

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 2016 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Series 2016 Bonds is exempt from present State of Georgia income taxation. The opinion contains greater detail, and is subject to exceptions, as noted in "LEGAL MATTERS – Opinion of Bond Counsel" herein.

WALTON COUNTY WATER AND SEWERAGE AUTHORITY (GEORGIA)
\$9,465,000
Revenue Bonds
(Oconee-Hard Labor Creek Reservoir Project), Series 2016

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 2016 (the "Series 2016 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 2016 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"), and as supplemented by a Third Supplemental Trust Indenture, dated as of October 1, 2016 (the "Third Supplemental Indenture" and, together with the Original Indenture, the First Supplemental Indenture, and the Second Supplemental Indenture, the "Indenture"), each between the Issuer and Regions Bank, Atlanta, Georgia, as trustee (the "Trustee"). The Series 2016 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 2016 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 2016 Bonds will be made to beneficial owners of the Series 2016 Bonds. So long as Cede & Co. is the registered owner of the Series 2016 Bonds, payment of the principal of and interest on the Series 2016 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 2016 Bonds. See "DESCRIPTION OF THE SERIES 2016 BONDS – Book-Entry System of Registration."

The Series 2016 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, and as supplemented by a Third Supplement to Intergovernmental Contract-Reservoir Project, dated as of October 1, 2016 (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 "Prior Bonds") and the Series 2016 Bonds (the "Contract Payments"). The Series 2016 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 2016 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 2016 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 2016 Bonds is absolute and unconditional, and will not expire so long as any of the Prior Bonds and the Series 2016 Bonds remains outstanding and unpaid. The Series 2016 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 2016 BONDS" and "AD VALOREM TAXATION."

Interest on the Series 2016 Bonds is payable semiannually on February 1 and August 1 (each such date, an "Interest Payment Date"), commencing February 1, 2017, to the owners thereof as shown on the registration books maintained by the Trustee. The Series 2016 Bonds bear interest from the Interest Payment Date next preceding their date of authentication, except as provided herein. The Series 2016 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 2016 BONDS."

The Series 2016 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 2016 BONDS – Redemption Provisions" herein.

The Series 2016 Bonds will be issued to finance the costs of (i) refunding all of the outstanding Walton County Water and Sewerage Authority (Georgia) Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008, currently outstanding in the aggregate principal amount of \$10,440,000 (the "Refunded Bonds"), (ii) financing or refinancing a portion of the cost of acquiring, constructing, installing and equipping storage and transmission facilities related to the Hard Labor Creek reservoir (the "2016 Reservoir Project") and (iii) issuing the Series 2016 Bonds. See "PLAN OF FINANCING" herein.

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

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

The Series 2016 Bonds are offered when, as, and if issued by the Issuer and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, to bond validation in the Superior Court of Walton County, Georgia, and to the approving opinion of Gray Pannell & Woodward LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Atkinson Ferguson, LLC, Monroe, Georgia and by its disclosure counsel, Gray Pannell & Woodward LLP, Atlanta, Georgia, and for the County by its counsel, Daniel C. Haygood, Esq., Watkinsville, Georgia. The Series 2016 Bonds in definitive form are expected to be delivered through DTC in New York, New York, on October 18, 2016.

WALTON COUNTY WATER AND SEWERAGE AUTHORITY (GEORGIA)

\$9,465,000
Revenue Bonds
(Oconee-Hard Labor Creek Reservoir Project)
Series 2016

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND YIELDS

<u>February 1</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> ⁽¹⁾
2017	\$100,000	2.000%	0.750%	93342PEC6
2018	465,000	2.000	0.830	93342PED4
2019	475,000	3.000	0.930	93342PEE2
2020	490,000	4.000	1.020	93342PEF9
2021	515,000	4.000	1.120	93342PEG7
2022	530,000	5.000	1.250	93342PEH5
2023	560,000	5.000	1.400	93342PEJ1
2024	585,000	5.000	1.550	93342PEK8
2025	615,000	5.000	1.660	93342PEL6
2026	645,000	5.000	1.770	93342PEM4
2027	375,000	5.000	1.860 [†]	93342PEN2

\$1,470,000 4.000% Term Bond due February 1, 2036, Yield 2.730%[†], CUSIP: 93342PEP7

\$2,640,000 4.000% Term Bond due February 1, 2038, Yield 2.770%[†], CUSIP: 93342PER3

[†] Priced to first call date of February 1, 2026.

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

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and the Appendices hereto and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer, the County or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2016 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from representatives of the Issuer and the County, public documents, records, and other sources which are deemed to be reliable. The Underwriter has provided the following sentence for inclusion in the Official Statement. The Underwriter has reviewed the information in the Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of the transaction, but the Underwriter does not guaranty the accuracy or completeness of such information. The information and expression of opinions herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer nor the County since the date hereof.

The Underwriter intends to offer the Series 2016 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 2016 Bonds to the public. The Underwriter may offer and sell the Series 2016 Bonds to certain dealers (including dealers depositing the Series 2016 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 2016 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 2016 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY. THE SERIES 2016 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

WALTON COUNTY WATER AND SEWERAGE AUTHORITY

Members

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

OCONEE COUNTY, GEORGIA

ELECTED OFFICIALS

Board of Commissioners of Oconee County

Melvin Davis, *Chairman*
Jim Luke
W.E. "Bubber" Wilkes
Mark Saxon
Vacant

APPOINTED OFFICIALS

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

UNDERWRITER

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UNDERWRITER'S COUNSEL

Holland & Knight LLP
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OFFICIAL STATEMENT

Relating to

\$9,465,000

WALTON COUNTY WATER AND SEWERAGE AUTHORITY

Revenue Bonds

(Oconee-Hard Labor Creek Reservoir Project), Series 2016

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 \$9,465,000 in aggregate principal amount of its Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2016 (the “Series 2016 Bonds”). The Series 2016 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”), and as supplemented by a Third Supplemental Trust Indenture, dated as of October 1, 2016 (the “Third Supplemental Indenture” and, together with the Original Indenture, the First Supplemental Indenture, and the Second 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 2016 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 2016 Bonds will be special limited obligations of the Issuer as described under the caption “SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2016 BONDS” herein.

The County

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

Security and Source of Payment for the Series 2016 Bonds

The Series 2016 Bonds are limited obligations of the Issuer. The Series 2016 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, and as amended by a Third Supplement to Intergovernmental Contract-Reservoir Project, dated as of October 1, 2016, each between the Authority and the County (collectively, the “Contract”). Under the terms of the Contract, the County has agreed to pay the Authority amounts sufficient to pay the debt service on the Issuer’s Refunding Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2015 (the “Prior Bonds”) and the Series 2016 Bonds (assuming the refunding of the Refunded Bonds (as defined below)) (the “Contract Payments”). The Series 2016 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 2016 Bonds.

The County intends to make the Contract Payments with moneys derived from its water and sewerage system (the “County System Revenues”); however, the County System Revenues have not been pledged as security for the Contract Payments or the Series 2016 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 2016 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 2016 Bonds remain outstanding and unpaid. The Series 2016 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 2016 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 2016 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 2016 BONDS OR TO MAKE ANY APPROPRIATION FOR THE PAYMENT OF THE SERIES 2016 BONDS. THE COUNTY IS, HOWEVER, OBLIGATED TO LEVY A TAX TO MAKE THE CONTRACT PAYMENTS TO THE EXTENT DESCRIBED HEREIN.

A DEBT SERVICE RESERVE FUND WAS ORIGINALLY CREATED PURSUANT TO THE ORIGINAL INDENTURE FOR THE BENEFIT OF THE BONDS (AS DEFINED IN THE ORIGINAL INDENTURE). UPON ISSUANCE OF THE SERIES 2016 BONDS, THE OWNERS OF THE SERIES 2016 BONDS, BY THEIR PURCHASE THEREOF, WILL BE DEEMED TO HAVE CONSENTED TO THE ABOLITION OF THE DEBT SERVICE RESERVE FUND BY VIRTUE OF THEIR PURCHASE OF THE SERIES 2016 BONDS. THE DEBT SERVICE RESERVE FUND WILL NO LONGER BE MAINTAINED AND ALL REFERENCES TO THE DEBT SERVICE RESERVE FUND AND THE RESERVE REQUIREMENT IN THE INDENTURE WILL BE STRICKEN UPON THE ISSUANCE OF THE SERIES 2016 BONDS.

For more complete information, see “SECURITY AND SOURCE OF PAYMENT OF THE SERIES 2016 BONDS” herein, “AD VALOREM TAXATION” and APPENDIX B – SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS hereto.

