,610)</u>      |
| (354,915)            | 3,161,265            | 1,553,754            | 742,418              | 1,618,469            |
| <u>19,988,183</u>    | <u>16,826,918</u>    | <u>15,273,164</u>    | <u>14,530,746</u>    | <u>12,912,277</u>    |
| <u>\$ 19,633,268</u> | <u>\$ 19,988,183</u> | <u>\$ 16,826,918</u> | <u>\$ 15,273,164</u> | <u>\$ 14,530,746</u> |
| <br>                 |                      |                      |                      |                      |
| <u>\$ 10,518,491</u> | <u>\$ 7,501,331</u>  | <u>\$ 9,147,030</u>  | <u>\$ 9,145,627</u>  | <u>\$ 7,662,677</u>  |
| <br>                 |                      |                      |                      |                      |
| 65.11%               | 72.71%               | 64.78%               | 62.55%               | 65.47%               |
| \$ 8,099,621         | \$ 7,788,152         | \$ 7,986,368         | \$ 8,439,900         | \$ 8,409,345         |
| 129.86%              | 96.32%               | 114.53%              | 108.36%              | 91.12%               |

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2022**  
**(Unaudited)**

|  | <b>Fiscal Year End</b> |                     |                     |
|--|------------------------|---------------------|---------------------|
|  | <b>2022</b>            | <b>2021</b>         | <b>2020</b>         |
| Actuarially determined contribution                                  | \$ 2,119,449           | \$ 2,042,837        | \$ 1,857,591        |
| Contributions in relation to the actuarially determined contribution | <u>(2,846,700)</u>     | <u>(2,241,866)</u>  | <u>(2,061,322)</u>  |
| Contribution deficiency (excess)                                     | <u>\$ (727,251)</u>    | <u>\$ (199,029)</u> | <u>\$ (203,731)</u> |
| Covered payroll  | \$ 8,952,957           | \$ 8,860,368        | \$ 8,856,225        |
| Contributions as a percentage of covered payroll                     | 31.80%                 | 25.30%              | 23.28%              |

Note: Fiscal year 2015 was the first year of implementation. Therefore, fiscal years prior to 2015 are not reported.

**Fiscal Year End**

| <u>2019</u>                        | <u>2018</u>                        | <u>2017</u>                        | <u>2016</u>                        | <u>2015</u>                        |
|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| \$ 1,779,777<br><u>(1,969,963)</u> | \$ 1,776,367<br><u>(1,789,897)</u> | \$ 1,675,242<br><u>(1,732,389)</u> | \$ 1,623,896<br><u>(1,716,341)</u> | \$ 1,754,892<br><u>(1,781,612)</u> |
| <u>\$ (190,186)</u>                | <u>\$ (13,530)</u>                 | <u>\$ (57,147)</u>                 | <u>\$ (92,445)</u>                 | <u>\$ (26,720)</u>                 |
| \$ 8,099,621                       | \$ 7,788,152                       | \$ 7,986,368                       | \$ 8,439,900                       | \$ 8,409,345                       |
| 24.32%                             | 22.98%                             | 21.69%                             | 20.34%                             | 21.19%                             |

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS**  
**June 30, 2022**  
**(Unaudited)**

|   | Fiscal Year End     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2022                | 2021                | 2020                | 2019                | 2018                |
| <b>Total OPEB liability</b>   |                     |                     |                     |                     |                     |
| Service cost  | \$ 555,245          | \$ 523,709          | \$ 257,798          | \$ 236,374          | \$ 236,374          |
| Interest  | 212,105             | 202,961             | 209,936             | 209,441             | 209,443             |
| Differences between expected and actual experience                        | (160,385)           | 0                   | (249,007)           | 0                   | 0                   |
| Assumption changes  | (992,413)           | 102,914             | 3,144,011           | 0                   | 0                   |
| Benefit payments  | (213,571)           | (173,911)           | (179,766)           | (143,764)           | (143,764)           |
| Net change in total OPEB liability  | (599,019)           | 655,673             | 3,182,972           | 302,051             | 302,053             |
| Total OPEB liability - beginning  | 9,925,914           | 9,270,241           | 6,087,269           | 5,785,218           | 5,483,165           |
| <b>Total OPEB liability - ending (a)</b>                                  | <b>\$ 9,326,895</b> | <b>\$ 9,925,914</b> | <b>\$ 9,270,241</b> | <b>\$ 6,087,269</b> | <b>\$ 5,785,218</b> |
| <b>Plan fiduciary net position</b>  |                     |                     |                     |                     |                     |
| Contributions - employer  | \$ 213,571          | \$ 173,911          | \$ 179,766          | \$ 143,764          | \$ 143,764          |
| Benefit payments  | (213,571)           | (173,911)           | (179,766)           | (143,764)           | (143,764)           |
| Net change in plan fiduciary net position                                 | 0                   | 0                   | 0                   | 0                   | 0                   |
| Plan fiduciary net position - beginning                                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| <b>Plan fiduciary net position - ending (b)</b>                           | <b>\$ 0</b>         | <b>\$ 0</b>         | <b>\$ 0</b>         | <b>\$ 0</b>         | <b>\$ 0</b>         |
| <b>Net OPEB liability - ending : (a) - (b)</b>                            | <b>\$ 9,326,895</b> | <b>\$ 9,925,914</b> | <b>\$ 9,270,241</b> | <b>\$ 6,087,269</b> | <b>\$ 5,785,218</b> |
| Plan's fiduciary net position as a percentage of the total OPEB liability | 0.00%               | 0.00%               | 0.00%               | 0.00%               | 0.00%               |
| Covered-employee payroll  | \$ 6,495,910        | \$ 9,923,804        | \$ 10,655,772       | \$ 9,661,589        | \$ 9,661,589        |
| Net OPEB liability as a percentage of covered-employee payroll            | 143.58%             | 100.02%             | 87.00%              | 63.00%              | 59.88%              |

Note: Fiscal year 2018 was the first year of implementation. Therefore, fiscal years prior to 2018 are not reported.



**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

**Pension Plan**

**1. Valuation Date**

The actuarially determined contribution rate was determined as of January 1, 2021, with an interest adjustment to the fiscal year.

**2. Methods and Assumptions Used to Determine Contribution Rates**

Actuarial cost method = Entry age normal

Amortization method = Closed level dollar for remaining unfunded liability

Remaining amortization period = Remaining amortization period varies for the bases, with a net effective amortization period of 14 years

Asset valuation method = Smoothed market value with a 5-year smoothing period

Net investment rate of return = 7.00%

Projected salary increases = 4.50% per year with an age based scale

Cost of living adjustments = N/A

Normal retirement age for inactive vested participants = Employed prior to August 2010 is age 65 with 5 years of vesting service; employed after August 2010 is age 65 with 10 years of vesting service

Mortality = Healthy mortality rates were based on the Pub-2010 Amount weighted Mortality Table with a blend of 50% of the General Employees Table and 50% of the Public Safety Employees with Scale AA to 2021. Disabled mortality rates were derived from the 1985 CIDA Table Class 1.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

**Pension Plan (continued)**

**3. Changes in Benefits**

There have been no substantive changes since the last actuarial valuation.

**4. Changes of Assumptions**

The mortality table improvements for the Pub-2010 Amount weighted Mortality Table with a blend of 50% of the General Employees Table and 50% of the Public Safety Employees with Scale AA is projected to 2021 instead of 2020.

**OPEB Plan**

**1. Valuation Date**

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined and measured from actuarial valuations using data as of June 30, 2022.

**2. Methods and Assumptions Used to Determine Contribution Rates**

No assets are accumulated in a trust to pay benefits.

Actuarial cost method = Entry age normal

Discount rate = 3.54%, 2.16% at prior measurement date

Healthcare cost trend rates = 7.5% trended down to 4.5% by 2034

Mortality rates = Pub-2010 50% General & 50% Public Safety Headcount-weighted with Scale AA to 2021

Disabled mortality rates = 1985 CIDA Table Class 1

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2022**

**OPEB Plan (continued)**

**2. Methods and Assumptions Used to Determine Contribution Rates (continued)**

Turnover = Vaughn Select and Ultimate Table through age 54

Utilization = 75% utilization based on plan experience and input from the plan sponsor

Marriage assumption = Based on plan experience over the last 5 years, it was assumed that 10% of the population would be married with males being three years older than females.

**3. Changes in Benefits**

There have been no benefit changes since the prior measurement date.

**4. Changes of Assumptions**

Discount rate changed from 2.16% to 3.54%.

The healthcare cost trend assumption was updated to 7.50% for 2022 decreasing by 0.25% per year until it reaches 4.50%.

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**COMBINING STATEMENTS**  
***Nonmajor Governmental Funds***

## ***SPECIAL REVENUE FUNDS***

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or donor restricted to expenditure for specified purposes.

Council on Aging Fund – This fund is used to account for the activity relating to the County's senior center.

Law Library Fund – This fund is used to account for the funds used for the purpose of providing a law library for use by the County courts.

Confiscated Assets Fund – This fund is used to account for the cash received either from a cash confiscation or cash received from the sale of capital assets acquired from a drug raid.

Drug Abuse Treatment & Education Fund – This fund is used to account 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 – This fund is used to account 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.

Victim Services & Forfeited Property Fund – This fund is used to account for the receipt of the additional court costs assessed for the purpose of assisting victims and to cover the related salary costs.

E-911 Fund – This fund is used to account for the fiscal activity related to the imposition, collection, and uses of the E-911 emergency telephone system fees.

Multiple Grant Fund – This fund is used to account for the fiscal activity related to various small grants awarded to the County.

Special Lighting District Fund – This fund is used to account for the fiscal activity relating to providing of street lighting services within the County.

Hotel/Motel Tax Fund – This fund is used to account for the hotel/motel taxes collected as required by general law that are legally restricted for promotion of trade and tourism in the County.

### ***CAPITAL PROJECTS FUNDS***

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specifically planned projects (other than those financed by proprietary funds).

SPLOST 2004 Fund – This fund is used to account for capital projects financed from SPLOST funds.

SPLOST 2015 Fund – This fund is used to account for capital projects financed from SPLOST funds.

Industrial Development Authority Parkway Blvd Fund – This fund is used to account for all of the funds received and expended related to the Authority's issuance of its Series 2012 and Series 2016 revenue bonds.

CDBG-Senior Center Fund – This fund is used to account for financial resources to be used for construction costs for the Senior Center financed by grant revenues.

**OCONEE COUNTY, GEORGIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2022**

|  | Special Revenue     |                   |                       |   |                    |  |
|--|---------------------|-------------------|-----------------------|---|--------------------|--|
|  | Council<br>on Aging | Law<br>Library    | Confiscated<br>Assets | Drug Abuse<br>Treatment &<br>Education Fund | Special<br>Revenue | Victims<br>Services &<br>Forfeited<br>Property |
| <b>ASSETS</b>  |                     |                   |                       |   |                    |  |
| Cash and cash equivalents  | \$ 596,584          | \$ 220,213        | \$ 29,785             | \$ 107,025                                  | \$ 274,461         | \$ 330,416                                     |
| Receivables (net)  |                     |                   |                       |   |                    |  |
| Intergovernmental  | 49,691              | 0                 | 0                     | 0   | 0                  | 272,606  |
| Taxes  | 0                   | 0                 | 0                     | 0   | 0                  | 0  |
| Due from other funds   | 0                   | 0                 | 0                     | 0   | 62,608             | 0  |
| Prepaid items  | 2,597               | 0                 | 0                     | 0   | 0                  | 0  |
| Restricted cash and cash equivalents   | 0                   | 0                 | 0                     | 0   | 0                  | 0  |
| <b>Total assets</b>  | <b>\$ 648,872</b>   | <b>\$ 220,213</b> | <b>\$ 29,785</b>      | <b>\$ 107,025</b>                           | <b>\$ 337,069</b>  | <b>\$ 603,022</b>                              |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>           |                     |                   |                       |   |                    |  |
| <b>Liabilities</b>   |                     |                   |                       |   |                    |  |
| Accounts payable   | \$ 13,124           | \$ 0              | \$ 0                  | \$ 0  | \$ 8,687           | \$ 53,750                                      |
| Accrued salaries and payroll liabilities                                       | 12,447              | 0                 | 0                     | 0   | 0                  | 0  |
| Due to other funds   | 138,206             | 1,972             | 0                     | 15,000                                      | 8,993              | 0  |
| <b>Total liabilities</b>   | <b>163,777</b>      | <b>1,972</b>      | <b>0</b>              | <b>15,000</b>                               | <b>17,680</b>      | <b>53,750</b>                                  |
| <b>Deferred inflows of resources</b>   |                     |                   |                       |   |                    |  |
| Unavailable property taxes   | 0                   | 0                 | 0                     | 0   | 0                  | 0  |
| Unavailable grant reimbursements   | 0                   | 0                 | 0                     | 0   | 0                  | 272,075  |
| <b>Total deferred inflows of resources</b>                                     | <b>0</b>            | <b>0</b>          | <b>0</b>              | <b>0</b>                                    | <b>0</b>           | <b>272,075</b>                                 |
| <b>Fund balances</b>   |                     |                   |                       |   |                    |  |
| Nonspendable prepaid items   | 2,597               | 0                 | 0                     | 0   | 0                  | 0  |
| Restricted for:  |                     |                   |                       |   |                    |  |
| Judicial   | 0                   | 218,241           | 0                     | 0   | 38,661             | 277,197  |
| Public Safety  | 0                   | 0                 | 29,785                | 92,025                                      | 225,298            | 0  |
| Public Works   | 0                   | 0                 | 0                     | 0   | 11,315             | 0  |
| Culture and Recreation   | 0                   | 0                 | 0                     | 0   | 44,115             | 0  |
| Housing and Development  | 0                   | 0                 | 0                     | 0   | 0                  | 0  |
| Capital outlay   | 0                   | 0                 | 0                     | 0   | 0                  | 0  |
| Assigned to Health and Welfare   | 482,498             | 0                 | 0                     | 0   | 0                  | 0  |
| Unassigned   | 0                   | 0                 | 0                     | 0   | 0                  | 0  |
| <b>Total fund balances</b>   | <b>485,095</b>      | <b>218,241</b>    | <b>29,785</b>         | <b>92,025</b>                               | <b>319,389</b>     | <b>277,197</b>                                 |
| <b>Total liabilities, deferred inflows<br/>of resources, and fund balances</b> | <b>\$ 648,872</b>   | <b>\$ 220,213</b> | <b>\$ 29,785</b>      | <b>\$ 107,025</b>                           | <b>\$ 337,069</b>  | <b>\$ 603,022</b>                              |



| Special Revenue   |                  |                           |                   | Capital Projects |                     |   |                    | Total                       |
|-------------------|------------------|---------------------------|-------------------|------------------|---------------------|---|--------------------|-----------------------------|
| E-911             | Multiple Grant   | Special Lighting District | Hotel/Motel Tax   | SPLOST 2004      | SPLOST 2015         | Industrial Development Authority Parkway Blvd | CDBG-Senior Center | Nonmajor Governmental Funds |
| \$ 0              | \$ 0             | \$ 34                     | \$ 0              | \$ 0             | \$ 4,546,933        | \$ 0  | \$ 1,900           | \$ 6,107,351                |
| 156,508           | 59,490           | 0                         | 0                 | 0                | 0                   | 0   | 28,872             | 567,167                     |
| 0                 | 0                | 1,305                     | 19,739            | 0                | 0                   | 0   | 0                  | 21,044                      |
| 0                 | 210              | 17,748                    | 373,319           | 0                | 0                   | 0   | 105,047            | 558,932                     |
| 6,155             | 0                | 0                         | 919               | 0                | 0                   | 0   | 0                  | 9,671                       |
| 0                 | 0                | 0                         | 0                 | 0                | 878                 | 78,301  | 0                  | 79,179                      |
| <u>\$ 162,663</u> | <u>\$ 59,700</u> | <u>\$ 19,087</u>          | <u>\$ 393,977</u> | <u>\$ 0</u>      | <u>\$ 4,547,811</u> | <u>\$ 78,301</u>                              | <u>\$ 135,819</u>  | <u>\$ 7,343,344</u>         |
| \$ 12,750         | \$ 0             | \$ 17,793                 | \$ 52,449         | \$ 0             | \$ 0                | \$ 0  | \$ 133,924         | \$ 292,477                  |
| 42,138            | 0                | 0                         | 5,685             | 0                | 0                   | 0   | 0                  | 60,270                      |
| <u>107,775</u>    | <u>59,700</u>    | <u>0</u>                  | <u>0</u>          | <u>0</u>         | <u>62,000</u>       | <u>0</u>                                      | <u>1,895</u>       | <u>395,541</u>              |
| <u>162,663</u>    | <u>59,700</u>    | <u>17,793</u>             | <u>58,134</u>     | <u>0</u>         | <u>62,000</u>       | <u>0</u>                                      | <u>135,819</u>     | <u>748,288</u>              |
| 0                 | 0                | 1,294                     | 0                 | 0                | 0                   | 0   | 0                  | 1,294                       |
| 0                 | 47,490           | 0                         | 0                 | 0                | 0                   | 0   | 28,872             | 348,437                     |
| 0                 | 47,490           | 1,294                     | 0                 | 0                | 0                   | 0   | 28,872             | 349,731                     |
| 6,155             | 0                | 0                         | 919               | 0                | 0                   | 0   | 0                  | 9,671                       |
| 0                 | 0                | 0                         | 0                 | 0                | 0                   | 0   | 0                  | 534,099                     |
| 0                 | 0                | 0                         | 0                 | 0                | 0                   | 0   | 0                  | 347,108                     |
| 0                 | 0                | 0                         | 0                 | 0                | 0                   | 0   | 0                  | 11,315                      |
| 0                 | 0                | 0                         | 0                 | 0                | 0                   | 0   | 0                  | 44,115                      |
| 0                 | 0                | 0                         | 87,231            | 0                | 0                   | 0   | 0                  | 87,231                      |
| 0                 | 0                | 0                         | 248,612           | 0                | 4,485,811           | 78,301  | 0                  | 4,812,724                   |
| 0                 | 0                | 0                         | 0                 | 0                | 0                   | 0   | 0                  | 482,498                     |
| <u>(6,155)</u>    | <u>(47,490)</u>  | <u>0</u>                  | <u>(919)</u>      | <u>0</u>         | <u>0</u>            | <u>0</u>                                      | <u>(28,872)</u>    | <u>(83,436)</u>             |
| 0                 | (47,490)         | 0                         | 335,843           | 0                | 4,485,811           | 78,301  | (28,872)           | 6,245,325                   |
| <u>\$ 162,663</u> | <u>\$ 59,700</u> | <u>\$ 19,087</u>          | <u>\$ 393,977</u> | <u>\$ 0</u>      | <u>\$ 4,547,811</u> | <u>\$ 78,301</u>                              | <u>\$ 135,819</u>  | <u>\$ 7,343,344</u>         |

**OCONEE COUNTY, GEORGIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the fiscal year ended June 30, 2022**

|  | Special Revenue     |                   |                       |   |                    | Victims<br>Services &<br>Forfeited<br>Property |
|--|---------------------|-------------------|-----------------------|---|--------------------|--|
|  | Council<br>on Aging | Law<br>Library    | Confiscated<br>Assets | Drug Abuse<br>Treatment &<br>Education Fund | Special<br>Revenue |  |
| <b>REVENUES</b>  |                     |                   |                       |   |                    |  |
| Taxes  | \$ 0                | \$ 0              | \$ 0                  | \$ 0  | \$ 0               | \$ 0   |
| Intergovernmental  | 233,318             | 0                 | 0                     | 0   | 13,460             | 521,717  |
| Charges for services   | 0                   | 0                 | 0                     | 0   | 68,998             | 0  |
| Fines, fees, and forfeitures   | 0                   | 20,483            | 28,337                | 9,497                                       | 0                  | 22,184   |
| Interest   | 95                  | 130               | 3                     | 0   | 121                | 0  |
| Contributions  | 28,929              | 0                 | 8,000                 | 0   | 180,156            | 0  |
| Other  | 0                   | 0                 | 0                     | 0   | 0                  | 0  |
| <b>Total revenues</b>  | <u>262,342</u>      | <u>20,613</u>     | <u>36,340</u>         | <u>9,497</u>                                | <u>262,735</u>     | <u>543,901</u>                                 |
| <b>EXPENDITURES</b>  |                     |                   |                       |   |                    |  |
| Current  |                     |                   |                       |   |                    |  |
| General Government   | 0                   | 0                 | 0                     | 0   | 16,662             | 0  |
| Judicial   | 0                   | 3,572             | 0                     | 0   | 0                  | 625,444  |
| Public Safety  | 0                   | 0                 | 29,412                | 0   | 158,718            | 0  |
| Public Works   | 0                   | 0                 | 0                     | 0   | 1,411              | 0  |
| Health and Welfare   | 569,592             | 0                 | 0                     | 0   | 0                  | 0  |
| Culture and Recreation   | 0                   | 0                 | 0                     | 0   | 3,553              | 0  |
| Housing and Development  | 0                   | 0                 | 0                     | 0   | 0                  | 0  |
| Capital outlay   | 0                   | 0                 | 0                     | 0   | 0                  | 0  |
| Debt service   | 0                   | 0                 | 0                     | 0   | 0                  | 0  |
| <b>Total expenditures</b>  | <u>569,592</u>      | <u>3,572</u>      | <u>29,412</u>         | <u>0</u>                                    | <u>180,344</u>     | <u>625,444</u>                                 |
| Excess (deficiency) of revenues<br>over (under) expenditures   | <u>(307,250)</u>    | <u>17,041</u>     | <u>6,928</u>          | <u>9,497</u>                                | <u>82,391</u>      | <u>(81,543)</u>                                |
| Other financing sources (uses)   |                     |                   |                       |   |                    |  |
| Transfers in   | 422,015             | 0                 | 0                     | 0   | 10,438             | 148,935  |
| Transfers out  | <u>(84,086)</u>     | <u>0</u>          | <u>0</u>              | <u>(15,000)</u>                             | <u>(14,237)</u>    | <u>0</u>                                       |
| Total other financing sources (uses)   | <u>337,929</u>      | <u>0</u>          | <u>0</u>              | <u>(15,000)</u>                             | <u>(3,799)</u>     | <u>148,935</u>                                 |
| Excess (deficiency) of revenues and<br>other financing sources over (under)<br>expenditures and other financing uses | <u>30,679</u>       | <u>17,041</u>     | <u>6,928</u>          | <u>(5,503)</u>                              | <u>78,592</u>      | <u>67,392</u>                                  |
| Fund balances, July 1  | <u>454,416</u>      | <u>201,200</u>    | <u>22,857</u>         | <u>97,528</u>                               | <u>240,797</u>     | <u>209,805</u>                                 |
| <b>Fund balances, June 30</b>  | <u>\$ 485,095</u>   | <u>\$ 218,241</u> | <u>\$ 29,785</u>      | <u>\$ 92,025</u>                            | <u>\$ 319,389</u>  | <u>\$ 277,197</u>                              |

| Special Revenue  |                    |                                 |                    | Capital Projects |                     |  |                           | Total<br>Nonmajor<br>Governmental<br>Funds |
|------------------|--------------------|---------------------------------|--------------------|------------------|---------------------|--|---------------------------|--|
| E-911            | Multiple<br>Grant  | Special<br>Lighting<br>District | Hotel/Motel<br>Tax | SPLOST<br>2004   | SPLOST<br>2015      | Industrial<br>Development<br>Authority<br>Parkway Blvd | CDBG-<br>Senior<br>Center |  |
| \$ 0             | \$ 0               | \$ 222,898                      | \$ 223,807         | \$ 0             | \$ 2,359,654        | \$ 0   | \$ 0                      | \$ 2,806,359                               |
| 0                | 219,195            | 0                               | 0                  | 0                | 0                   | 0  | 675,285                   | 1,662,975                                  |
| 922,069          | 0                  | 0                               | 0                  | 0                | 0                   | 0  | 0                         | 991,067                                    |
| 0                | 0                  | 0                               | 0                  | 0                | 0                   | 0  | 0                         | 80,501                                     |
| 0                | 0                  | 0                               | 0                  | 92               | 4,025               | 0  | 0                         | 4,466                                      |
| 0                | 0                  | 0                               | 0                  | 0                | 0                   | 0  | 0                         | 217,085                                    |
| 0                | 0                  | 0                               | 0                  | 0                | 8,980               | 0  | 0                         | 8,980                                      |
| <u>922,069</u>   | <u>219,195</u>     | <u>222,898</u>                  | <u>223,807</u>     | <u>92</u>        | <u>2,372,659</u>    | <u>0</u>   | <u>675,285</u>            | <u>5,771,433</u>                           |
| 0                | 0                  | 0                               | 0                  | 0                | 0                   | 0  | 0                         | 16,662                                     |
| 0                | 0                  | 0                               | 0                  | 0                | 0                   | 0  | 0                         | 629,016                                    |
| 1,810,424        | 251,526            | 0                               | 0                  | 0                | 0                   | 0  | 0                         | 2,250,080                                  |
| 0                | 0                  | 222,898                         | 0                  | 0                | 0                   | 0  | 0                         | 224,309                                    |
| 0                | 50,000             | 0                               | 0                  | 0                | 0                   | 0  | 0                         | 619,592                                    |
| 0                | 0                  | 0                               | 0                  | 0                | 0                   | 0  | 0                         | 3,553                                      |
| 0                | 0                  | 0                               | 294,113            | 0                | 0                   | 0  | 0                         | 294,113                                    |
| 0                | 0                  | 0                               | 0                  | 116,070          | 4,349,669           | 0  | 812,554                   | 5,278,293                                  |
| <u>108,808</u>   | <u>0</u>           | <u>0</u>                        | <u>0</u>           | <u>0</u>         | <u>0</u>            | <u>0</u>   | <u>0</u>                  | <u>108,808</u>                             |
| <u>1,919,232</u> | <u>301,526</u>     | <u>222,898</u>                  | <u>294,113</u>     | <u>116,070</u>   | <u>4,349,669</u>    | <u>0</u>   | <u>812,554</u>            | <u>9,424,426</u>                           |
| <u>(997,163)</u> | <u>(82,331)</u>    | <u>0</u>                        | <u>(70,306)</u>    | <u>(115,978)</u> | <u>(1,977,010)</u>  | <u>0</u>   | <u>(137,269)</u>          | <u>(3,652,993)</u>                         |
| 1,013,043        | 34,841             | 0                               | 52,085             | 0                | 0                   | 0  | 108,392                   | 1,789,749                                  |
| <u>(15,880)</u>  | <u>0</u>           | <u>0</u>                        | <u>0</u>           | <u>0</u>         | <u>(675,085)</u>    | <u>0</u>   | <u>0</u>                  | <u>(804,288)</u>                           |
| <u>997,163</u>   | <u>34,841</u>      | <u>0</u>                        | <u>52,085</u>      | <u>0</u>         | <u>(675,085)</u>    | <u>0</u>   | <u>108,392</u>            | <u>985,461</u>                             |
| 0                | (47,490)           | 0                               | (18,221)           | (115,978)        | (2,652,095)         | 0  | (28,877)                  | (2,667,532)                                |
| <u>0</u>         | <u>0</u>           | <u>0</u>                        | <u>354,064</u>     | <u>115,978</u>   | <u>7,137,906</u>    | <u>78,301</u>  | <u>5</u>                  | <u>8,912,857</u>                           |
| <u>\$ 0</u>      | <u>\$ (47,490)</u> | <u>\$ 0</u>                     | <u>\$ 335,843</u>  | <u>\$ 0</u>      | <u>\$ 4,485,811</u> | <u>\$ 78,301</u>                                       | <u>\$ (28,872)</u>        | <u>\$ 6,245,325</u>                        |

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### ***CUSTODIAL FUNDS***

These funds are used to account for assets held by the County as a custodian to be expended in accordance with the conditions of its custodial capacity.