Purpose of the Series 2016 Bonds

The Series 2016 Bonds will be issued to finance the costs of (i) refunding all of the outstanding Walton County Water and Sewerage Authority (Georgia) Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008, currently outstanding in the aggregate principal amount of \$10,440,000 (the “Refunded Bonds”), (ii) financing or refinancing a portion of the cost of acquiring, constructing, installing and equipping storage and transmission facilities related to the Hard Labor Creek reservoir (the “2016 Reservoir Project”) and (iii) issuing the Series 2016 Bonds. See “PLAN OF FINANCING” herein.

Description of the Series 2016 Bonds

Redemption. The Series 2016 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 2016 Bonds to be redeemed. See “DESCRIPTION OF THE SERIES 2016 BONDS -- Redemption Provisions.”

Denominations. The Series 2016 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

Registration, Transfers and Exchanges. The registered owner of the Series 2016 Bonds as shown on the registration books maintained by the Trustee will be treated as the owner of the Series 2016 Bonds for all purposes, including payment. The Series 2016 Bonds will be issued in fully registered form. When in book-entry form, the purchasers of the Series 2016 Bonds (the “Beneficial Owners”) will not receive certificates representing their ownership interest in the Series 2016 Bonds. Instead, such Series 2016 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 2016 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 2016 BONDS – Book-Entry System of Registration.” When not in book-entry form, ownership of any Series 2016 Bond may be registered as transferred upon surrender of such Series 2016 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 2016 Bonds are exchangeable for a like aggregate principal amount of Series 2016 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 2016 BONDS -- Registration Provisions; Transfer and Exchange.”

Payments. Interest on the Series 2016 Bonds is payable on February 1 and August 1 of each year (each such date, an “Interest Payment Date”), commencing February 1, 2017. Payment of the principal of and interest on the Series 2016 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 2016 Bonds. When not in book-entry form, interest on the Series 2016 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 2016 Bonds is payable upon surrender thereof at the corporate trust office of the Trustee, located in Atlanta, Georgia. See “DESCRIPTION OF THE SERIES 2016 BONDS.”

For a more complete description of the Series 2016 Bonds, see “DESCRIPTION OF THE SERIES 2016 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 2016 Bonds is exempt from present State of Georgia income taxation, is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal individual and corporate alternative minimum tax; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. See Appendix D for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2016 Bonds.

For more complete discussion of such opinion and certain limitations, assumptions and conditions applicable thereto, including certain exceptions to the exclusion of the interest on the Series 2016 Bonds from gross income, see “LEGAL MATTERS – Opinion of Bond Counsel.”

Professionals Involved in the Offering

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

The financial statements of the County as of June 30, 2015 and for the year then ended attached hereto as Appendix A have been audited by Treadwell, Tamplin & Co., Madison, Georgia, independent certified public accountants, as indicated in their report included thereon.

Trustee

Regions Bank, Atlanta, Georgia, will act as Trustee for the Series 2016 Bonds. The principal corporate office of the Trustee in Atlanta is located at 1180 West Peachtree Street, Suite 1200, Atlanta, Georgia 30309, Attention: Rick Jaegle.

Legal Authority for Issuance

The Series 2016 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 2016 Bonds will be authorized pursuant to the terms and conditions of a resolution adopted by the Issuer on September 13, 2016 (the “Bond Resolution”) and a Consent Resolution adopted by the Board of Commissioners of Walton County, Georgia on September 13, 2016 (the “Consent Resolution”).

Offering and Delivery of the Series 2016 Bonds

The Series 2016 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, to bond validation in the Superior Court of Walton County, Georgia and to the approval of legality by Gray Pannell & Woodward LLP, bond counsel. The Series 2016 Bonds in definitive form are expected to be delivered through The Depository Trust Company in New York, New York, on October 18, 2016.

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 2016 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 2016 Bonds, as described below, and the Issuer will have no liability to the Beneficial Owners of the Series 2016 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 2016 Bonds to provide certain financial information and operating data relating to the County (the “Annual Report”) by not later than 270 days after the end of each fiscal year of the County, commencing with fiscal year 2016, and to provide notices of the occurrence of certain enumerated events (the “Events Notices”). The Annual Report and the Events Notices will be filed with the Municipal Securities Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB (which, as of the date hereof, is the Electronic Municipal Market Access (“EMMA”) system of the MSRB). The County’s undertaking to provide the Annual Report and Events Notices pursuant to the Continuing Disclosure Certificate is described in Appendix C. The covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”).

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

(1) For fiscal years 2011 through 2014, the County failed to timely file its annual reports that were due on December 27, 2011, December 27, 2012, December 27, 2013 and December 27, 2014, respectively, with respect to outstanding general obligation bonds and revenue bonds issued by or on behalf of the County.

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

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

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

(5) The County failed to provide the required notice of late filing for the instances described above.

(6) The County failed to file notice of rating changes.

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

Pursuant to written procedures approved by the Board of Commissioners of the County on June 30, 2015, the County implemented additional internal written procedures designed to insure that future annual reports, including annual reports relating to the Series 2016 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 2016 Bonds, and the security and sources of payment for the Series 2016 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 2016 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 2016 Bonds, from Stifel Nicolaus & Company, Incorporated, One Buckhead Plaza, Suite 1700, 3060 Peachtree Road, NW, Atlanta, Georgia 30305, telephone: (404) 504-2760, and after delivery of the Series 2016 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: Wes Geddings, telephone: (706) 769-5120.

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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 2016 Bonds are estimated below.

Estimated Sources of Funds:

Series 2016 Bond Proceeds:	
Par Amount	\$9,465,000.00
Plus: Net Premium	1,351,577.45
Reserve Fund	1,409,926.86
Series 2008 Construction Fund Account	847,813.78
Series 2008 Sinking Fund Account	<u>501,515.63</u>
Total Sources of Funds	<u>\$13,575,833.72</u>

Estimated Application of Funds

Deposit to Escrow Fund	11,073,802.88
Deposit to Series 2016 Construction Fund Account	2,257,740.64
Cost of Issuance ⁽¹⁾	<u>244,290.20</u>
Total Application of Funds	<u>\$13,575,833.72</u>

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

Discussion of Refunding

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

The Series 2008 Bonds were issued in the original aggregate principal amount of \$19,535,000, for the purpose of (i) financing or refinancing a portion of the cost of acquiring, constructing, installing and equipping a reservoir and related treatment and transmission facilities (the "2008 Reservoir Project"), (ii) paying capitalized interest on the Series 2008 Bonds, (iii) funding a debt service reserve fund and (iv) paying the costs of issuing the Series 2008 Bonds. The Series 2008 Bonds are currently outstanding in the aggregate principal amount of \$10,440,000, maturing February 1 in the years 2017 through 2027 and 2036 through 2038.

A portion of the proceeds of the Series 2016 Bonds, after payment of issuance costs, will be irrevocably deposited in escrow with Regions Bank, Atlanta, Georgia, as escrow agent (the "Escrow Agent"), pursuant to an Escrow Deposit Agreement, to be dated the date of its execution and delivery, among the Authority, the County and the Escrow Agent, and will be applied by the Escrow Agent (except for required cash balances, if any) to the purchase of certain direct obligations of the United States of America (the "Escrow Obligations"). The Escrow Obligations will bear interest at such rates and will be scheduled to mature at such times and in such amounts so that sufficient moneys will be available to pay when due the principal of and interest on the Refunded Bonds until their earliest date of optional redemption, February 1, 2018.

The Escrow Obligations and all other amounts held under the Escrow Agreement will not be available to pay the principal of or interest on the Series 2016 Bonds, and the owners of the Series 2016 Bonds will have no claim to any amounts held under the Escrow Agreement.

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

Discussion of 2016 Reservoir Project

A portion of the proceeds of the Series 2016 Bonds will be used for the purpose of financing or refinancing the costs of acquiring, constructing, installing and equipping storage and transmission facilities related to the Hard Labor Creek reservoir (the “2016 Reservoir Project”). The expected completion date of the total 2016 Reservoir Project is October, 2018.

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DESCRIPTION OF THE SERIES 2016 BONDS

General

The Series 2016 Bonds will be dated as of their date of issuance. Interest on the Series 2016 Bonds is payable on February 1 and August 1 of each year (each such date, an “Interest Payment Date”), commencing February 1, 2017. The Series 2016 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, 2017, 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 2016 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 2016 Bonds. See “- Book-Entry System of Registration” below. When not in book-entry form, interest on the Series 2016 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. Interest on the Series 2016 Bonds is payable to any registered owner of at least \$1,000,000 in aggregate principal amount of Series 2016 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 15th 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 2016 Bonds is payable upon surrender thereof at the corporate trust office of the Trustee located in Atlanta, Georgia.

Authority for Issuance

The Series 2016 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 2016 Bonds will be authorized pursuant to the terms and conditions of a resolution adopted by the Issuer on September 13, 2016 (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 adopted by the Board of Commissioners of the County on September 14, 2016.