Tax Commissioner - This fund accounts for assets and related liabilities for the collection of taxes and tag and title fees.

Sheriff - This fund accounts for deposits held for incarcerated inmates.

Superior Court, Probate Court, Magistrate Court, and Juvenile Court - These funds account for assets and related liabilities for the collection of court related fees.

**OCONEE COUNTY, GEORGIA  
CUSTODIAL FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2022**

|  | <b>Tax<br/>Commissioner</b> | <b>Sheriff</b> |
|--|-----------------------------|----------------|
| <b>ASSETS</b>  |                             |                |
| Cash and cash equivalents  | \$ 13,243                   | \$ 24,778      |
| Taxes receivable   | 508,849                     | 0              |
| Total assets   | 522,092                     | 24,778         |
| <b>LIABILITIES</b>   |                             |                |
| Due to others  | 522,092                     | 0              |
| <b>NET POSITION</b>  |                             |                |
| Restricted for individuals, organizations, and other governments | \$ 0                        | \$ 24,778      |

| <b>Superior Court</b> | <b>Probate Court</b> | <b>Magistrate Court</b> | <b>Juvenile Court</b> | <b>Total Custodial Funds</b> |
|-----------------------|----------------------|-------------------------|-----------------------|------------------------------|
| \$ 503,398<br>0       | \$ 125,782<br>0      | \$ 115,850<br>0         | \$ 408<br>0           | \$ 783,459<br>508,849        |
| 503,398               | 125,782              | 115,850                 | 408                   | 1,292,308                    |
| 13,224                | 379                  | 4,710                   | 408                   | 540,813                      |
| <u>\$ 490,174</u>     | <u>\$ 125,403</u>    | <u>\$ 111,140</u>       | <u>\$ 0</u>           | <u>\$ 751,495</u>            |

**OCONEE COUNTY, GEORGIA  
CUSTODIAL FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For the fiscal year ended June 30, 2022**

|  | <b>Tax<br/>Commissioner</b> | <b>Sheriff</b>   |
|--|-----------------------------|------------------|
| <b>ADDITIONS</b>                         |                             |                  |
| Taxes collected for other agencies       | \$ 49,301,932               | \$ 0             |
| Court fees collected for other agencies  | 0                           | 0                |
| Court individual cases                   | 0                           | 0                |
| Sheriff fees collected                   | 0                           | 1,833            |
| Sheriff inmate account deposits          | 0                           | 111,770          |
|  | <b>49,301,932</b>           | <b>113,603</b>   |
| <b>Total additions</b>                   |                             |                  |
| <b>DEDUCTIONS</b>                        |                             |                  |
| Taxes distributed to other agencies      | 49,301,932                  | 0                |
| Court fees distributed to other agencies | 0                           | 0                |
| Payments to others                       | 0                           | 389              |
| Payments from inmates to others          | 0                           | 109,236          |
|  | <b>49,301,932</b>           | <b>109,625</b>   |
| <b>Total deductions</b>                  |                             |                  |
| Change in net position                   | 0                           | 3,978            |
| Net position, July 1                     | 0                           | 20,800           |
| <b>Net position, June 30</b>             | <b>\$ 0</b>                 | <b>\$ 24,778</b> |



| <b>Superior<br/>Court</b> | <b>Probate<br/>Court</b> | <b>Magistrate<br/>Court</b> | <b>Juvenile<br/>Court</b> | <b>Total<br/>Custodial<br/>Funds</b> |
|---------------------------|--------------------------|-----------------------------|---------------------------|--------------------------------------|
| \$ 0                      | \$ 0                     | \$ 0                        | \$ 0                      | \$ 49,301,932                        |
| 3,308,173                 | 207,545                  | 98,384                      | 5,796                     | 3,619,898                            |
| 570,969                   | 188,961                  | 54,649                      | 0                         | 814,579                              |
| 0                         | 0                        | 0                           | 0                         | 1,833                                |
| 0                         | 0                        | 0                           | 0                         | 111,770                              |
| <u>3,879,142</u>          | <u>396,506</u>           | <u>153,033</u>              | <u>5,796</u>              | <u>53,850,012</u>                    |
| 0                         | 0                        | 0                           | 0                         | 49,301,932                           |
| 3,308,173                 | 207,545                  | 98,384                      | 5,796                     | 3,619,898                            |
| 496,925                   | 118,213                  | 42,860                      | 0                         | 658,387                              |
| 0                         | 0                        | 0                           | 0                         | 109,236                              |
| <u>3,805,098</u>          | <u>325,758</u>           | <u>141,244</u>              | <u>5,796</u>              | <u>53,689,453</u>                    |
| 74,044                    | 70,748                   | 11,789                      | 0                         | 160,559                              |
| 416,130                   | 54,655                   | 99,351                      | 0                         | 590,936                              |
| <u>\$ 490,174</u>         | <u>\$ 125,403</u>        | <u>\$ 111,140</u>           | <u>\$ 0</u>               | <u>\$ 751,495</u>                    |

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***SINGLE AUDIT SECTION***

This section contains reports required by the Uniform Guidance and grantor agencies

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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***

Honorable Chairman and  
Members of the Board of Commissioners  
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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Oconee County, Georgia, as of and for the year ended June 30, 2022, 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 November 25, 2022. Our report includes a reference to other auditors who audited the financial statements of the Oconee County Board of Health and the Oconee County Tourism & Visitors Bureau as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oconee County, Georgia's internal control. Accordingly, we do not express an opinion on the effectiveness of Oconee County, Georgia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompany schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

**Report on 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 grants agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Oconee County, Georgia's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Oconee County, Georgia's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Oconee County, Georgia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

This report is intended 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 Oconee County, Georgia'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.

*Rushton, LLC*

Gainesville, Georgia  
November 25, 2022

**Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

Honorable Chairman and  
Members of the Board of Commissioners  
Oconee County, Georgia

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

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

We have audited Oconee County, Georgia’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Oconee County, Georgia’s major federal programs for the year ended June 30, 2022. Oconee County, Georgia’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Oconee County, Georgia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Oconee County, Georgia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Oconee County, Georgia’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Oconee County, Georgia’s federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Oconee County, Georgia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Oconee County, Georgia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Oconee County, Georgia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Oconee County, Georgia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Oconee County, Georgia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



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

*Rushon, LLC*

Gainesville, Georgia  
November 25, 2022

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the fiscal year ended June 30, 2022**

| <u>Federal Grant/Pass-Through<br/>Grantor/Program Title</u>   | <u>Federal<br/>Assistance<br/>Listing<br/>Number</u> | <u>Pass-<br/>Through<br/>Number</u>              | <u>Expenditures</u>                    |
|---|--|--|--|
| <b>Department of Justice</b>  |  |  |  |
| Passed through the Georgia<br>Office of the State Treasurer:<br>Schools and Roads - Grants to States  | 10.665   | 486Forest  | \$ 28                                  |
| <b>Department of Housing<br/>and Urban Development</b>  |  |  |  |
| Passed through the Georgia<br>Department of Community Affairs:<br>Community Development Block Grants /<br>State's Program and Non-Entitlement<br>Grants in Hawaii | 14.228   | 20p-y-108-1-6151                                 | 704,158                                |
| <b>Department of Justice</b>  |  |  |  |
| Passed through the Criminal<br>Justice Coordinating Council:<br>Crime Victim Assistance   | 16.575   | B50-8-128<br>C19-8-102<br>C19-8-103<br>C21-8-001 | 36,724<br>22,764<br>131,789<br>221,862 |
|   |  |  | <u>413,139</u>                         |
| Violence Against Women Formula Grants   | 16.588   | W20-8-034<br>W20-8-035<br>W20-8-062<br>W21-8-049 | 58,875<br>7,796<br>140,000<br>33,554   |
|   |  |  | <u>240,225</u>                         |
| Paul Coverdell Forensic Sciences<br>Improvement Grant Program   | 16.742   | N/A  | 2,807                                  |
| Total Department of Justice   |  |  | <u>656,171</u>                         |
| <b>Department of the Treasury</b>   |  |  |  |
| COVID-19 Coronavirus State and<br>Local Fiscal Recovery Funds   | 21.027   | N/A  | 3,010,952                              |
| Passed through the Georgia Governor's<br>Office of Planning and Budget:<br>COVID-19 Coronavirus State and<br>Local Fiscal Recovery Funds                          | 21.027   | 14643  | 123,179                                |
| Total Department of the Treasury  |  |  | <u>3,134,131</u>                       |

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the fiscal year ended June 30, 2022**

| <u>Federal Grant/Pass-Through<br/>Grantor/Program Title</u>   | <u>Federal<br/>Assistance<br/>Listing<br/>Number</u> | <u>Pass-<br/>Through<br/>Number</u> | <u>Expenditures</u>        |
|---|--|-------------------------------------|----------------------------|
| <b>Department of Health<br/>and Human Services</b>  |  |                                     |                            |
| <u>Aging Cluster</u>  |  |                                     |                            |
| Passed through Northeast Georgia<br>Regional Commission:  |  |                                     |                            |
| Special Programs for the Aging, Title III,<br>Part B, Grants for Supportive Services<br>and Senior Centers          | 93.044   | FY 2022                             | \$ 5,371                   |
| COVID-19 Special Programs for the Aging,<br>Title III, Part B, Grants for Supportive<br>Services and Senior Centers | 93.044   | FY 2022                             | 3,107                      |
| Special Programs for the Aging, Title III,<br>Part C, Nutrition Services  | 93.045   | FY 2022                             | 68,691                     |
| COVID-19 Special Programs for the Aging,<br>Title III, Part C, Nutrition Services                                   | 93.045   | FY 2022                             | 16,547                     |
| COVID-19 Nutrition Services<br>Incentive Program  | 93.053   | FY 2022                             | <u>37,516</u>              |
| Total Aging Cluster of Programs   |  |                                     | 131,232                    |
| Passed through Northeast Georgia<br>Regional Commission:  |  |                                     |                            |
| Social Services Block Grant   | 93.667   | FY 2022                             | <u>2,010</u>               |
| Total Department of Health and Human Services   |  |                                     | <u>133,242</u>             |
| <b>Department of Homeland Security</b>  |  |                                     |                            |
| Passed through the Georgia<br>Emergency Management Agency:  |  |                                     |                            |
| Hazard Mitigation Grant   | 97.039   | HMGP-4338-0035                      | 157,060                    |
| Emergency Management Performance Grants   | 97.042   | OEM21                               | 20,065                     |
| BRIC: Building Resilient Infrastructure<br>and Communities  | 97.047   | PDMC-PL-04-GA-2016-005              | <u>1,855</u>               |
| Total Department of Homeland Security   |  |                                     | <u>178,980</u>             |
| <b>Total Federal Awards</b>   |  |                                     | <u><u>\$ 4,806,710</u></u> |

See accompanying notes to the schedule of expenditures of federal awards and the schedule of findings and questioned costs.

**OCONEE COUNTY, GEORGIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the fiscal year ended June 30, 2022**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Oconee County, Georgia, under programs for the federal government for the fiscal year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. De Minimis Indirect Cost Rate**

Oconee County, Georgia has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

**4. Payments to Subrecipients**

For the current fiscal year, Oconee County, Georgia did not pass federal funds through to subrecipients.

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the fiscal year ended June 30, 2022*

**1. Summary of the Auditor's Results**

**A. Financial Statements**

|  |               |
|--|---------------|
| Type of auditor's report issued:   | Unmodified    |
| Internal control over financial reporting:                                 |               |
| Material weaknesses identified?  | None reported |
| Significant deficiencies identified<br>not considered material weaknesses? | Yes           |
| Noncompliance material to<br>financial statements noted?                   | None reported |

**B. Federal Awards**

|  |               |
|--|---------------|
| Internal control over major programs:  |               |
| Material weaknesses identified?  | None reported |
| Significant deficiencies identified<br>not considered material weaknesses?                                   | None reported |
| Type of auditor's report issued on<br>compliance for major programs:   | Unmodified    |
| Any audit findings disclosed that are<br>required to be reported in accordance<br>with the Uniform Guidance? | None reported |
| Identification of major programs:  |               |
| 21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds  |               |
| Dollar threshold used to distinguish<br>Between Type A and Type B programs:                                  | \$750,000     |
| Auditee qualified as low-risk auditee?   | No            |

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the fiscal year ended June 30, 2022**

**2. Financial Statement Findings and Responses**

**A. Current Year Audit Findings**

**2022-001**

*Condition:* While performing procedures at the Clerk of Court's office, we noted appropriate segregation of duties does not exist. The Clerk prepares and signs all checks, records all transactions, and reconciles all bank statements.

*Criteria:* Segregation of employees' duties is a common practice in an effective internal control structure. Segregation of duties is when specific employee functions related to important accounting areas (such as cash receipting and cash disbursements) are separated among different individuals to significantly reduce the risk that any one individual could intentionally or unintentionally misappropriate assets.

*Effect:* Failure to maintain adequate segregation of duties exposes the assets of the County to greater risk of misappropriation.

*Cause:* Segregation of duties could be improved in the Clerk of Court's office.

*Recommendation:* Segregation of duties should be implemented to the extent practical and accounting records should be reviewed by responsible officials on a regular basis.

*Management Response:* Management has provided a copy of this finding to the appropriate Elected Officials. Action was taken immediately upon receipt of this comment from our auditors to develop, document, and implement internal controls.

**B. Prior Year Audit Findings Follow-Ups**

**2021-001**

*Condition:* While performing procedures at the Clerk of Court's office, we noted appropriate segregation of duties does not exist. The Clerk prepares and signs all checks, records all transactions, reconciles all bank statements, and performs any required voided transactions.

Not Corrected

**3. Federal Award Findings and Questioned Costs**

The audit of our basic financial statements and schedule of expenditures of federal awards disclosed no audit findings or questioned costs which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

***STATE REPORTING SECTION***

This section contains additional reports required by the State of Georgia.

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH SPECIAL**  
**PURPOSE LOCAL OPTION SALES TAX**  
**For the fiscal year ended June 30, 2022**

| Project  | Estimated Cost *     |                      | Expenditures         |                     |                      |
|--|----------------------|----------------------|----------------------|---------------------|----------------------|
|  | Original             | Current              | Prior Years          | Current Year        | Total                |
| <b>2004 Referendum</b>   |                      |                      |                      |                     |                      |
| Water & Sewer Improvements   | \$ 6,000,000         | \$ 6,970,000         | \$ 6,970,000         | \$ 0                | \$ 6,970,000         |
| Recreational & Cultural Facilities   | 5,000,000            | 5,031,350            | 5,031,350            | 0                   | 5,031,350            |
| Roads  | 6,000,000            | 6,276,264            | 6,276,264            | 0                   | 6,276,264            |
| Jail Expansion   | 1,300,000            | 1,389,670            | 1,389,670            | 0                   | 1,389,670            |
| Emergency Operations Center  | 600,000              | 681,721              | 681,721              | 0                   | 681,721              |
| Fire Station Project   | 1,500,000            | 1,500,000            | 1,500,000            | 0                   | 1,500,000            |
| County Facilities Expansion and Renovation                                       | 4,600,000            | 4,853,999            | 4,737,929            | 116,070             | 4,853,999            |
| <b>Total</b>   | <b>\$ 25,000,000</b> | <b>\$ 26,703,004</b> | <b>\$ 26,586,934</b> | <b>\$ 116,070</b>   | <b>\$ 26,703,004</b> |
| <b>2015 Referendum</b>   |                      |                      |                      |                     |                      |
| Recreation Facilities - General Obligation Debt Retirement                       | \$ 5,592,000         | \$ 4,344,157         | \$ 3,747,863         | \$ 596,294          | \$ 4,344,157         |
| Water & Sewer Facilities   | 12,100,000           | 9,465,265            | 5,874,188            | 665,085             | 6,539,273            |
| Roads, Streets & Bridges   | 12,000,000           | 11,204,999           | 9,600,000            | 999,169             | 10,599,169           |
| Farmland Protection  | 500,000              | 415,574              | 415,574              | 0                   | 415,574              |
| Fire Station and Rescue Facilities and Equipment                                 | 3,019,500            | 2,517,444            | 2,004,544            | 512,900             | 2,517,444            |
| Civic Center Facilities  | 1,500,000            | 1,081,956            | 1,071,956            | 10,000              | 1,081,956            |
| Historic and Scenic Facilities   | 250,000              | 202,500              | 0                    | 0                   | 0                    |
| Library Facilities   | 2,000,000            | 1,565,178            | 265,178              | 1,300,000           | 1,565,178            |
| General County Facilities  | 2,000,000            | 1,918,532            | 1,559,646            | 325,740             | 1,885,386            |
| Animal Control Facilities  | 750,000              | 620,325              | 620,325              | 0                   | 620,325              |
| Economic Development Facilities  | 850,000              | 688,500              | 0                    | 0                   | 0                    |
| Recreational and Park Facilities   | 3,158,000            | 2,752,455            | 2,752,455            | 0                   | 2,752,455            |
| Law Enforcement Facilities and Equipment   | 3,100,000            | 2,670,742            | 2,394,744            | 275,998             | 2,670,742            |
| Technology Facilities  | 475,000              | 285,997              | 285,997              | 0                   | 285,997              |
| City of Watkinsville   | 4,746,500            | 3,987,687            | 3,784,049            | 203,638             | 3,987,687            |
| Town of Bogart   | 1,496,000            | 1,256,838            | 1,192,654            | 64,184              | 1,256,838            |
| Town of North High Shoals  | 1,089,000            | 914,904              | 868,184              | 46,720              | 914,904              |
| Town of Bishop   | 374,000              | 314,211              | 298,165              | 16,046              | 314,211              |
| <b>Total</b>   | <b>\$ 55,000,000</b> | <b>\$ 46,207,264</b> | <b>\$ 36,735,522</b> | <b>\$ 5,015,774</b> | <b>\$ 41,751,296</b> |
| General County Facilities Expenditures Financed by Other Revenues                |                      |                      |                      | 8,980               |                      |
| <b>Total Expenditures and Transfers Out in SPLOST 2015 Capital Projects Fund</b> |                      |                      |                      | <b>\$ 5,024,754</b> |                      |



**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF PROJECTS FINANCED WITH SPECIAL**  
**PURPOSE LOCAL OPTION SALES TAX**  
**For the fiscal year ended June 30, 2022**

| Project                               | Estimated Cost *     |                      | Expenditures |                     |                     |
|---------------------------------------|----------------------|----------------------|--------------|---------------------|---------------------|
|                                       | Original             | Current              | Prior Years  | Current Year        | Total               |
| <b>2021 Referendum</b>                |                      |                      |              |                     |                     |
| County Projects:                      |                      |                      |              |                     |                     |
| Recreational facilities               | \$ 5,495,000         | \$ 5,495,000         | \$ 0         | \$ 0                | \$ 0                |
| Water and Sewer Facilities            | 7,500,000            | 7,500,000            | 0            | 0                   | 0                   |
| Roads, Streets & Bridges              | 14,375,000           | 14,375,000           | 0            | 0                   | 0                   |
| Farmland Protection                   | 750,000              | 750,000              | 0            | 0                   | 0                   |
| Fire Station and Rescue               |                      |                      |              |                     |                     |
| Facilities and Equipment              | 3,906,250            | 3,906,250            | 0            | 0                   | 0                   |
| Historic and Scenic Facilities        | 125,000              | 125,000              | 0            | 0                   | 0                   |
| Library and Administrative Facilities | 6,875,000            | 6,881,357            | 0            | 190,742             | 190,742             |
| General County Facilities             | 3,875,000            | 3,875,000            | 0            | 21,840              | 21,840              |
| Broadband Facilities                  | 6,109,780            | 6,109,780            | 0            | 0                   | 0                   |
| Recreational and Park Facilities      | 3,375,000            | 3,375,000            | 0            | 0                   | 0                   |
| Courthouse Facilities                 | 625,000              | 625,000              | 0            | 0                   | 0                   |
| Law Enforcement Vehicles              | 2,580,000            | 2,580,000            | 0            | 0                   | 0                   |
| City of Watkinsville                  | 5,579,144            | 5,579,144            | 0            | 651,007             | 651,007             |
| Town of Bogart                        | 1,758,433            | 1,758,433            | 0            | 205,184             | 205,184             |
| Town of North High Shoals             | 1,280,035            | 1,280,035            | 0            | 149,362             | 149,362             |
| Town of Bishop                        | 439,608              | 439,608              | 0            | 51,296              | 51,296              |
| <b>Total</b>                          | <b>\$ 64,648,250</b> | <b>\$ 64,654,607</b> | <b>\$ 0</b>  | <b>\$ 1,269,431</b> | <b>\$ 1,269,431</b> |

\* Estimated cost represents the portion of these projects to be financed with Special Purpose Local Option Sales Tax. Actual costs that are in excess of these amounts have been financed through alternative funds.

**OCONEE COUNTY, GEORGIA**  
**SCHEDULE OF STATE CONTRACTUAL ASSISTANCE**  
*For the fiscal year ended June 30, 2022*

| <u>State Program Name</u> | <u>Grant Period</u>  | <u>Contract Number</u> | <u>State Expenditures</u> | <u>Amount Received</u> | <u>Amount Due from State</u> |
|---------------------------|----------------------|------------------------|---------------------------|------------------------|------------------------------|
| Family Connection         | 07/01/21 to 06/30/22 | 93-202200095           | \$ 48,000                 | \$ 36,000              | \$ 12,000                    |

**OCONEE COUNTY, GEORGIA**  
**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**  
**PROJECT COST SCHEDULE**  
**RECIPIENT NAME: OCONEE COUNTY, GEORGIA**  
**GRANT AWARD NUMBER: 20p-y-108-1-6151**  
**For the fiscal year ended June 30, 2022**

| <b>Program Activity</b>       | <b>CDBG Activity Number</b> | <b>Latest Approved Budget</b> | <b>Accumulated CDBG Expenditures to Date</b> | <b>Accumulated Expenditures to Date (Other Funds)</b> | <b>Grand Total of Expenditures to Date</b> | <b>Questioned Costs (if applicable)</b> |
|-------------------------------|-----------------------------|-------------------------------|--|---|--|---|
| Senior Centers                | P-03A-00                    | 693,875                       | 693,875                                      | 99,091  | 792,966                                    | 0                                       |
| Architecture - Senior Centers | S-03A-00                    | 41,125                        | 41,125                                       | 0   | 41,125                                     | 0                                       |
| Administration                | A-21A-00                    | 15,000                        | 0  | 9,306   | 9,306                                      | 0                                       |
|                               |                             | 750,000                       | 735,000                                      | 108,397   | 843,397                                    | 0                                       |

**OCONEE COUNTY, GEORGIA  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM  
SOURCE AND APPLICATION OF FUNDS SCHEDULE  
RECIPIENT NAME: OCONEE COUNTY, GEORGIA  
GRANT AWARD NUMBER: 20p-y-108-1-6151  
For the fiscal year ended June 30, 2022  
(Cumulative)**

|  |    |           |
|--|----|-----------|
| I. Total Fiscal Year 2022 CDBG Funds Awarded to Recipient:   | \$ | 750,000   |
| II. Total Amount Drawn Down by Recipient from DCA:           | \$ | 735,000   |
| III. Less CDBG Funds Expended by Recipient:                  |    | (735,000) |
| IV. Amount of Fiscal Year 2022 CDBG Funds Held by Recipient: | \$ | 0         |

## **APPENDIX B**

SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS

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

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

### **DEFINITIONS**

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

“2023 Construction Fund Account” shall mean the account in the Construction Fund created in the Fourth Supplemental Indenture.

“2023 Sinking Fund Account” shall mean the account in the Sinking Fund created in the Fourth Supplemental Indenture.

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

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

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

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

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

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

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

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

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

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

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

“County” means Oconee County, Georgia.

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

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

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

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

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

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

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

“Fourth Supplemental Indenture” means the Fourth Supplemental Trust Indenture dated as of August 1, 2023, between the Authority and the Trustee.

“Fourth Supplement to Contract” means the Fourth Supplement to Intergovernmental Contract-Reservoir Project, dated as of August 1, 2023, between the Authority and the County.

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

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

“Hedge Agreement” means an interest rate swap, cap, collar, floor, forward, option, put, call or other agreement, arrangement or security, however denominated, entered into in order to hedge interest rate fluctuations



on all or a portion of any Indebtedness or to change the payments to be made with respect to any Indebtedness from fixed to variable or from variable to fixed.

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

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

“Indenture” means the Original Indenture, First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture.

“Interest Payment Date” shall mean, as to the Series 2023 Bonds, each February 1 and August 1, commencing February 1, 2024.

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

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

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

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

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

“Original Indenture” means the Trust Indenture, dated as of April 1, 2008, between the Authority and the Trustee.