Redemption Provisions

Optional Redemption. The Series 2016 Bonds maturing on or after February 1, 2027 are redeemable at the option of the Issuer, in whole or in part at any time and in any order of maturity, not earlier than February 1, 2026, 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 2016 Bonds. The Series 2016 Bonds maturing on February 1, 2036, are subject to mandatory sinking fund redemption on February 1, 2028, and on each February 1 thereafter to and including February 1, 2036, 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, 2036 amount to be paid rather than redeemed):

<u>February 1 of the Year</u>	<u>Principal Amount</u>
2028	\$25,000
2029	25,000
2030	25,000
2031	25,000
2032	30,000
2033	30,000
2034	30,000
2035	30,000
2036	1,250,000

+ Final Maturity

The Series 2016 Bonds maturing on February 1, 2038, are subject to mandatory sinking fund redemption on February 1, 2037, and on each February 1 thereafter to and including February 1, 2038, 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, 2038 amount to be paid rather than redeemed):

<u>February 1 of the Year</u>	<u>Principal Amount</u>
2037	\$1,295,000
2038	1,345,000+

+ Final Maturity

At its option, to be exercised on or before the 45th day next preceding any sinking fund redemption date, the Issuer may (a) deliver to the Trustee for cancellation Series 2016 Bonds of the appropriate maturity in any aggregate principal amount desired or (b) receive a credit in respect of its sinking fund redemption obligation for any Series 2016 Bonds of the appropriate maturity which prior to said date have been redeemed (otherwise than through the operation of this Section) and cancelled by the Trustee and not theretofore applied as a credit against any prior mandatory sinking fund redemption obligation. Each Series 2016 Bond so delivered or previously redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the Issuer on such sinking fund redemption date and any excess shall be credited on future sinking fund redemption obligations in such order as may be specified by the Issuer, and the principal amount of such Series 2016 Bonds to be redeemed by operation of the sinking fund shall be accordingly reduced.

Partial Redemptions. If less than all of the Series 2016 Bonds of a maturity are to be redeemed, the particular Series 2016 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 2016 Bonds are subject to redemption only in principal amounts of \$5,000 or any integral multiple thereof. Any Series 2016 Bond, a portion of which has been redeemed, shall be considered to be outstanding only in an amount reduced by the portion thereof so redeemed whether or not it has been surrendered as aforesaid.

Notice of Redemption. Notice of any redemption of Series 2016 Bonds shall be given one time not more than 60 and not less than 30 days prior to the date fixed for redemption to the holders of each of the Series 2016 Bonds being called for redemption by registered or certified mail at the address shown on the register of the Trustee pertaining to the Series 2016 Bonds; provided, that if the Issuer shall issue any Additional Indebtedness bearing interest at other than a fixed rate, it may, in the proceedings relating thereto, provide for shorter or longer periods for notices of redemption as it may deem appropriate. Failure of the Issuer to give any such notice or any defect therein as to any Series 2016 Bond or Series 2016 Bonds shall not affect the redemption of any other Series 2016 Bonds as to which proper notice of redemption has been given as provided herein or therein. Failure of the holder of any Series 2016 Bond to receive any such notice as so given shall not affect the validity of the proceedings for the redemption of any such Series 2016 Bond.

If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Series 2016 Bonds called for redemption, which moneys are or will be available for redemption of Series 2016 Bonds, such notice shall state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Registration Provisions; Transfer and Exchange

The Series 2016 Bonds will be issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof. The Series 2016 Bonds will be registered as to principal and interest on the registration books kept by the Trustee. The registered owner thereof shall be treated as the absolute owner thereof for all purposes, regardless of any actual notice to the contrary.

When in book-entry form, the purchasers of the Series 2016 Bonds (the “Beneficial Owners”) will not receive certificates representing their ownership interest in the Series 2016 Bonds. Instead, such Series 2016 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 2016 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 2016 BONDS – Book-Entry System of Registration.”

When not in book-entry form, ownership of any Series 2016 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 2016 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 2016 Bonds surrendered for such transfer. The Series 2016 Bonds may be exchanged for a like principal amount of Series 2016 Bonds of the same interest rate, series and maturity of other authorized denominations. For every exchange or registration of transfer, the Trustee may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration or transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2016 Bonds. The Trustee is not required to transfer or exchange any Series 2016 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 2016 Bonds. The Series 2016 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 2016 Bond certificate will be issued for each maturity of the Series 2016 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 2016 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 2016 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 and www.dtc.org.

Purchases of the Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2016 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 2016 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 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 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 2016 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 2016 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2016 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 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 Bonds; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2016 Bonds; or (v) any consent given or other action taken by DTC as holder of the Series 2016 Bonds.

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SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2016 BONDS

General

The Series 2016 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 2016 Bonds. The Indenture requires, as a condition of the issuance of any such Additional Indebtedness, that the Issuer deliver to the Trustee an amendment or supplement to the Contract under which the County agrees to pay additional amounts under the Contract sufficient to enable the Issuer to pay amounts due on such Additional Indebtedness. If such Additional Indebtedness is issued, such Additional Indebtedness shall rank on parity with the Series 2016 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 2016 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 2016 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 2008 Reservoir Project or the 2016 Reservoir Project, or any failure or inability to withdraw or treat water from the 2008 Reservoir Project or the 2016 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 10,400 residential and commercial customers. The County, Jackson County, Barrow County and Athens-Clarke County are members of the Upper Oconee Basin Water Authority (the “Upper Oconee Authority”). As a member the County is entitled to receive 19.04% of the treated water produced by the Upper Oconee Authority and is required to pay 20.959% of the Upper Oconee Authority’s debt service on its revenue bonds. The County receives most of its water from the Upper Oconee Authority. The County System provides waste water collection and treatment services to a portion of the County and serves approximately 1,720 residential and 480 commercial customers.

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

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

The County Bond Resolution requires that all revenues from the County System be deposited into the Revenue Fund. The County Bond Resolution further requires that the moneys on deposit in the Revenue Fund be used each month first to pay operating expenses; second to fund the Debt Service Account for the County Revenue Bonds; third to fund the Reserve Account for the County Revenue Bonds; and fourth to repay junior lien obligations, including, but not limited to (i) any loans made by Georgia Environmental Finance Authority and the State of Georgia Revolving Fund, (ii) that portion of the payments made by the County out of net revenues to the Upper Oconee Basin Water Authority under the Intergovernmental Reservoir and Raw Water Supply Agreement and the Upper Oconee Water Treatment and Transmission Agreement among the Upper Oconee Basin Water Authority, the County, Athens-Clarke County, Barrow County and Jackson County, Georgia, dated July 22, 1996, as amended, and (iii) any and all existing loans having a lien on the net revenues of the System; and fourth to fund the Reserve Account for the County Revenue Bonds. Any moneys remaining in the Revenue Fund each month after the foregoing payments and transfers are made, and after a reasonable working capital reserve is established, are transferred to the Renewal and Extension Fund. Moneys on deposit in the Renewal and Extension Fund may be used to make capital improvements to the County System. In addition, there may be paid from such Renewal and Extension Fund (i) payments to be made by the County pursuant to the Intergovernmental Contract-Hard Labor Creek Reservoir Project, dated as of October 1, 2007, as amended and supplemented from time to time, between the County and the Walton County Water and Sewerage Authority and (ii) payments to be made by the County pursuant to the Intergovernmental Reservoir and Water Supply and Treatment Agreement, dated as of September 1, 2007, between the County, Walton County, Georgia and the Walton County Water and Sewerage Authority. The County intends to make the payments to the Upper Oconee Authority Bonds, the County Revenue Bonds, the Prior Bonds, and the Series 2016 Bonds after it pays the costs of operating and maintaining the County System.

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

The Indenture

The Indenture creates a first lien on the Trust Estate as security for the Prior Bonds, the Series 2016 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 2016 Bonds and the Additional Indebtedness as the same become due. Moneys on deposit in the Sinking Fund may be invested in Permitted Investments. See APPENDIX B – SUMMARY OF CERTAIN DOCUMENTS AND DEFINITIONS OF CERTAIN TERMS for more information about the Indenture.

Reserve Fund and Abolition of Reserve Fund

A DEBT SERVICE RESERVE FUND WAS ORIGINALLY CREATED PURSUANT TO THE ORIGINAL INDENTURE FOR THE BENEFIT OF THE BONDS (AS DEFINED IN THE ORIGINAL INDENTURE). UPON ISSUANCE OF THE SERIES 2016 BONDS, THE OWNERS OF THE SERIES 2016 BONDS, BY THEIR PURCHASE THEREOF, WILL BE DEEMED TO HAVE CONSENTED TO THE ABOLITION OF THE DEBT SERVICE RESERVE FUND BY VIRTUE OF THEIR PURCHASE OF THE SERIES 2016 BONDS. THE THIRD SUPPLEMENTAL INDENTURE PROVIDES THAT THE DEBT SERVICE RESERVE FUND WILL NO LONGER BE MAINTAINED AND ALL REFERENCES TO THE DEBT SERVICE RESERVE FUND AND THE RESERVE REQUIREMENT IN THE INDENTURE WILL BE STRICKEN UPON THE ISSUANCE OF THE SERIES 2016 BONDS. 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 2016 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.