“Outstanding” (a) when used with reference to Bonds, shall mean, as of any date of determination, all Bonds theretofore issued or incurred and not paid and discharged other than (i) Bonds theretofore cancelled by the

Trustee or delivered to the Trustee for cancellation, (ii) Bonds deemed paid and no longer Outstanding as provided in the Original Indenture or for which an Escrow Deposit has been established, (iii) Bonds in lieu of which other Bonds have been authenticated and delivered or have been paid pursuant to the provisions of the Supplemental Indenture regarding mutilated, destroyed, lost or stolen Bonds unless proof satisfactory to the Trustee has been received that any such Note is held by a bona fide purchaser for value without notice, and (iv) any Note held by the Authority; or, (b) when referring to Obligations or other evidences of Indebtedness other than Bonds, shall mean, as of any date of determination, all Obligations or other evidences of Indebtedness theretofore issued or incurred other than (i) Obligations or other evidences of Indebtedness which have been paid, (ii) Obligations or other evidences of Indebtedness for which an opinion of Counsel stating that such Obligations or other evidences of Indebtedness have been discharged has been provided to the Trustee, (iii) Obligations or other evidences of Indebtedness for which new Obligations or other evidences of Indebtedness have been substituted in a manner analogous to clause (a) (iii) above and (iv) any Obligations or other evidences of Indebtedness held by the Authority, provided that Obligations or evidences of Indebtedness held by the Authority may be deemed by the Authority to be continuously Outstanding if such Obligations or evidences of Indebtedness were acquired with an intent that they only be held temporarily in connection with an effort to remarket them to anyone other than the Authority. For purposes of determining consents, directions to the Trustee, approval of amendments or supplements and other similar purposes, Bonds or other similar Obligations incurred hereunder relating to Subordinated Indebtedness, Commitment Indebtedness, Interest Rate Swap Obligations or Hedge Agreements shall not be considered to be Outstanding.

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

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

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

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

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

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

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

(f) certificates of deposit of national or state banks located within the State of Georgia which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State of Georgia which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any of the proceeds of the Certificates. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State of Georgia, of one or more of the

following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State of Georgia or of any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations referred to in paragraph (c) above, obligations of the agencies of the United States government referred to in paragraph (d) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities referred to in paragraph (e) above;

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

(i) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referred to in paragraph (c) above and repurchase agreements fully collateralized by any such obligations;

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

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

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

(h) forward purchase and repurchase agreements with respect to (c) and (d) above; and

(i) any other investments authorized by or under the laws of the State of Georgia from time to time for the type of moneys to be invested.

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

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

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

“Rating Agency” means severally or collectively, if applicable (i) S&P Global Ratings, a Standard & Poor’s Financial Services LLC (“S&P”) and any successor thereto, if it has assigned a rating to any Obligation issued and Outstanding hereunder, (ii) Moody’s Investors Service, Inc. (“Moody’s”) and any successor thereto, if it has assigned a rating to any Obligation issued and Outstanding hereunder, and (iii) Fitch’s Investors Service (“Fitch”) and any successor thereto, if it has assigned a rating to any Obligation issued and outstanding hereunder. If any such Rating Agency shall no longer perform the functions of a securities rating service for whatever reason, the term “Rating Agency” shall thereafter be deemed to refer to the others, but if both of the others shall no longer perform the functions of a securities rating service for whatever reason, the term “Rating Agency” shall thereafter be deemed to refer to any other nationally recognized rating service or services as shall be designated in writing by the Authority to the Trustee; provided that such designee shall not be unsatisfactory to the Trustee.

“Revenue Bond Law” means the Revenue Bond Law of the State of Georgia (O.C.G.A. Section 36-82-60 et seq.), as amended.

“Second Supplemental Indenture” means the Second Supplemental Trust Indenture dated as of July 1, 2015, between the Authority and the Trustee.

“Second Supplement to Contract” means the Second Supplement to Intergovernmental Contract-Reservoir Project, dated as of July 1, 2015, between the Authority and the County.

“Series 2023 Bonds” means the Authority’s Revenue Bonds (Oconee - Hard Labor Creek Reservoir Project), Series 2023.

“Sinking Fund” means the Walton County Water and Sewerage Sinking Fund created in the Original Indenture.

“Sinking Fund Custodian” means the commercial bank appointed by the Authority to maintain the Sinking Fund.

“Sinking Fund Investments” means (a) Government Obligations and forward purchase agreements and repurchase agreements with respect thereto, (b) demand deposits or certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured and (c) the local government investment pool created by O.C.G.A. Section 36-83-8.

“Sinking Fund Year” means the period commencing on the 2<sup>nd</sup> day of February in each year and extending through the 1<sup>st</sup> day of February in the next year.

“Supplemental Indenture” means an indenture supplemental to, and authorized and executed pursuant to, the terms of the Original Indenture.

“System” means the Authority’s water and sewerage system, as now existent and as hereafter added to, extended, improved and equipped and any and all other systems, equipment or facilities operated in connection therewith.

“Tax” means an ad valorem tax on all property in the County subject to such tax, as may be necessary for the County to levy to provide funds in an amount sufficient to fulfill its payment obligations under the Contract.

“Third Supplemental Indenture” means the Third Supplemental Trust Indenture dated as of October 1, 2016, between the Authority and the Trustee.

“Third Supplement to Contract” means the Third Supplement to Intergovernmental Contract-Reservoir Project, dated as of October 1, 2016, between the Authority and the County.

“Trust Estate” or “trust estate” has the meaning set forth in the granting and habendum clauses of the Original Indenture.

“Trustee” means Regions Bank, an Alabama banking corporation, and any successors or assigns thereof.

“Value,” when used in connection with any property, means either (a) Book Value, or (b) at the election of the Authority evidenced by an Officer’s Certificate delivered to the Trustee, the aggregate fair market value of such property, as reflected in the most recent written report of an appraiser selected by the Authority and, in the case of real property, who or which is a member of the American Institute of Real Estate Appraisers (MAI), delivered to the Trustee (which report shall be dated not more than three years prior to the date as of which value is to be calculated)

increased the cost of any property acquired, or decreased by the fair market value of any property disposed of, since the date of such report.

## **THE ORIGINAL INDENTURE**

### **Establishment of Construction Fund**

Under the Original Indenture there is created and established with the Trustee a trust fund designated as the "Walton County Water and Sewerage Authority-Reservoir Construction Fund (Oconee)." The Trustee is authorized to deposit into the Construction Fund all moneys or investments received by the Trustee accompanied by instructions from the Authority to deposit the same into the Construction Fund. All moneys deposited into the Construction Fund shall be held in trust by the Trustee separate from other deposits of the Authority. The Authority may, from time to time, designate additional accounts within the Construction Fund.

As to any issue of Bonds or other Indebtedness providing Construction Fund moneys, the Authority shall establish a separate special account for the Construction Fund as shall be designated by the Authority in a Supplemental Indenture. Subject to subparagraph (a) below, the moneys credited to any such account shall be used and applied by the Authority for the purpose of paying the cost of the Projects to be paid from such Indebtedness and otherwise disbursed as herein provided. The Authority (and not the Trustee) shall be responsible for monitoring the use of moneys withdrawn from the Construction Fund.

(a) Upon completion of the Projects to be financed with such Indebtedness and after payment of all expenses with respect thereto, all moneys remaining on deposit in such account may, at the direction of the Authority, be (i) credited to any other account in the Construction Fund and used to complete the Project or Projects with respect to which such account was created or (ii) credited to the Sinking Fund and used to pay debt service on Indebtedness as shall be directed by the Authority. Prior to such application, the Authority shall receive an opinion of nationally recognized bond counsel to the effect that such application will not adversely effect the exclusion from gross income for federal income tax purposes of interest on the Obligations which are the source of such funds.

(b) All payments from the Construction Fund or reimbursements to the Authority for costs of Projects shall be made upon receipt by the Trustee of a requisition signed by an Authorized Authority Representative stating each amount to be paid, the name of the person, firm or corporation to whom payment thereof is due, and the account from which such amount is to be paid, which requisition shall state or contain certifications as follows:

(i) That an obligation in the stated amount has been incurred by the Authority, specifying the purpose and circumstances of such obligation in reasonable detail and that the same is a proper charge against the Construction Fund and has not been the subject of a previous requisition for payment, and that the bill or statement of account for such obligation is on file with the Authority;

(ii) That the Authority has no notice of any vendors, mechanic's or other liens or rights to liens, chattel mortgages, conditional sales contracts or any security interest, which should be satisfied or discharged before such payment is made;

(iii) That such requisition contains no item representing payment on account or any retained percentages which the Authority is, at the date of such certificate, entitled to retain; and

(iv) That insofar as such obligation was incurred for work, materials, supplies or equipment in connection with a Project, such work was actually performed, or such materials, supplies or equipment were actually installed in or about the construction or delivered at the site of the work for that purpose.

The Trustee may conclusively rely upon any statements of fact or representations made in any requisition furnished to it by the Authority and shall have no duty or responsibility for investigating the truth and accuracy of statements made therein.

(c) The Authority will do all things, and take all reasonable and prudent measures, necessary to continue construction with due diligence and to expend the moneys credited to each account in the Construction

Fund as expeditiously as possible in order to assure the completion of the Projects for which such accounts were created, on the earliest practicable date, delays outside of the control of the Authority excepted, provided that the Authority shall not be required to continue or complete the construction or acquisition of any Project which the Authority shall determine is not in the best interest of the Authority to continue or complete.

(d) All requisitions and certificates required by the Original Indenture shall be retained by the Trustee for so long as any of the Bonds are outstanding and for a period of three years thereafter, subject at all times to inspection by any officer of the Authority or the holder of any Indebtedness, upon reasonable request during normal business hours.

(e) In the event an Event of Default shall occur and be continuing under the Original Indenture and a declaration of acceleration of the Obligations secured hereunder is made, the Trustee is hereby authorized and directed, without any further direction, to transfer all moneys in the Construction Fund to the Sinking Fund.

### **Establishment of Sinking Fund**

There is created under the Original Indenture a special trust fund to be held by the Trustee and designated as the "Walton County Water and Sewerage Authority Sinking Fund". The Sinking Fund shall be kept by the Trustee as a trust fund separate and apart from other deposits of the Authority. Moneys in the Sinking Fund constitute part of the Trust Estate and shall be applied as provided herein. The Authority may, from time to time, designate additional accounts within the Sinking Fund. The Trustee is authorized to deposit into the Sinking Fund (and into any account therein) any moneys or securities transferred to it by, or at the direction of, the Authority which are accompanied by instructions that such moneys or securities are to be deposited into the Sinking Fund. The Trustee is further authorized to deposit into the Sinking Fund any moneys transferred from the Construction Fund to the Sinking Fund following the occurrence of an Event of Default hereunder or any other moneys received upon the exercise of any rights or remedies under the Original Indenture following an Event of Default.

The Authority has agreed to deposit, or cause to be deposited, from time to time into the Sinking Fund, but solely from the Trust Estate, amounts sufficient to pay any Obligations secured under the Indenture.

Subject to the terms and conditions set forth in the Original Indenture and any Supplemental Indenture, moneys in the Sinking Fund shall be disbursed by the Trustee for:

- (a) the payment of amounts due on Obligations secured hereby as such amounts become due and payable, either at maturity or by proceedings for redemption or acceleration;
- (b) the reimbursement to the provider of any Credit or Liquidity Facility for any draws thereon relating to the payment of amounts due on Obligations or fees for such Credit or Liquidity Facility, or to the provider of any Commitment Indebtedness or Hedge Agreement for amounts due thereunder;
- (c) the optional redemption or prepayment (including defeasance) of Obligations secured hereby before maturity at the price and under the conditions provided therefor in the Original Indenture;
- (d) the purchase of Obligations in the open market for the purpose of cancelling the same; provided, however, the price paid for such Obligations shall not exceed the then authorized call price; or
- (e) to establish an Escrow for the payment of amounts due on any Obligations.

In connection with establishing any Escrow for all or a portion of any Obligations secured hereunder, the Authority may direct the Trustee to apply or deposit any funds on deposit in the Sinking Fund in such Escrow.

### **Investment of Money in Funds**

Moneys on deposit in any fund established from time to time under the Original Indenture, including the Construction Fund, may be invested by the Trustee from time to time in Permitted Investments upon instruction from an Authorized Authority Representative. Moneys on deposit in the Sinking Fund may be invested by the

Trustee from time to time in Sinking Fund Investments. All such investments shall be held in the name of the Trustee. All gains or losses from such investment shall be credited or charged to the fund with respect to which such investment was made. The Trustee shall have no obligation to investment any money in any fund other than at the direction of the Authorized Authority Representative, and the Trustee shall have no obligation or liability for any loss resulting from any investment made at the direction of the Authorized Authority Representative. The Trustee agrees to provide the Authority on a monthly basis a statement of account showing the beginning and ending balances in each fund or account and the transactions for each fund or account created under the Original Indenture. The Trustee is authorized in the absence of specific direction from the Authority to liquidate, without any further direction, any investment in the Sinking Fund or the Construction Fund required to make a payment from such Fund to the extent that there are not moneys sufficient in such fund to make such payment when due, and shall have no liability to the Authority for any loss on such investment resulting therefrom.

### **Subordinate Debt**

So long as there is no default in the payment of any amount which is due on any Obligation secured under the Original Indenture, the Trustee is authorized to pay from the Sinking Fund such payments as may be required to pay any amount due on any Subordinate Indebtedness.

### **Obligations not General Obligations**

The Obligations issued or secured under the Original Indenture are not general obligations of the Authority, but special limited obligations of the Authority payable by the Authority solely from the Trust Estate created under the Original Indenture.

### **No Lien on System Revenues or Other Contract Revenues**

The Obligations issued and secured under the Original Indenture are secured only by the Trust Estate created hereunder, and shall not be secured by any lien on the revenues of the Authority's water and sewerage system or by any other revenues or moneys received by the Authority (including, but not limited to, any moneys or revenue the Authority might receive from its intergovernmental agreements with Oconee County, Georgia) unless the Authority shall supplement the Original Indenture to expressly subject such revenues or moneys to the pledge and lien of the Original Indenture.

### **Limitations on Additional Indebtedness**

The Authority agrees that it will not issue or incur any Additional Indebtedness unless the Trustee shall be provided with the following:

- (a) a resolution certified by the Secretary or Assistant Secretary or another officer of the Authority certifying the resolution authorizing the issuance of such Indebtedness and specifying or approving the terms thereof;
- (b) a supplement to the Original Indenture, specifying the terms and form of the Obligations to be issued;
- (c) an amendment or supplement to the Contract under which the County agrees to pay funds to the Authority (or to the Trustee for the benefit of the Authority) sufficient to pay amounts due on such Indebtedness;
- (d) a copy of the validation proceedings relating to such Indebtedness (or to the Obligations in anticipation of which such Indebtedness is being issued), or a certificate of the Authority to the effect that no such validation is required;
- (e) a certificate of the Authority, signed by the Chairman or Vice Chairman, to the effect that all conditions to the issuance of such Indebtedness have been satisfied;

(f) an opinion of counsel that no registration of such Indebtedness, or qualification of the Original Indenture or any Supplemental Indenture, is required in connection with the issuance of such Indebtedness, or if such registration is required, that such registration is in effect;

(g) a certificate or letter of instruction from an officer of the Authority as to the disposition of the proceeds received upon the sale of such Indebtedness;

(h) an authentication order of the Authority authorizing the Trustee to authenticate such Indebtedness upon such conditions as may be specified by the Authority, including receipt by the Trustee of a specified sum from the purchaser of such Indebtedness if applicable;

(i) an opinion of Counsel to the County to the effect that the amendment to the Contract has been duly authorized, executed and delivered by the County, and the Contract, as so amended, is the legal, valid and binding obligation of the County (subject to customary conditions and qualifications); and

(j) an opinion of Bond Counselor Counsel to the Authority that such Indebtedness is a valid and binding obligation(s) of the Authority (subject to customary conditions and qualifications).

### **Payment of Obligations; Failure of Authority to Make Timely Deposits; Notice**

Under the Original Indenture, the Authority has agreed to pay, but solely from the Trust Estate, amounts due from time to time on any Obligation issued or secured under the Original Indenture when and as the same are due and payable at the places and in the manner provided therein. Pursuant to the Original Indenture, the Authority has pledged the Trust Estate to pay, among other things, the amounts due on any Obligations issued or secured hereunder. If on or before the due date for the payment of any amount due on any Obligation issued or secured hereunder, the Authority fails to deposit or cause to be deposited with the Trustee amounts sufficient to enable the Trustee to make timely payment of the amount due on such Obligation, the Trustee is hereby directed to give immediate written notice of such failure to the Authority and the County.

Neither the State of Georgia nor any political subdivision thereof shall in any event be liable for the payment of the principal of or interest on, or other amounts due on, any Obligations issued or secured under the Original Indenture, or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever that may be undertaken by the Authority, and none of the Obligations issued or secured hereunder shall be construed to constitute a debt or a pledge of the faith and credit of the State of Georgia or any political subdivision thereof, including Oconee County, within the meaning of any constitutional or statutory provision whatsoever, and shall not directly, indirectly or contingently obligate the State of Georgia or any of its political subdivisions to levy or to pledge any form of taxation whatever therefor or to make any appropriation for the payment thereof; nor shall any breach of any such pledge, mortgage, obligation or agreement impose any pecuniary liability upon any member, officer, employee or agent of the Authority, or any charge upon the general credit of the Authority, or any pecuniary liability upon the Authority payable from any moneys, revenues, payments, and proceeds other than the Trust Estate. The Authority has no taxing power.

### **Events of Default**

(a) The term "Event of Default," as used herein, shall mean the occurrence of anyone or more of the following events:

(i) the Authority shall fail to make any payment when due under the terms of any Obligation and such failure continues to exist upon the expiration of any applicable grace period;

(ii) an order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver, or receivers, or trustee or trustees of the assets of the Authority, or of the revenues thereof, or any proceedings shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors, or for the purpose of adjusting claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances



payable out of the Trust Estate, or if such order or decree, having been entered without the consent and acquiescence of the Authority, shall not be vacated or discharged or stayed on appeal within 60 days after entry thereof, or if such proceeding, having been instituted without the consent or acquiescence of the Authority, shall not be withdrawn, or any orders entered shall not be vacated, discharged or stayed on appeal, within 60 days after the institution of such proceedings, or the entry of such orders;

(iii) the Contract shall be determined by a court of competent jurisdiction to be invalid or unenforceable and any appeal from such determination has been exhausted; or

(iv) the Authority shall fail in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Obligations or the Original Indenture, and such failure shall continue for a period of 60 days after written notice from the Trustee or from the Debt Holders of not less than 25% of the principal amount of the Debt Holders, specifying such failure; provided, however, that if such failure cannot be corrected within such 60 day period, no Event of Default shall be deemed to have occurred hereunder if the Authority shall institute corrective action within such 60 day period and diligently pursue it until the failure is corrected.

(b) Upon the occurrence of an Event of Default, then and in each and every such case, the Trustee may, by notice in writing to the Authority, declare the principal of all (but not less than all) Outstanding Obligations to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Original Indenture or in such Outstanding Obligations contained to the contrary notwithstanding; provided that the Trustee shall be required to make such a declaration if the Trustee is requested to make such a declaration by the Holders of not less than 25% in aggregate principal amount of all Outstanding Obligations. Upon any such declaration of acceleration, the Trustee shall provide written notice thereof to the County, and to the extent any moneys remain in the Construction Fund, such moneys shall be transferred to the Sinking Fund for application as provided herein.

(c) Any declaration of acceleration pursuant to subsection (b) above shall be subject to the condition that if, at any time after the principal of all Outstanding Obligations shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided: (i) the Authority shall deposit or cause to be deposited with the Trustee an aggregate sum sufficient to pay (1) all sums due under any Obligations, other than by reason of acceleration, and (2) the expenses and fees of the Trustee; and (ii) any and all Events of Default under the Original Indenture, other than the nonpayment of amounts due on Outstanding Obligations that shall have become due by acceleration, shall have been remedied, then and in every such case, the Trustee shall, if requested by the Debt Holders of 25% in aggregate principal amount of all Obligations then Outstanding, waive all Events of Default and rescind and annul such declaration and its consequences, but no such waiver or rescission and annulment shall extend to or affect any subsequent Event of Default.

Upon the continuance of an Event of Default, if so requested by a Majority in principal amount of the Holders and if satisfactory indemnity has been furnished to it, the Trustee shall exercise such of the lights and powers conferred by the Original Indenture as the Trustee, being advised by counsel, shall deem most effective to enforce and protect the interests of the Holders.

No remedy under the Original Indenture is intended to be exclusive, and to the extent permitted by law each remedy shall be cumulative and in addition to any other remedy hereunder or now or hereafter existing. No delay or omission to exercise any right or power shall impair such right or power or constitute a waiver of any default or Event of Default or acquiescence therein; and each such light and power may be exercised as often as deemed expedient. No waiver by the Trustee or the Holders of any default or Event of Default shall extend to any subsequent default or Event of Default.

A Majority in principal amount of the Holders shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all

proceedings to be taken in connection with the enforcement of the terms and conditions of the Original Indenture, or for the appointment of a receiver or any other proceedings hereunder or thereunder; provided that such direction shall be in accordance with applicable law and the Original Indenture and, if applicable, the Contract, and provided that the Trustee shall be indemnified to its satisfaction.

### **Payment of Obligations Upon Event of Default**

Upon the occurrence of an Event of Default and upon demand of the Trustee, the Authority will pay to the Trustee, for the benefit of the Holders of all Obligations then Outstanding, (a) the whole amount that then shall have become due and payable on all such Obligations for principal or interest, or both, and such other amounts as may be required to be paid on all such Obligations, with interest upon the overdue principal and installments of interest (to the extent permitted by law) at the respective rates of interest borne by such Obligations or as provided in the applicable Supplemental Indenture, and (b) such further amounts as shall be sufficient to cover the costs and expenses of collection, including a reasonable compensation to the Trustee, its agents, attorneys and counsel, and any expenses incurred by the Trustee other than as a result of its gross negligence or bad faith.

### **Suit for Moneys Due**

In case the Authority shall fail to pay the amounts due under the Original Indenture upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of the sums so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may institute any action or proceedings for the collection of amount due under the Contract, and may enforce any such judgment or final decree against the Authority or the County, and collect in the manner provided by law out of the Trust Estate the moneys adjudged or decreed to be payable.

### **Suit by Trustee**

All rights of action and rights to assert claims under any Obligation may be enforced by the Trustee without the possession of such Obligation on any trial or other proceedings instituted by the Trustee. In any proceedings brought by the Trustee, the Trustee shall be held to represent all the Holders of Obligations, and it shall not be necessary to make any Holders of Obligations parties to such proceedings.

### **Application of Moneys Collected**

All moneys received by the Trustee pursuant to any right given or action taken under the Original Indenture shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances owing to or incurred or made by the Trustee, be deposited in the Sinking Fund and shall be applied as follows:

(a) Unless the principal of all Obligations shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of all installments of interest then due on the Obligations, in the order of the maturity of the installments of such interest (with interest on overdue installments of such interest, to the extent permitted by law, at the rate of interest borne by the Obligations or the rate for overdue payments provided for in the Supplemental Indenture relating to such Obligations) and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Obligations which shall have become due (other than Obligations matured or called for redemption for the payment of which moneys are held pursuant to the provisions of the Original Indenture), (with interest on overdue installments of principal and premium, if any, to the extent permitted by law, at the rate of interest borne by the Obligations or the rate for overdue payments provided for in the

Supplemental Indenture relating to such Obligations) and, if the amount available shall not be sufficient to pay in full all Obligations due on any particular date, then to the payment ratably according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD - To the payment to the persons entitled thereto as the same shall become due of the principal of and premium, if any, and interest on the Obligations which may thereafter become due and, if the amount available shall not be sufficient to pay in full Obligations due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of interest, principal and premium, if any, due on such date to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Obligations shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Obligation over any other Obligation, ratably, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or privilege, with interest on overdue installments of interest or principal, to the extent permitted by law, at the rate of interest borne by the Obligations.

Whenever moneys are to be applied pursuant to the provisions of the Original Indenture, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue; provided, that upon an acceleration of all Obligations pursuant to the Original Indenture, interest shall cease to accrue on the Obligations on and after the date of such acceleration. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder until such Obligation shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

### **Actions by Holders**

No Holder of an Obligation shall have any right by virtue of or by availing of any provision of the Original Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to the Original Indenture or for the appointment of a receiver or trustee, or any other remedy hereunder, unless (i) the Debt Holders of not less than 25% in aggregate principal amount of Obligations then Outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities which may be incurred therein or thereby, and (ii) the Trustee, for 30 days after its receipt of such notice, request and offer of indemnity, shall have neglected or refused to institute any such action, suit or proceeding and no direction inconsistent with such written request shall have been given to the Trustee pursuant to the Original Indenture; it being understood and intended, and being expressly covenanted by the Holder of an Obligation and the Trustee, that no one or more Holders of Obligations shall have any right in any manner whatever by virtue of or by availing of any provision of the Original Indenture to affect, disturb or prejudice the rights of any other Holder of an Obligation or to obtain or seek to obtain priority over or preference to any other such Holder, or to enforce any right under the Original Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders of Obligations. For the protection and enforcement of the provisions of the Original Indenture, each and every Holder of an Obligation and the Trustee shall be entitled to such relief as can be given either at law or in equity.

The Holder of an Obligation instituting a suit, action or proceeding in compliance with the provisions of the Original Indenture shall be entitled in such suit, action or proceeding to such amounts as shall be sufficient to cover the costs and expenses of collection, including to the extent permitted by applicable law, reasonable compensation of its Counsel.

Notwithstanding any other provision of the Original Indenture, the right of a Holder of an Obligation to receive payment of the principal of and interest on any Obligation and any other amounts payable thereunder, on or after the respective due dates expressed in such Obligation, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

### **Direction of Proceedings by Holders**

The Holders of a majority in aggregate principal amount of Obligations then Outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided, however, that, subject to the Original Indenture, the Trustee shall have the right to decline to follow any such direction if the Trustee, being advised by Counsel, determines that the action so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the proceedings so directed would be illegal or subject it to liability, and provided further that nothing in the Original Indenture shall impair the right of the Trustee in its discretion to take any action deemed proper by the Trustee and which is not inconsistent with such direction by the Holders.