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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 2016 Bonds (assuming the refunding of the Refunded Bonds). See "COUNTY DEBT STRUCTURE – Summary of Debt by Category and Overlapping Debt" herein for a summary of other tax supported indebtedness of the County.

Year Ending June 30	Prior Bonds			Series 2016 Bonds			Total Amount
	Principal	Interest	Total	Principal	Interest	Total	
2017	\$25,000	\$332,687.50	\$357,687.50	\$100,000	\$113,199.86	\$213,199.86	\$570,887.36
2018	25,000	331,937.50	356,937.50	465,000	393,650.00	858,650.00	1,215,587.50
2019	25,000	331,187.50	356,187.50	475,000	384,350.00	859,350.00	1,215,537.50
2020	25,000	330,593.76	355,593.76	490,000	370,100.00	860,100.00	1,215,693.76
2021	25,000	330,000.00	355,000.00	515,000	350,500.00	865,500.00	1,220,500.00
2022	25,000	329,406.26	354,406.26	530,000	329,900.00	859,900.00	1,214,306.26
2023	25,000	328,812.50	353,812.50	560,000	303,400.00	863,400.00	1,217,212.50
2024	25,000	328,218.76	353,218.76	585,000	275,400.00	860,400.00	1,213,618.76
2025	30,000	327,625.00	357,625.00	615,000	246,150.00	861,150.00	1,218,775.00
2026	30,000	326,912.50	356,912.50	645,000	215,400.00	860,400.00	1,217,312.50
2027	330,000	326,200.00	656,200.00	375,000	183,150.00	558,150.00	1,214,350.00
2028	850,000	313,000.00	1,163,000.00	25,000	164,400.00	189,400.00	1,352,400.00
2029	880,000	279,000.00	1,159,000.00	25,000	163,400.00	188,400.00	1,347,400.00
2030	920,000	243,800.00	1,163,800.00	25,000	162,400.00	187,400.00	1,351,200.00
2031	955,000	207,000.00	1,162,000.00	25,000	161,400.00	186,400.00	1,348,400.00
2032	995,000	168,800.00	1,163,800.00	30,000	160,400.00	190,400.00	1,354,200.00
2033	1,035,000	129,000.00	1,164,000.00	30,000	159,200.00	189,200.00	1,353,200.00
2034	1,075,000	87,600.00	1,162,600.00	30,000	158,000.00	188,000.00	1,350,600.00
2035	1,115,000	44,600.00	1,159,600.00	30,000	156,800.00	186,800.00	1,346,400.00
2036	--	--	--	1,250,000	155,600.00	1,405,600.00	1,405,600.00
2037	--	--	--	1,295,000	105,600.00	1,400,600.00	1,400,600.00
2038	--	--	--	1,345,000	53,800.00	1,398,800.00	1,398,800.00
TOTAL	\$8,415,000	\$5,096,381.28	\$13,511,381.28	\$9,465,000	\$4,766,199.86	\$14,231,199.86	\$27,742,581.14

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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
Shirlene Huff, <i>Secretary</i>	Retired Teacher
Tommy Richardson	Retired Educator
Judy McDaniel	Banker
Lester Middlebrooks	Utility Company
Ryan Smith	Window Tinting Company
Wendell Geiger	Retired

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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. It is bordered by Clarke, Oglethorpe, Morgan, Greene and Walton Counties.

Form of Government and County Officials

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

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

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

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

Services

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

Employees, Employee Relations, and Labor Organizations

The County employs approximately 359 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, 2010 through 2015 (the most current published data).

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2015	35,965	10,214,860	321,418,820
2014	35,147	10,097,132	318,907,401
2013	34,088	9,991,562	316,427,395
2012	33,536	9,917,639	314,102,623
2011	33,262	9,812,280	311,718,857
2010	32,929	9,713,454	309,346,863

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, 2011 through 2015.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
County Labor Force	16,910	17,071	17,109	17,265	17,430
County Unemployment Rate	7.0%	6.3%	5.6%	5.1%	4.3%
State Unemployment Rate	10.2%	9.2%	8.2%	7.1%	5.9%
United States Unemployment Rate	8.9%	8.1%	7.4%	6.2%	5.3%

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

Building Permits

Set forth below are the numbers of residential and commercial building permits and the value of those permits for fiscal years 2011 through 2015 (the most current published data).

<u>Year</u>	<u>Residential</u>		<u>Commercial</u>	
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
2015	324	\$221,097	166	\$182,689
2014	305	220,753	100	109,836
2013	272	182,828	84	179,342
2012	113	75,134	39	44,970
2011	81	53,854	28	49,144

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, 2010 through 2014 (the most current published data).

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2014	\$50,679	\$38,980	\$46,049
2013	48,991	37,596	44,438
2012	48,315	37,254	44,266
2011	45,940	36,588	41,560
2010	43,540	34,487	39,791

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 2010 through 2014 (the most current published data).

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2014	\$235,000	\$148,000	\$175,700
2013	238,200	151,300	176,700
2012	241,400	156,400	181,400
2011	234,400	160,200	186,200
2010	228,700	161,400	188,400

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 June 20, 2016, their industries and their approximate number of employees. There can be no assurance that any employer listed below will continue to be located in 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>
Caterpillar	Machinery Manufacturing	1,726
Oconee County School System	Education	908
Oconee County Government	Local Government	359
Wal-Mart	Discount Retailer	300
St. Mary's Health Care	Health Care Provider	260
Zaxby's, Inc.	Corporate Headquarters	220
Information Technology Services	Information Technology	300
Lowe's	Home Improvement Retailer	185
Industrial Mechanical Inc.	Mechanical Contractors	180
Benson's Bakery	Baked Goods Manufacturer	175

Source: Oconee County Economic Development Authority.

Banking Deposits

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

<u>Year</u>	<u>Institutions</u>	<u>Deposits</u>
2015	9	\$741,871
2014	9	630,568
2013	9	596,989
2012	9	587,715
2011	10	579,713

Source: Federal Depository Insurance Corporation.

Industry Mix

The following table reflects industry mix for the fourth quarter of 2015.

<u>Industry</u>	<u>Number of Firms</u>	<u>Average Monthly Employment</u>	<u>Average Weekly Wages</u>
Agriculture, Forestry, Mining, Quarrying	18	129	\$529
Mining	1	**	**
Construction	117	450	952
Manufacturing	32	464	957
Services:			
Utilities	3	17	1,523
Wholesale Trade	62	427	995
Retail Trade	83	1,262	500
Transportation and Warehousing	19	66	651
Information	12	68	815
Finance and Insurance	71	358	1,163
Real Estate and Rental and Leasing	60	219	672
Professional Scientific/Technical Services	153	636	1,144
Management of Companies and Enterprises	3	516	1,889
Administrative and Waste Services	73	501	749
Educational Services	22	512	552
Health Care and Social Services	113	1,135	981
Arts, Entertainment, and Recreation	16	127	360
Accommodation and Food Services	45	1,149	238
Other Services (except government)	78	388	814
Unclassified – industry not assigned	54	47	1,225
Federal Government	12	101	793
State Government	9	50	455
Local Government	<u>16</u>	<u>1,393</u>	<u>744</u>
Total All Industries	1,072	10,022	\$798

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.⁽¹⁾

<u>Year</u>	<u>Residential</u>	<u>Agricultural</u>	<u>Commercial</u>	<u>Utilities</u>	<u>Industrial</u>	<u>Conservation</u> ⁽²⁾	<u>Other</u> ⁽³⁾
2015	20.12%	10.81%	2.54%	0.01%	0.70%	63.47%	2.34%
2014	18.40	9.57	2.27	0.01	0.64	66.76	2.36
2013	18.59	9.69	2.26	0.04	0.62	66.02	2.77
2012	18.87	10.67	2.28	0.04	0.74	65.82	1.59
2011	19.66	10.28	2.25	0.06	0.74	65.08	1.93

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

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

⁽³⁾ 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 Athens Regional Medical Center and St. Mary’s Hospital, two regional hospitals servicing individuals within the surrounding counties. Additionally, hospitals are present in Barrow, Jackson, Morgan and Walton counties to provide less acute medical attention to local residents.

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

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

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

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

A number of recreational opportunities are available within the County. There are four athletic complexes within the County, as well as several parks. At present, the majority of programs overseen by the recreation department occur at Oconee Veteran’s Park on Hwy. 53 west of Watkinsville. This new complex consists of

baseball/softball fields, tennis courts, walking track, multi-purpose facility, senior citizens center, and the veterans' memorial. Herman C. Michael Park has a gymnasium, tennis courts, softball fields, baseball fields, and a walking track.