### **Supplemental Indentures Without Consent of Holders**

(a) The Authority and the Trustee, may from time to time and at any time enter into a Supplemental Indenture for one or more of the following purposes:

(i) to provide for the issuance of any Obligations hereunder in accordance with the terms of the Original Indenture;

(ii) to add to the covenants of the Authority such further covenants, restrictions or conditions as the Authority and the Trustee shall consider to be for the protection of the Holders of Obligations issued hereunder, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions an Event of Default under the Original Indenture permitting the enforcement of all or any of the several remedies provided in the Original Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition, such Supplemental Indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default;

(iii) to cure any ambiguity or to correct or supplement any provision contained herein or in any Supplemental Indenture which may be defective or inconsistent with any other provision contained herein or in any Supplemental Indenture, or to make such other provisions in regard to matters or questions arising under the Original Indenture or any Supplemental Indenture and shall not materially impair the security of the Original Indenture or adversely affect the interests of the Holders of any particular Obligations or series of Obligations issued hereunder;

(iv) to modify or supplement the Original Indenture in such manner as may be necessary or appropriate to qualify the Original Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, including provisions whereby the Trustee accepts such powers, duties, conditions and restrictions hereunder and the Authority undertakes such covenants, conditions or restrictions additional to those contained in the Original Indenture as would be necessary or appropriate so to qualify the Original Indenture;

(v) to provide for the establishment of funds and accounts hereunder and for the proper administration of and transfers of moneys between any such funds and accounts, provided that, except as otherwise provided in the Original Indenture (relating to the defeasance of Outstanding Obligations), all such funds and accounts shall be established for the equal and ratable benefit of the Holders of all Outstanding Obligations;

(vi) to permit the issuance of additional forms of Obligations, provided that such Obligations are equally and ratably secured with all other Obligations issued hereunder (except as otherwise provided herein);

(vii) to make changes, modifications, additions or supplements to implement or accommodate any Credit or Liquidity Facility relating to any series of Obligations secured by such Credit or Liquidity Facility or any Hedge Agreement relating to any series of Obligations provided that no such amendment, supplement or modification shall give any preference or priority for the payment of amounts due thereon to the provider of any such Credit or Liquidity Facility or Hedge Agreement above the Holder of any other Obligation, or restrict the ability of the Holders of any other series of Obligations from exercising their rights under the Original Indenture as to such Obligations;

(viii) to modify, amend, change or remove any covenant, agreement, term or provision of the Original Indenture (other than a modification of the type requiring the unanimous written consent of the Holders) provided that if at the time of the proposed amendment the Obligations are rated by one or more Rating Agencies, written notice of the substance of such proposed amendment is given to such Rating Agencies by the Authority not fewer than 30 days prior to the date such amendment is to take effect, and the Authority provides evidence satisfactory to the Trustee that the ratings on the Obligations will not be lowered or withdrawn by such Rating Agencies as a result of such proposed amendment;

(ix) to add additional property or collateral to the Trust Estate; or

(x) to make changes, modifications, additions or supplements to accommodate a pledge of the System revenues, flow of funds provisions and other similar provisions to provide for the issuance of Additional Obligations secured by the revenues of the System, provided that such changes, modifications, additions or supplements shall not affect the County's obligation to pay under the Contract on any Obligations secured thereunder.

#### **Modification of Indenture with Consent of Holders**

With the consent of the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding, the Authority and the Trustee may from time to time and at any time enter into a Supplemental Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Original Indenture or of any Supplemental Indenture or of modifying in any manner the rights of the Holders of Obligations; provided, however, that (i) without the consent of the Holders of all Obligations whose Obligations are proposed to be modified or adversely affected, no such Supplemental Indenture shall effect a change in the times, amounts or currency of payment of the principal of, premium, if any, or interest on any Obligation or a reduction in the principal amount or redemption price of any Obligation or the rate of interest thereon or permit the preference or priority of any Obligation over any other Obligation, and (ii) without the consent of the Holders of all Obligations then Outstanding, no such Supplemental Indenture shall reduce the percentage or affected class of Obligations, the Holders of which are required to consent to any such Supplemental Indenture or amendment or supplement to the Contract.

Upon the request of the Authority, and upon the filing with the Trustee of evidence of the consent of Holders, the Trustee shall join with the Authority in the execution of such Supplemental Indenture unless such Supplemental Indenture adversely affects the Trustee's own rights, duties or immunities under the Original Indenture or otherwise, in which case the Trustee may, in its discretion, but shall not be obligated to, enter into such Supplemental Indenture.

It shall not be necessary for the consent of the Holders under the Original Indenture to approve the particular form of any proposed Supplemental Indenture or for the Holders of Obligations to consent to such Supplemental Indenture at the same time, but it shall be sufficient if such consent shall approve the substance thereof.

#### **Supplements or Amendments to Contract without Consent of Holders**

The Authority acknowledges that the Contract constitutes part of the Trust Estate and agrees that it will not amend or supplement the Contract without the consent of the Trustee. The Trustee, may from time to time and at any time consent to an amendment or supplement to the Contract for one or more of the following purposes:

(i) to provide for the Contract to cover any additional Obligations issued in accordance with the terms of the Original Indenture;

(ii) to add to the covenants of the County such further covenants, restrictions or conditions as the Authority and the Trustee shall consider to be for the protection of the Holders of Obligations issued hereunder;

(iii) to cure any ambiguity or to correct or supplement any provision contained in the Contract which may be defective or inconsistent with any other provision contained herein or in the Contract, or to make such other provisions in regard to matters or questions arising under the Original Indenture or the Contract and shall not materially adversely affect the interests of the Holders of any particular Obligations or series of Obligations; or

(iv) to make changes, modifications, additions or supplements to implement or accommodate any Credit or Liquidity Facility relating to any series of Obligations secured by such Credit or Liquidity Facility or any Hedge Agreement relating to any series of Obligations provided that no such amendment, supplement or modification shall give any preference or priority for the payment of amounts due thereon to the provider of any such Credit or Liquidity Facility or Hedge Agreement above the Holder of any other Obligation, or restrict the ability of the Holders of any other series of Obligations from exercising their rights under the Original Indenture as to such Obligations.

#### **Modification of Contract with Consent of Holders**

With the consent of the Holders of not less than a majority in aggregate principal amount of Obligations then Outstanding, the Trustee may from time to time and at any time consent to an amendment or supplement to the Contract for any purpose not described in the Original Indenture; provided, however, that without the consent of the Holders of all Obligations whose Obligations are proposed to be modified or adversely affected, no such amendment or supplement shall effect the obligation of the County to pay to the Authority amounts sufficient to provide for the payment by the Authority of amounts due on the Obligations as the same are due and payable, or permit the preference or priority of any Obligation over any other Obligation.

Upon the request of the Authority, and upon the filing with the Trustee of evidence of the consent of Holders, the Trustee shall consent to the execution of such amendment or supplement to the Contract unless such amendment or supplement adversely affects the Trustee's own rights, duties or immunities, in which case the Trustee may, in its discretion, but shall not be obligated to, consent to such amendment or supplement.

It shall not be necessary for the consent of the Holders to approve the particular form of any proposed amendment or supplement to the Contract or for the Holders of Obligations to consent to such amendment or supplement at the same time, but it shall be sufficient if such consent shall approve the substance thereof.

#### **Satisfaction and Discharge of Indenture**

If the Trustee receives cash or Government Obligations, or a combination thereof in an amount sufficient, together with the interest thereon, but without the need for any further reinvestment, to provide for the payment of all Outstanding Obligations to and including the maturity date or prior redemption or prepayment date thereof; (b) irrevocable instructions to redeem all Obligations to be redeemed prior to maturity and to notify the Holders of each such redemption; and (c) an amount sufficient to pay or provide for the payment of the fees and expenses of the Trustee (or an agreement satisfactory to the Trustee providing for the payment thereof), then the lien of the Original Indenture on the Trust Estate shall be discharged, and the Trustee shall execute all such instruments acknowledging satisfaction of and discharging the Original Indenture as may be requested by the Authority and cancelling the lien on the Trust Estate, including the lien on moneys received under the Contract; provided, however, that even though the lien on the Trust Estate shall be discharged, the provisions of the Original Indenture relating to the registration

and transfer of Obligations and the payment of Obligations and other similar provision shall continue unless otherwise provided in an escrow agreement providing for such provisions. The sufficiency of such moneys and Government Obligations shall be evidenced by a report delivered to the Trustee by the Authority from a certified public accountant or firm thereof satisfactory to the Trustee. In like manner, the Authority may provide for the payment of any particular Obligation (or series or a portion thereof) at or prior to maturity and the Obligation (or series or portion thereof) so provided for shall thereupon cease to be Outstanding hereunder.

## **THE FOURTH SUPPLEMENTAL INDENTURE**

### **Selection of Bonds to be Redeemed**

If less than all of the Series 2023 Bonds of a maturity are to be redeemed, the particular Series 2023 Bonds of such maturity to be redeemed shall be selected by lot in such manner as may be designated by DTC, when in Book-Entry Form, and by the Trustee, when not in Book-Entry Form. The Series 2023 Bonds are subject to redemption only in principal amounts of \$5,000 or any integral multiple thereof. Any Series 2023 Bond, a portion of which has been redeemed, shall be considered to be outstanding only in an amount reduced by the portion thereof so redeemed whether or not it has been surrendered as aforesaid.

### **2023 Construction Fund Account**

There is created and established under the Fourth Supplemental Indenture with the Trustee as a part of the Construction Fund a trust account in the Construction Fund to be designated “Walton County Water and Sewerage Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2023 Construction Fund Account.” Moneys in the 2023 Construction Fund Account shall be expended in accordance with the provisions of the Original Indenture. Moneys received from the investment of moneys in the 2023 Construction Fund Account shall be deposited into the 2023 Construction Fund Account.

The Trustee is authorized and directed under the Fourth Supplemental Indenture to make each disbursement from the 2023 Construction Fund Account in accordance with the provisions of the Original Indenture. Moneys in the Construction Fund may also be invested as provided in the Original Indenture. The Trustee will keep and, maintain adequate records pertaining to the 2023 Construction Fund Account and all receipts and disbursements therefrom, including records of all requisitions. The Trustee will be entitled to rely conclusively on the statements of fact and certifications contained in any requisition furnished to the Trustee.

Upon an Event of Default and an acceleration of the Series 2023 Bonds, all moneys in the 2023 Construction Fund Account will be transferred without any further authorization or direction to the 2023 Sinking Fund Account.

Upon completion of the Project financed with the proceeds of the Series 2023 Bonds and after payment of all expenses with respect thereto, all moneys remaining on deposit in the 2023 Construction Fund Account may, at the direction of the Authority, be applied as provided the Original Indenture.

### **2023 Sinking Fund Account**

There is created and established under the Fourth Supplemental Indenture with the Trustee a trust account in the Sinking Fund which is designated the “Walton County Water and Sewerage Authority 2023 Sinking Fund Account” (the “2023 Sinking Fund Account”). The Trustee is authorized to deposit into the 2023 Sinking Fund Account (and into any account therein) any moneys or securities transferred to it by, or at the direction of, the Authority which are accompanied by instructions that such moneys or securities are to be deposited into the 2023 Sinking Fund Account. The Trustee is further authorized to deposit into the 2023 Sinking Fund Account any moneys transferred from the 2015 Construction Fund Account to the 2023 Sinking Fund Account following the occurrence of an Event of Default under the Original Indenture or any other moneys received upon the exercise of any rights or remedies under the Original Indenture following an Event of Default.

Under the Fourth Supplemental Indenture, there are created within the 2023 Sinking Fund Account three subaccounts to be designated as follows: the “2023 Interest Account,” the “2023 Principal Account” and the “2023

Redemption Account.” The Authority may establish from time to time additional accounts or sub-accounts in the 2023 Sinking Fund Account.

The Authority will provide the Trustee, from the Trust Estate, moneys for deposit into the 2023 Sinking Fund Account sufficient to pay the principal, interest and redemption premium on the Series 2023 Bonds as and when the same are due and payable, whether on any regularly scheduled payment date or upon any redemption or acceleration of the Series 2023 Bonds.

Moneys in the 2023 Sinking Fund Account will constitute part of the Trust Estate created under the Indenture and may be used to pay amounts due on any series of Bonds or obligations issued under the Indenture on a parity basis with the Series 2023 Bonds unless the Authority shall set aside and designate any particular funds or moneys as being dedicated to the payment of the Series 2023 Bonds or some portion thereof as provided in the Indenture, in which case such Series 2023 Bonds shall be payable solely from such source.

### **Payments Pursuant to the Contract**

The County and the Authority have entered into the Contract, as supplemented by the First Supplement to Contract, the Second Supplement to Contract and the Third Supplement to Contract. Simultaneously with the issuance and delivery of the Series 2023 Bonds, the Authority will enter into the Fourth Supplement to Intergovernmental Contract-Reservoir Project, dated as of August 1, 2023 (the “Fourth Supplement to Contract”), with the County pursuant to which, in consideration of the Authority’s agreement to provide certain facilities and water services to the citizens of Oconee County, has agreed to pay the Authority amounts, which the Authority will use to provide for the payment of the principal and interest on the Series 2023 Bonds when due. The County has also agreed in the Contract, as supplemented, to levy taxes if necessary on all property in the County subject to taxation for such purposes as may be necessary for the County to make the payments required of it pursuant to the Contract. Payments on the Contract have been assigned to the Trustee as part of the Trust Estate.

### **THE CONTRACT AND FOURTH SUPPLEMENT TO CONTRACT**

The following summary is a brief outline of certain provisions contained in the Contract and shall not be considered as a full description thereof.

The County covenants and agrees in the Contract that:

It will pay to the Trustee or custodian of the Sinking Fund for the benefit of the Authority until each series of Bonds secured thereunder has been fully paid within the meaning of the Indenture moneys sufficient to provide for the payment of the principal of and interest on the Bonds when due to the extent the net revenues of the System deposited into the Sinking Fund and available for the payment of such principal and interest are insufficient for such purpose.