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

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

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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 2016 Bonds may be invested and reinvested in the following investments, and no others:

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

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

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

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

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

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

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

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

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

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

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

(2) obligations issued by the United States government;

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

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

(5) prime bankers' acceptances;

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

(7) repurchase agreements; and

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

Paragraph VI of Section V of Article IX of the Constitution of the State of Georgia requires the proceeds of the tax assessed and collected to pay the principal of and interest on the Series 2016 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 2016 Bonds and to be held and kept separate and apart from all other revenues collected by the County.

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

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

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

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

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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, 2012 through 2015. Information in the following table for the year ended June 30, 2016 has been prepared by the County without audit. 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 2012 through 2015 copies of which are available from the County upon request.

GENERAL FUND HISTORY

	<u>Fiscal Years Ended June 30</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016⁽¹⁾</u>
Revenues:					
Taxes	\$17,211,314	\$17,398,073	\$18,610,224	\$19,811,956	\$20,934,598
Licenses and Permits	438,704	697,573	797,567	752,143	757,099
Intergovernmental	35,374	2,549,610	3,127,964	819,545	511,954
Charges for Services	2,493,135	2,549,763	2,450,784	2,487,303	2,437,253
Fines and Forfeitures	441,736	391,742	351,954	357,318	326,432
Investment Income	17,958	15,316	13,278	17,048	27,386
Contributions and Donations	--	3,532	--	1,034	3,534
Miscellaneous Income	<u>72,433</u>	<u>56,353</u>	<u>83,135</u>	<u>99,465</u>	<u>91,130</u>
Total Revenues:	<u>20,710,654</u>	<u>23,661,962</u>	<u>25,434,906</u>	<u>24,345,812</u>	<u>25,089,387</u>
Expenditures:					
General Government	4,861,105	4,654,446	4,788,803	4,937,332	5,072,236
Judicial	1,493,166	1,533,453	1,599,955	1,664,581	1,698,127
Public safety	6,408,429	6,319,950	6,989,536	7,253,628	7,147,829
Public works	3,291,945	5,275,877	5,886,693	2,632,489	3,726,626
Health and welfare	181,329	218,447	236,056	242,710	249,038
Culture and recreation	2,597,139	2,708,090	2,888,058	2,950,639	2,944,495
Housing and development	1,010,538	977,472	997,011	1,233,729	1,735,550
Debt Service					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Total Expenditures:	<u>19,843,651</u>	<u>21,687,735</u>	<u>23,386,112</u>	<u>20,895,108</u>	<u>22,573,902</u>
Revenues Over (Under) Expenditures	<u>867,003</u>	<u>1,974,227</u>	<u>2,048,794</u>	<u>3,450,704</u>	<u>2,515,485</u>
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	16,298	73,378	22,998	109,837	17,045
Operating transfers in	14,353	10,383	83,287	329,000	74,000
Operating transfers out	(2,101,030)	(1,772,651)	(1,893,707)	(3,327,595)	(2,115,678)
Net Other Financing Sources (Uses)	<u>(2,070,379)</u>	<u>(1,688,890)</u>	<u>(1,787,422)</u>	<u>(2,888,758)</u>	<u>(2,024,633)</u>
Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(1,203,376)</u>	<u>285,337</u>	<u>261,372</u>	<u>561,946</u>	<u>490,852</u>
Fund balance, beginning of year	9,813,469	8,610,093	8,895,430	9,156,802	9,718,748
Prior period adjustment	--	--	--	--	--
Fund balance, beginning of year, as restated	<u>9,813,469</u>	<u>8,610,093</u>	<u>8,895,430</u>	<u>9,156,802</u>	<u>9,718,748</u>
Fund balance, end of year	<u>\$8,610,093</u>	<u>\$8,895,430</u>	<u>\$9,156,802</u>	<u>\$9,718,748</u>	<u>\$10,209,600</u>

⁽¹⁾ Unaudited.

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 year ending June 30, 2017.

	<u>2017</u>
Revenues	
Taxes	\$20,933,287
Licenses and permits	592,505
Intergovernmental	67,374
Charges for services	2,415,750
Fines and forfeitures	296,300
Investment income	15,000
Contributions and donations	0
Miscellaneous	<u>70,000</u>
Total Revenues	<u>\$24,390,216</u>
Expenditures	
General government	\$5,221,148
Judicial	1,903,256
Public safety	7,511,606
Public works	2,853,851
Health and welfare	287,333
Culture and recreation	3,155,276
Housing and development	<u>2,108,941</u>
Total Expenditures	<u>\$23,041,411</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$1,348,805
Other Financing Sources (Uses)	
Other Financing Sources	\$32,500
Other Financing Uses	<u>(2,043,305)</u>
Total Other Financing Sources (Uses)	<u>\$(2,010,805)</u>
Net Change in Fund Balance	\$(662,000)
Fund Balance, Beginning of Year	\$10,209,600
Fund Balance, End of Year	<u>\$8,453,689</u>

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The County has not conformed to its General Fund budget in many instances for the fiscal years ended June 30, 2012 through 2016. Set forth below is a summary of unfavorable variances between budgeted and actual amounts for the fiscal years ended June 30, 2012 through 2016.

General Fund Unfavorable Variances
(GAAP Budgetary Basis of Accounting)

	Year Ended June 30				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016⁽¹⁾</u>
Revenues					
Taxes	--	--	\$(38,376)	--	--
Licenses and permits	--	--	--	--	--
Intergovernmental					
Revenues	\$(689,626)	--	--	--	--
Charges for services	--	\$(175,312)		\$(41,647)	\$(14,297)
Fines and forfeitures	(24,764)	(92,258)	(10,546)	--	(28,068)
Investment Income	(2,042)	(684)	--	--	--
Miscellaneous	--	(847)	--	--	--
Expenditures					
General Government	--	--	--	--	--
Judicial	--	--	--	--	--
Public Safety	--	--	--	--	--
Public Works	--	--	--	--	--
Health and Welfare	--	--	--	--	--
Culture and Recreation	--	--	--	--	--
Housing and Development	--	--	--	--	--
Debt Services					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Other Financing Sources					
Proceeds from sale of capital assets	--	--	--	(163)	--
Operating transfers in	(732)	(117)	(887)	--	--
Operating transfers out	--	--	--	--	--
Net Cumulative Variance					
Favorable (Unfavorable)	<u>\$7,636</u>	<u>\$420,146</u>	<u>\$591,237</u>	<u>\$1,606,643</u>	<u>\$1,093,911</u>

⁽¹⁾ Unaudited.

The County expects to conform to its adopted budget for its General Fund for fiscal year 2017.

Insurance

The County carries property damage insurance with respect to the properties. The County also carries comprehensive general and law enforcement liability insurance, automobile liability insurance, errors and omissions liability insurance, crime coverage and other types of insurance deemed necessary by the County to be maintained by the County. See Note 11 to the County's Audited Financial Statements for fiscal year ended June 30, 2015 attached hereto as Appendix A for a description of the County's insurance.

Retirement Plans and Other Post-Employment Benefits

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

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

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

GEBCorp
400 Galleria Parkway, Suite 1250
Atlanta, Georgia 30339

All full-time County employees are eligible to participate in the Plan after completing three years of service. Benefits are fully vested after ten years of service. Participants employed before August 2010 become eligible to retire at age 65 with 5 years of participation in the Plan. Employees hired after August 2010 must have 10 years of service to be eligible to retire with benefits from the Plan. Upon eligibility to retire, participants are entitled to an annual 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 benefits provisions were established by an adoption agreement executed by the County Board of Commissioners.

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

Plan Asset Mix and Accounting Policies

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

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

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

Plan Membership

Retirees, beneficiaries and disabled receiving benefits	77
Terminated plan members entitled to but not receiving benefits	92
Active plan members	202
Total	<u>371</u>

Covered compensation for active participants \$8,409,345

Contributions

The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans. The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend from time to time, the

contribution rates for the employer and its plan members. Administrative expenses are based on total covered payroll of plan members and are added to the annual funding requirement. The County's actuarially required contribution was \$1,603,961 and its actual contribution was \$1,781,612, or 111% of the required contribution and 21.2% of the covered compensation. The County paid its contribution during December 2014, so the County reported no payable and the plan reported no receivable for amounts due for the 2014 plan year.