The County and the Authority agree the manner of providing for such payments by the County as to any specific series of the Bonds secured under the Contract shall be provided in the supplement or amendment to the Contract relating to such specific series of the Bonds, but generally shall be as follows:

(a) On a specified day or days during the term of the Contract, the County will pay to the Trustee or Sinking Fund custodian for the benefit of Authority, an amount of money equal to the amount necessary to pay the principal (and redemption premium, if any) which will become due and payable with respect to such Bonds on the next succeeding principal payment date or redemption date, less the amount of money on hand in the Sinking Fund on a specified date which is available for the payment of such principal and redemption premium, if any; and

(b) On the day or days specified in the amendment or supplement to this Contract relating to any series of the Bonds secured hereunder during the term of this Contract, the County shall pay to the Trustee or Sinking Fund custodian for the benefit of the Authority, an amount of money equal to the amount necessary to pay the interest or other amounts which will become due and payable with respect to



such Bonds on the next succeeding interest payment date or other payment date, less the amount of money on hand in the Sinking Fund on such date which is available for the payment of such amounts.

The County agrees with the Authority for the benefit of the purchasers of the Bonds of any series secured under the Contract that it will levy an annual tax on all taxable property located within the boundaries of the County which is subject to taxation for general county purposes as may be necessary to make the payments called for by the Contract. Nothing contained in the Contract, however, will be construed as limiting the right of the County to make the payments called for by the Contract out of general funds or from other revenue sources.

In order to assure that the payments required pursuant to the provisions of the Contract are made in a timely manner and without diminution, there is created under the Contract a first and prior lien on any and all moneys realized by the County under and pursuant to the annual tax levied in accordance with the provisions of the Contract, which lien shall be superior to any lien that can hereafter be created thereon.

The obligation of the County to make the payments required pursuant to the provisions of the Contract at the times and in the manner specified are absolute and unconditional and such payments will not be abated or reduced because of (i) any failure or inability of the Authority to complete the Projects, whether or not as a result of any action or inaction on the part of the Authority or any other person or entity, or to place the same in service, (ii) any increase in the cost of the Project, (iii) damage to or destruction of the Projects, or any failure or inability to withdraw or treat water from the Projects, or to deliver the same, (iv) any failure or default on the part of the Authority under the Contract or under any other document, (v) any lack of notice of amounts due from the Authority or the Trustee or Sinking Fund custodian under the Contract, or (vi) for any reason whatsoever. Furthermore, the County will not exercise any right of set-off or any similar right with respect to such payments, nor will it withhold any such payments because of any claimed breach of the Contract or any other obligation by the Authority. This provision is incorporated in the Contract for the benefit of the owners of the Bonds, and it will not affect the obligation of the Authority to perform the Contract or otherwise, nor will this provision otherwise affect the remedies available to the County on account of any such claimed breach by the Authority.

The County and the Authority will enter into a Fourth Supplement to Contract to identify the Series 2023 Bonds as obligations secured by the Contract with all the rights, benefits and securities granted thereunder and to provide for other related matters.

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**APPENDIX C**

FORM OF CONTINUING 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 Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2023 (the “Bonds”). The Bonds are being issued pursuant to a resolution of the Walton County Water and Sewerage Authority (the “Authority”), adopted on June 27, 2023, as supplemented on August \_\_\_, 2023 (collectively, the “Bond Resolution”). 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” shall mean Digital Assurance Certification, L.L.C., Atlanta, Georgia, 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.

“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 the original purchaser of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“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 the last day of the ninth month after the end of the Fiscal Year, commencing with Fiscal Year 2023, 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, word-searched, viewed, printed and retransmitted by electronic means. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. Notwithstanding the foregoing, the audited financial statements of the County may be submitted separately from the balance of the Annual Report when such audited financial statements are available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the County shall include unaudited financial statements in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements will be submitted. The audited financial statements when available will be provided to EMMA.

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

(c) The Dissemination Agent shall also:

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

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

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

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

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

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

(d) Tabular information for the preceding Fiscal Year regarding the following categories of financial information and operating data of the County of the type and in the format set forth in the Official Statement under the following sections:

- (1) "COUNTY DEBT STRUCTURE- Summary of County Debt by Category and Overlapping Debt;"
- (2) "AD VALOREM TAXATION – Property Tax Levy and Collections;"
- (3) "AD VALOREM TAXATION – Assessed Value;"
- (4) "AD VALOREM TAXATION – Property Tax Millage Rates;"
- (5) "AD VALOREM TAXATION – Ten Largest Taxpayers;"
- (6) "OCONEE COUNTY FINANCIAL INFORMATION - General Fund History;" and
- (7) "OCONEE COUNTY FINANCIAL INFORMATION - Budget."

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.

(a) 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.
- (xv) Incurrence of a financial obligation (defined in paragraph (b) below) of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material, and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties.

(b) For purposes of this Section 5, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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., Atlanta, Georgia.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the County has received an opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

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 attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s gross negligence or willful misconduct. The Dissemination Agent may consult with counsel (who may, but need not, be counsel for any party hereto or the County), and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such Counsel. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.



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

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

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

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

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: August \_\_\_, 2023

OCONEE COUNTY, GEORGIA

(SEAL)

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

Attest:

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

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Walton County Water and Sewerage Authority

Name of Bond Issue: \$ \_\_\_\_\_ Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2023

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

Date of Issuance: August \_\_, 2023

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 August \_\_, 2023. 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.

EXHIBIT B

NOTICE OF THE OCCURRENCE  
OF [INSERT THE LISTED EVENT]

Relating to

\$ \_\_\_\_\_ Walton County Water and Sewerage Authority  
Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2023<sup>1</sup>:

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of the Listed Events described in Section 5(a)(10) shall include the following:

The County hereby expressly reserves the right to redeem such refunded or defeased bonds prior to their stated maturity date in accordance with the optional/extraordinary redemption provisions of said defeased bonds.

OR

The County hereby covenants not to exercise any optional or extraordinary redemption provisions under the Resolution; however, the sinking fund provision will survive the defeasance.

AND

The Bonds have been defeased to [maturity/the first call date, which is \_\_\_\_\_]. This notice does not constitute a notice of redemption and no bonds should be delivered to the County or the Paying Agent as a result of this mailing. A Notice of Redemption instructing you where to submit your bonds for payment will be mailed \_\_\_\_\_ to \_\_\_\_\_ days prior to the redemption date.]

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

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

## **APPENDIX D**

### **FORM OF BOND COUNSEL OPINION**

The form of Opinion of Bond Counsel included as this Appendix D has been prepared by Gray Pannell & Woodward LLP, Athens, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Series 2023 Bonds.

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[FORM OF BOND COUNSEL OPINION]

August \_\_, 2023

Walton County Water and Sewerage Authority  
Loganville, Georgia

Regions Bank, as trustee  
Atlanta, Georgia

Oconee County, Georgia  
Watkinsville, Georgia

Stifel Nicolaus & Company, Inc.  
Atlanta, Georgia

Re: \$\_\_\_\_\_ Walton County Water and Sewerage Authority (Georgia) Revenue Bonds  
(Oconee-Hard Labor Creek Reservoir Project), Series 2023

To the Addressees:

We have acted as Bond Counsel in connection with the issuance by the Walton County Water and Sewerage Authority (the "Authority") of its \$\_\_\_\_\_ in aggregate principal amount Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2023 (the "Series 2023 Bonds"). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion, including a copy of the validation proceeding concluded in the Superior Court of Walton County, Georgia, with respect to the Series 2023 Bonds and certain other obligations. In all such examinations, we have assumed the genuineness of signatures on original documents and the conformity to original documents of all copies submitted to us as certified, conformed or photographic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate.

The Series 2023 Bonds are being issued pursuant to an Act of the General Assembly of Georgia (Ga. L. 1972, p. 3623 *et seq.*), as amended from time to time and the Revenue Bond Law of the State of Georgia (O.C.G.A. Section 36-82-60 *et seq.*), as amended (collectively, the "Act"), a resolution of the Authority adopted on June 27, 2023, as supplemented on August \_\_, 2023 (collectively, the "Bond Resolution"), and a Trust Indenture, dated as of April 1, 2008 (the "Original Indenture"), as supplemented by a First Supplemental Trust Indenture, dated as of April 1, 2008 (the "First Supplemental Indenture"), as supplemented by a Second Supplemental Trust Indenture, dated as of July 1, 2015 (the "Second Supplemental Indenture"), as supplemented by a Third Supplemental Trust Indenture, dated as of October 1, 2016 (the "Third Supplemental Indenture"), and as supplemented by a Fourth Supplemental Trust Indenture, dated as of August 1, 2023 (the "Fourth Supplemental Indenture" and, together with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, and the Third Supplemental Indenture, the "Indenture"), between the Authority and Regions Bank, as trustee (the "Trustee"). The Series 2023 Bonds are being sold to Stifel Nicolaus & Company, Inc. (the "Underwriter") pursuant to a Bond Purchase Agreement, dated August 1, 2023 (the "Purchase Agreement"), between the Authority and the Underwriter.

The Series 2023 Bonds are being issued for the purpose of (i) financing a portion of the cost of acquiring, constructing, installing and equipping a reservoir and raw water intake structure, a water treatment facility, transmission lines and other additions, extensions and expansions related to the Hard Labor Creek reservoir, and (ii) issuing the Series 2023 Bonds.

The Authority and Oconee County, Georgia (the "County") have entered into an Intergovernmental Contract - Hard Labor Creek Reservoir Project, dated as of October 1, 2007, as supplemented by a First Supplement to Intergovernmental Contract-Reservoir Project, dated as of April 1, 2008, as supplemented by a Second Supplement to Intergovernmental Contract-Reservoir Project, dated July 1, 2015, as supplemented by a Third Supplement to Intergovernmental Contract-Reservoir Project, dated October 1, 2016, and as supplemented by a Fourth Supplement to Intergovernmental Contract-Reservoir Project, dated August 1, 2023 (collectively, the "Contract"), under which, in exchange for the provision of certain services and facilities by the Authority, the County has agreed to pay to the Authority amounts sufficient to pay debt service on the Authority's Refunding

Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2015 (the “Series 2015 Bonds”), the Authority’s Refunding Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2016 (the “Series 2016 Bonds” and, together with the Series 2015 Bonds, the “Prior Bonds”) and the Series 2023 Bonds. Pursuant to the Contract, the County has agreed to levy a tax, unlimited as to rate or amount, on all property in the County subject to taxation for maintenance or operation purposes in order to pay its obligations under the Contract. Under the Indenture, the Authority has assigned to the Trustee and pledged to the payment of the Prior Bonds and the Series 2023 Bonds the trust estate (the “Trust Estate”) which includes (i) all right, title and interest of the Authority to receive payments from the County under the Contract and to bring actions and proceedings thereunder or for the enforcement thereof, and (ii) all moneys and securities held by the Trustee or any other depositaries in any and all of the funds and accounts established under the Indenture. The Series 2023 Bonds are subject to registration of transfer and exchange and to optional and mandatory sinking fund redemption at the times, in the amounts and on the terms specified in the Indenture.

As to questions of fact material to our opinion, we have relied upon (i) representations of the Authority, the County and Walton County, Georgia, (ii) certified proceedings and other certifications of public officials furnished to us, and (iii) representations of the Authority and the County relating to, among other things, the use of the proceeds of the Series 2023 Bonds, the design, scope, function, cost and reasonably expected weighted average economic life of the Reservoir Project (as defined in the Indenture) without undertaking to verify the same by independent investigation.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Preliminary Official Statement, dated July 26, 2023 or the Official Statement dated August 1, 2023 (collectively, the “Official Statement”) relating to the Series 2023 Bonds or any other offering material relating to the Series 2023 Bonds, and we express no opinion relating thereto. We express no opinion as to compliance by the Authority or the Underwriter with any federal or state statute, rule or regulation which may be applicable to the offer or sale of the Series 2023 Bonds.

Based upon our examination, we are of the opinion, as of the date hereof and under existing law as follows:

1. The Authority is a duly created and validly existing public body corporate and politic of the State of Georgia with full power and authority (a) to issue and sell the Series 2023 Bonds, (b) to use the proceeds from the sale of the Series 2023 Bonds for the purposes described in the Indenture and (c) to execute, deliver and perform its obligations under the Indenture and the Contract.
2. The Indenture has been duly authorized, executed and delivered by the Authority and constitutes a valid and binding obligation of the Authority enforceable upon the Authority. The Indenture creates a valid security interest or lien on the Trust Estate pledged to the payment of the Series 2023 Bonds.
3. The Contract has been duly authorized, executed and delivered by the Authority and the County and constitutes a valid and binding obligation of the parties thereto enforceable upon such parties.
4. The Series 2023 Bonds have been duly authorized, executed and delivered by the Authority and are valid and binding limited obligations of the Authority, secured by the Indenture and payable by the Authority solely from the Trust Estate pledged to the payment of the Series 2023 Bonds.
5. The interest on the Series 2023 Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Series 2023 Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in the preceding sentence are subject to the condition that the Authority and the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Series 2023 Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Authority and the County have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2023 Bonds in gross income for federal income tax



purposes retroactive to the date of issuance of the Series 2023 Bonds. We express no opinion with respect to any other federal income tax consequences arising with respect to the Series 2023 Bonds.

6. Under existing statutes, the interest on the Series 2013 Bonds is exempt from all present State of Georgia income taxation.

The rights of the owners of the Series 2023 Bonds and the enforceability of the Series 2023 Bonds, the Indenture and the Contract may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights generally and principles of equity applicable to the availability of specific performance or other equitable relief. We have not undertaken to notify any addressee of this opinion or any other person of any change in law or fact after the date of this opinion which might affect any of the opinions expressed herein.

Very truly yours,

GRAY PANSELL & WOODWARD LLP

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

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