Net Pension Liability

The County's total pension liability was determined based on an actuarial valuation as of December 31, 2014 and the net pension liability was measured as of the same date. The December 31, 2014 actuarial valuation determined the total pension liability using assumptions that were applied to all periods included in the measurement as follows:

Actuarial Methods and Assumptions

Investment return 7.50%
 Salary increases 5.00% with an age based scale as follows:

<u>Age</u>	<u>Salary increase</u>
Under 30	5.0% plus 1.5%
30-39	5.0% plus 1.0%
40-49	5.0% less 0.5%
50+	5.0% less 1.0%

Future payroll growth 5.50% per year

No cost of living adjustments are awarded after retirement.

Mortality: RP-2000, Combined

Discount Rate

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

The discount rate is calculated as follows:

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

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

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

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

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

	Discount Rate Sensitivity Analysis	
	6.50%	8.50%
Total Pension Liability	25,348,590	19,568,607
Fiduciary Net Position	<u>14,530,746</u>	<u>14,530,746</u>
Net Pension Liability	<u>10,817,844</u>	<u>5,037,861</u>

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

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

Summary of Changes	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning of year	\$20,916,657	\$12,912,277	\$8,004,380
Service Cost	662,925	--	662,925
Interest on total pension liability	1,534,234	--	1,534,234
Employer contributions	--	1,781,612	(1,781,612)
Net investment income	--	849,702	(849,702)
Benefit payments	(920,393)	(920,393)	--
Administrative expenses	--	(41,842)	41,842
Other expense	--	(50,610)	50,610
End of year	<u>\$22,193,423</u>	<u>\$14,530,746</u>	<u>\$7,662,677</u>

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Calculation of Net Pension Liability

The beginning and ending net pension liability is calculated as follows:

	<u>Beginning</u>	<u>Ending</u>
Total Pension Liability	\$20,916,657	\$22,193,423
Fiduciary Net Position	<u>12,912,277</u>	<u>14,530,746</u>
Net Pension Liability	\$8,004,380	\$7,662,677

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

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

Pension contributions	\$1,781,612
Change in net pension liability	(341,703)
Deferred outflow related to investment results	(147,548)
Amortization of deferred outflows	<u>29,510</u>
Pension expense	<u>\$1,321,871</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	--	--
Change of assumptions	--	--
Net difference between projected and actual earnings on Plan investments	<u>\$118,369</u>	<u>--</u>
	<u>\$118,369</u>	<u>--</u>

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

Year ended June 30,	Experience Difference	Assumption Change	Investment Results Difference
2016	--	--	\$29,593
2017	--	--	29,592
2018	--	--	29,592
2019	--	--	29,592
2020	<u>--</u>	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>	<u>\$118,369</u>

Deferred Compensation Plan

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

Defined Contribution Plan

The County has also established the Oconee County 401(a) Defined Contribution Plan through adoption of the ACCG 401(a) Defined Contribution Program. The plan was established to provide benefits at retirement to Oconee County employees. There are no employee or employer contributions at this time. The County has delegated

certain administrative responsibilities to ACCG, or its designee. Plan provisions are established and may be amended by the Board of Commissioners.

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

Extension Service Employees Retirement Plan

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

Probate Judge's Retirement Fund of Georgia

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

Clerk of Superior Court Retirement Fund

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

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

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

Other Postemployment Benefits (OPEB)

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

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

The County contributes towards a retiree's Medicare supplement premium. Dependent cost is the responsibility of the retiree. The County allows retirees under age 65 to continue in the health plan the County maintains for its active employees. The County contributes an amount equal to the cost of a Medicare Supplement Premium towards the retiree's health benefit. During the fiscal year, expenditures of \$143,792 were recognized for retiree health care and Medicare supplements. The County has the following participants in its plan:

Retired participants	51
Active participants	--
Total participants	<u>51</u>

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

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

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

Normal cost (current service cost)	--
Amortization of UAAL (share of past service cost)	<u>\$107,540</u>
Annual Required Contribution (ARC)	107,540
Interest on Net OPEB Obligation	(1,178)
Adjustment to Annual Required Contribution	<u>1,33</u>
Annual OPEB Cost	107,735
OPEB costs paid during year	<u>(143,792)</u>
Change in Net OPEB Obligation	(36,057)
Net OPEB Obligation (Asset), beginning	<u>(85,952)</u>
Net OPEB Obligation (Asset), ending	<u>\$(122,009)</u>
Percentage of ARC contributed	134%

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

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

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

Trend Information

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>OPEB Cost Contributed</u>	<u>% of ARC Contributed</u>	<u>OPEB Obligation/(Asset)</u>
6/30/2015	\$107,735	\$143,792	133%	\$(122,009)
6/30/2014	107,735	164,229	152%	(85,952)
6/30/2013	121,696	153,889	126%	(29,458)
6/30/2012	121,696	164,201	135%	2,735

Actuarial Assumptions and Methods

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

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

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

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

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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 2016 Bonds and the refunding of the Refunded Bonds, and the estimated overlapping property tax supported debt of certain governmental entities that is attributable to property owners in the County based on the proportion to which the jurisdiction of the County overlaps such entities. Although the County has attempted to obtain accurate information as to the outstanding overlapping debt, it does not warrant its completeness or accuracy, as there is no central reporting entity which has this information available, and the amounts are based on information supplied by others.

<u>Category of Debt</u>	<u>Amount of Outstanding Debt</u>	<u>Percentage Applicable to the County</u>	<u>Amount Applicable to the County</u>
General Obligation Bonds ⁽¹⁾	\$9,335,000	100%	\$9,335,000
Intergovernmental Contract ⁽²⁾	46,949,129	100%	46,949,129
Capital Leases ⁽³⁾	<u>501,335</u>	100%	<u>501,335</u>
Total Direct	<u>\$56,785,464</u>		<u>\$56,785,464</u>
Overlapping:			
School District:			
General Obligation Bonds ⁽⁴⁾	\$5,425,000	100%	\$5,425,000
Capital leases ⁽³⁾	<u>136,571</u>	100%	<u>136,571</u>
Total Overlapping:	<u>\$5,561,571</u>		<u>\$5,561,571</u>
Total Direct and Overlapping:	<u>\$62,347,035</u>		<u>\$62,347,035</u>

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

⁽²⁾ Assumes the issuance of the Series 2016 Bonds and the refunding of the Refunded Bonds. The obligations under intergovernmental contracts are general obligations of the contracting party to which its full faith and credit and taxing powers are pledged, but do not constitute debt for purposes of the constitutional debt limit. Includes an intergovernmental contract with the Upper Oconee Basin Water Authority in connection with the Upper Oconee Basin Water Authority Revenue Refunding Bonds, Series 2015A and the Upper Oconee Basin Water Authority Taxable Revenue Refunding Bonds, Series 2015B (the “UOBWA Bonds”), an intergovernmental contract, as supplemented, with the Walton County Water and Sewerage Authority (the “WCWSA”) in connection with the Prior Bonds and the Series 2016 Bonds, intergovernmental contracts with the WCWSA in connection with two Georgia Environmental Finance Authority loans, an intergovernmental contract with the Oconee County Industrial Development Authority in connection with the Oconee County Industrial Development Authority Revenue Bonds (Oconee County Economic Development Project), Series 2012, and an intergovernmental contract with the Oconee County Industrial Development Authority in connection with the Oconee County Industrial Development Authority Revenue Bond (Oconee County Economic Development Project), Series 2016. It is the intent that the principal and interest on the UOBWA Bonds, the Prior Bonds and the Series 2016 Bonds will be paid from revenues of the County System. The County will not collect ad valorem taxes to pay the UOBWA Bonds, the Prior Bonds or the Series 2016 Bonds unless the revenues of the County System are insufficient.

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

⁽⁴⁾ General obligation bonds are general obligations of the issuer to which its full faith and credit and tax powers are pledged. The School District’s General Obligation Bonds, Series 2012 in the outstanding principal amount of \$5,425,000 are payable from a one percent local option sales tax. The School District will not collect ad valorem taxes to pay these Series 2012 Bonds unless the sales tax proceeds are insufficient.

Tax Supported Debt Ratios

The following table sets forth certain debt ratios following issuance of the Series 2016 Bonds.

TAX SUPPORTED DEBT RATIOS

	<u>Direct Tax Supported Debt</u>	<u>Overlapping Tax Supported Debt</u>	<u>Overall Tax Supported Debt</u>
Per Capita Debt ⁽¹⁾	\$1,578.91	\$154.64	\$1,733.55
Percentage of Gross Tax Digest ⁽²⁾	3.08%	0.30%	3.38%
Percentage of Fair Market Value ⁽³⁾	1.42%	0.14%	1.56%
Per Capita Debt as Percentage of Per Capita Income ⁽⁴⁾	3.12%	0.31%	3.42%

⁽¹⁾ Based upon estimated 2015 population figure of 35,965.

⁽²⁾ Based upon 2015 Gross Tax Digest of \$1,844,497,241.

⁽³⁾ Based on 2015 estimated fair market value of \$3,996,337,043.

⁽⁴⁾ Based upon 2014 per capita income figure of \$50,679.

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.

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As computed in the table below, based upon its 2015 Maintenance and Operation Digest and after issuance of the Series 2016 Bonds, the County could incur (upon necessary voter approval) approximately \$150,518,481 of long-term obligations payable out of general property taxes (or general obligation bonds).

Computation of Legal Debt Margin

Net M&O Digest ⁽¹⁾	\$1,598,534,817
Debt Limit (10% of Assessed Value)	159,853,481
Amount of Debt Applicable to Debt Limit	<u>9,335,000</u>
Legal Debt Margin	<u>\$150,518,481</u>

⁽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

Ad valorem taxes are an important source of revenue to fund the operations of the County and the repayment of the Series 2016 Bonds. Ad valorem property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value.

Property Subject to Taxation

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

Assessed Value

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

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

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

Tax Levy

The County determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within its limits, will produce the necessary amount of property tax revenues. The Oconee County Board of Commissioners annually levies the ad valorem property taxes for the County. There is no limitation on the annual rate of levy for the support and maintenance of the County or the payment of principal and interest on the Series 2016 Bonds.

Tax Collection

The County bills and collects its own property taxes. Most real and personal property taxes are levied in August through October of each year on the assessed value listed as of January 1. Public utility and personal

intangible taxes are levied upon the receipt of the digest from the State of Georgia, which typically occurs in September. Except for motor vehicle taxes, taxes levied by the County are payable on November 15 or within sixty days from the billing date. Motor vehicle taxes are payable in the month of birth date of the vehicle owner. An interest penalty of twelve percent per annum applies to real and personal property taxes paid after sixty days from the billing date.

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

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

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

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Tax Levy and Collection History

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

Tax Year	Fiscal Year	Tax Levy ⁽¹⁾	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ⁽³⁾	Total Collections	
			Amount	Percentage of Levy ⁽²⁾		Amount	Percentage of Levy
2015	2016	\$10,280,997	\$10,179,287	99.01%	\$91,788	\$10,271,075	99.90%
2014	2015	9,382,428	9,265,506	98.75	108,907	9,374,413	99.91
2013	2014	8,733,793	8,623,031	98.84	98,475	8,721,506	99.86
2012	2013	9,214,804	9,050,912	98.79	194,859	9,245,771	100.34
2011	2012	9,760,567	9,544,181	98.16	298,580	9,842,761	100.84

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

⁽²⁾ Collections within that fiscal year. Excludes collections from prior levies.

⁽³⁾ Collections through June 15, 2016.

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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Assessed Valuation

Set forth below is information concerning the assessed value (i.e. 40% of the fair market value) of taxable property within the County for calendar years 2011 through 2015.

Calendar Year	Real & Personal Property	Public Utilities	Motor Vehicles	Mobile Homes	Gross Tax Digest	Bond Exemptions	General Obligation Bond Tax Digest ⁽¹⁾	Maintenance & Operations Exemptions	Maintenance & Operations Tax Digest ⁽²⁾	Estimated Actual Value
2015	\$1,731,859,726	\$34,479,285	\$76,083,140	\$2,075,090	\$1,844,497,241	\$0	\$1,844,497,241	\$245,962,424	\$1,598,534,817	\$3,996,337,043
2014	1,563,799,483	34,738,714	99,113,820	2,008,597	1,699,660,614	0	1,699,660,614	214,466,668	1,485,193,946	3,712,984,865
2013	1,494,860,619	35,352,300	111,212,880	1,909,026	1,643,334,825	0	1,643,334,825	231,385,536	1,411,949,289	3,529,873,223
2012	1,484,038,937	34,973,481	109,868,100	1,875,188	1,630,755,706	0	1,630,755,706	227,707,275	1,403,048,431	3,507,621,078
2011	1,592,576,178	34,383,055	103,867,810	1,918,027	1,732,745,070	0	1,732,745,070	265,048,808	1,467,696,262	3,669,240,655

⁽¹⁾ Total assessed value, after deducting exemptions, for purposes of levying tax for the County's general obligation bonds.

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

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

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Conservation Use Property

Approximately 63.47% by acreage (approximately 10.7% of the total value) of the real property on the County's 2015 general tax digest was designated as Conservation Use property. Conservation Use property is real property that consists of timber land or agricultural land and is assessed at a value equal to the sum of (a) 65% of the capitalization of the net income generated from use of the property and (b) 35% of its current use value. The purpose of this tax treatment is designed to protect property owners of agricultural and timber lands from being pressured by property tax burdens to convert their land to residential or commercial use. Conservation Use property must remain undeveloped and employed for a qualifying use (i.e., agricultural or timber land) for at least ten years after its original designation. The value of conservation use property is not permitted to be increased or decreased by more than 3% from the current use valuation for the immediately preceding tax year or increased or decreased during the ten year covenant period by more than 34.39% from its current use valuation in the initial year of the 10-year period.

Property Tax Millage Rates

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

MILLAGE RATES BY CATEGORY:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
State of Georgia	0.250	0.200	0.150	0.100	0.050
Oconee County (unincorporated)	6.686	6.686	6.686	6.686	6.686
Oconee County (incorporated)	7.506	7.666	7.666	7.666	7.646
Oconee County School District	16.500	17.500	17.500	17.500	17.000
City of Bishop	2.170	2.110	2.175	2.056	1.974
City of Bogart	2.935	2.935	2.935	2.878	2.878
City of North High Shoals	1.365	1.491	1.491	1.460	1.402
City of Watkinsville	2.937	2.937	2.937	2.914	2.854
TOTAL COMBINED MILLAGE RATES:					
Oconee County (unincorporated)	23.436	23.436	24.386	24.336	24.286
City of Bishop	26.406	26.426	27.476	27.491	27.322
City of Bogart	27.171	27.191	28.301	28.251	28.144
City of North High Shoals	25.481	25.621	26.857	26.807	26.726
City of Watkinsville	27.173	27.193	28.303	28.253	28.180

Source: Georgia Department of Revenue.

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Ten Largest Taxpayers

The following table contains the ten largest taxpayers of the County for the calendar year 2015, based on their payment of the County real and personal property taxes. A determination of the largest taxpayers within the County can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessment in excess of those set forth in the table below. Furthermore, the taxpayers shown in the table below may own additional parcels within the County. No independent investigation has been made of, and consequently no representation can be made as to, the financial condition of any of the taxpayers listed below or that such taxpayers will continue to maintain their status as major taxpayers in the County.

	<u>Taxpayer</u>	<u>Type of Business/Property</u>	<u>Taxes Levied</u>	<u>Percentage of Total Taxes Levied⁽¹⁾</u>
1.	EPPS Bridge Centre, LLC	Retail/Commercial	\$161,855.69	1.57%
2.	Caterpillar Inc.	Industrial	158,263.14	1.54
3.	Walton EMC	Public Utility	144,133.32	1.40
4.	Athens Ridge LLC	Development	140,557.73	1.37
5.	Georgia Transmission Corp	Public Utility	105,640.87	1.03
6.	Scott H. Lee, Jr. Trustee (Wal-Mart)	Retail/Commercial	80,536.59	0.78
7.	The Markets At Epps Bridge	Retail/Commercial	63,220.27	0.61
8.	Power, Mike	Developer	54,251.82	0.53
9.	Southeastern PVC Pipe, MFG ETAL	Investment Property	52,285.30	0.51
10.	Benson's Inc.	Retail/Commercial	<u>45,892.84</u>	<u>0.45</u>
	TOTAL		<u>\$1,006,637.57</u>	<u>9.79%</u>

⁽¹⁾ Based upon Oconee County's 2015 total tax levy of \$10,280,997.
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 “Act”) contains provisions which enabled the County to levy a 1% sales and use tax on sales within the County. The voters of the County approved the general purpose local options sales tax on December 7, 1982. The tax will expire only if discontinued by a referendum of the qualified voters of the County. The tax is administered and collected by the Georgia State Revenue Commissioner. One percent of the tax collected is retained by the State, and all moneys collected from each taxpayer are first applied to the taxpayer’s liability, if any, for taxes owed to the State before net proceeds of the tax are disbursed by the State Revenue Commissioner.

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

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

<u>Calendar Year</u>	<u>Collections</u>
2015	\$5,743,906
2014	5,479,022
2013	4,959,526
2012	4,935,392
2011	4,743,434

Source: Georgia Department of Revenue.

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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 2016 Bonds, the provision of the security for the payment of the Series 2016 Bonds, or the use of the proceeds of the Series 2016 Bonds or which questions or contests the validity of the Series 2016 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 2016 Bonds, the security therefor, or the ability of the County to enter into and perform its obligations under the Contract.

Validation Proceedings and Approving Opinions

The Issuer will cause proceedings to be instituted in the Superior Court of Walton County to validate the Series 2016 Bonds. The State of Georgia will be the plaintiff in the proceeding, and the Issuer and the County will be the defendants. Under Georgia law, the judgment of validation is final and conclusive with respect to the validity of the Series 2016 Bonds against the Issuer and the County.

Legal matters incidental to authorization and issuance of the Series 2016 Bonds by the Issuer are subject to the approval of Gray Pannell & Woodward LLP, Atlanta, Georgia, Bond Counsel. It is anticipated that the approving opinion of Bond Counsel will be in substantially the form attached hereto as Appendix D. Certain legal matters will be passed upon for the Issuer by its counsel, Atkinson Ferguson, LLC, Monroe, Georgia and by its disclosure counsel, Gray Pannell & Woodward LLP, Atlanta, Georgia, and for the County by its counsel, Daniel C. Haygood, Esq., Watkinsville, Georgia

Closing Certificates

The County will deliver to the Underwriter a certificate that no litigation is pending or threatened against it which would have a material effect on (i) the issuance or validity of the Series 2016 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 2016 Bonds or (iii) the financial condition of the County. In addition, the County will represent to the Underwriter in the Bond Purchase Agreement that the information contained in this Official Statement does not contain any misrepresentation of a material fact and does not omit or state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

Opinion of Bond Counsel

Generally. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the Series 2016 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 2016 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 2016 Bonds are to be invested and require that certain investment earnings on the foregoing be rebated on a periodic basis to the Treasury Department of the United States.

The Issuer and the County have covenanted to comply with the requirements of the Code in order to maintain the exclusion of interest on the Series 2016 Bonds from gross income for federal income tax purposes.

Legal matters incident to the authorization, validity, and issuance of the Series 2016 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 2016 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 2016 Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Except as provided, no opinion will be expressed with respect to any other federal tax consequences of the receipt or accrual of interest on the Series 2016 Bonds.

Ownership of the Series 2016 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 2016 Bonds. Purchasers of the Series 2016 Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

In rendering our opinion that the interest on the Series 2016 Bonds is not includable in gross income for federal income tax purposes, Bond Counsel will (i) rely as to certain factual matters and representations of the Issuer and the County with respect to, among other things, the use of the proceeds of the Series 2016 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 2016 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 2016 Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2016 Bonds.

Premium Bonds. Certain of the Series 2016 Bonds which have been purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (the "Premium Bonds") will be treated as having amortizable bond premium. Section 171(a) of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under § 171(a)(2) of the Code, no deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. Under § 1016(a)(5) of the Code, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under § 171(a)(2) of the Code. Proceeds received from the sale, exchange, redemption, or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to § 1016(a)(5) of the Code) will be treated as a gain from the sale or exchange of such Premium Bond and not as interest.

The federal income tax treatment of bond premium under the Code, including the determination of the amount of amortizable bond premium that is allocable to each year, is complicated and holders of Premium Bonds should consult an independent tax advisor in order to determine the federal income tax consequences to such holders of purchasing, holding, selling, or surrendering a Premium Bond at its maturity.

State Tax Matters. In the opinion of Bond Counsel, under existing statutes, interest on the Series 2016 Bonds is exempt from all present state income taxation within the State of Georgia. Interest on the Series 2016 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 2016 Bonds should consult their tax advisors as to the taxable status of the Series 2016 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 2016 Bonds. The tax discussion herein under “LEGAL MATTERS – Opinion of Bond Counsel” is not intended or written to be used, and cannot be used, for purposes of avoiding taxpayer penalties. This discussion was written to support the promotion or marketing of the Series 2016 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 2016 Bonds. Purchasers of Series 2016 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 2016 Bonds.

Changes in Federal Tax Law

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series 2016 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 2016 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 2016 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 2016 Bonds or the market value thereof would be impacted thereby. Purchasers of the Series 2016 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 2016 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives, or litigation.

Tax Reform Act of 2012 (Georgia)

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

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

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

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

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

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

Transportation Funding Act.

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

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MISCELLANEOUS

Rating

Moody's Investors Services, Inc. ("Moody's") has assigned the rating of "Aa2" to the Series 2016 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 2016 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 2016 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 2016 Bonds.

Underwriting

Stifel Nicolaus & Company, Incorporated, or its successor in interest (the "Underwriter"), has agreed to purchase the Series 2016 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 2016 Bonds at a purchase price of \$10,745,589.95 (par, plus net premium of \$1,351,577.45, less underwriting discount of \$70,987.50). The Bond Purchase Agreement provides that the Underwriter will purchase all of the Series 2016 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 2016 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 2016 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 2016 Bonds are subject to the approval of Gray Pannell & Woodward LLP, Atlanta, Georgia, Bond Counsel. Certain legal matters will be passed on for the Issuer by its counsel, Atkinson Ferguson, LLC, Monroe, Georgia and by its disclosure counsel, Gray Pannell & Woodward LLP, Atlanta, Georgia, and for the County by its counsel, Daniel C. Haygood, Esq., Watkinsonville, Georgia.

The financial statements of the County as of June 30, 2015 and for the year then ended have been audited by Treadwell, Tamplin & Co, Madison, Georgia, independent certified public accountants, to the extent and for the period indicated in its report thereon, which appears in Appendix A. Such financial statements have been included herein in reliance upon the report of said firm.

Additional Information

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

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2016 Bonds.

Verification of Mathematical Computations

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

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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

**AUTHORIZATION OF AND CERTIFICATION
CONCERNING OFFERING STATEMENT**

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WALTON COUNTY WATER AND SEWERAGE
AUTHORITY

By: _____
Chairman

OCONEE COUNTY, GEORGIA

By: *Melvin Davis*
Chairman

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE COUNTY FOR FISCAL YEAR ENDED JUNE 30, 2015

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Oconee County, Georgia
Financial Statements
For the Fiscal Year Ended
June 30, 2015

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Oconee County, Georgia
Financial Statements
For the Fiscal Year Ended June 30, 2015
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Treadwell, Jamplin & Co.

Certified Public Accountants
A Limited Liability Partnership

157 West Jefferson Street
Madison, Georgia 30650

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Commissioners of
Oconee County, Georgia

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for Oconee County, Georgia as of June 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 17 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Retirement Plan – Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Pension Contributions, the Other Postemployment Benefits - Schedule of Funding Progress, and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and information on pages I through IX, and pages 44-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

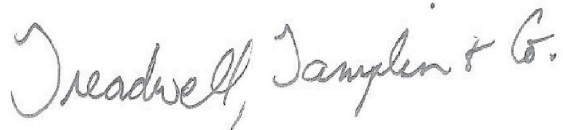
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oconee County, Georgia's financial statements as a whole. The combining and individual fund schedules, the Schedule of Projects Constructed with Special Sales Tax Proceeds, the Schedule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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 2015 on our consideration of Oconee County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oconee County, Georgia's internal control over financial reporting and compliance.

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

Madison, Georgia
December 31, 2015

MANAGEMENT DISCUSSION AND ANALYSIS

**OCONEE COUNTY, GEORGIA
YEAR ENDED JUNE 30, 2015**

**OCONEE COUNTY, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2015**

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

Overview of the Financial Statements

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

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

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

Government-Wide Financial Statements

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

The Statement of Net Position shows the County's assets less its liabilities at June 30, 2015. The difference between these assets and liabilities is reported as net position. Assets, liabilities and net position are reported for all governmental activities separate from the assets, liabilities and net position of business-type activities. Changes in net position over time may be helpful in identifying an improving or deteriorating financial position.

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

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

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

Fund Financial Statements

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

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

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

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

Fiduciary Funds are agency funds held in a custodial nature, but outside the general county government. Although these funds are presented in the fund set of statements, they do not appear in the government-wide financial statements because the resources of fiduciary funds are not available to support Oconee County Government's general programs. The accounting used for fiduciary funds is much like that used for proprietary funds. You will note that funds held by Oconee County for investment are reflected in this section as the Agency Fund. The county reports six agency funds – Tax Commissioner, Sheriff, Superior Court, Probate Court, Magistrate Court and Juvenile Court (Sch 13).

Notes to the Financial Statement

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

Governmental Activities

For governmental activities, the change in net position amounted to \$2,446,323. (Exb 2) This increase is a combination of factors, including the addition of capital assets net of depreciation, developer contributions represented at an estimate of fair market value, as well as the treatment of long-term debt. In FY15, the County implemented GASB 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB 27. The implementation resulted in a prior period adjustment of \$7.5 million taking the beginning net position from \$87.8 million to \$80.3 million. Oconee County continues to practice conservative fiscal policies during challenging financial times.

Business-Type Activities

For business-type activities, the change in net position amounted to a total of \$6,630,965(Exb 2) as a result of operating revenues, capital contributions and transfers in from SPLOST. SPLOST Capital Projects Fund transferred \$921,811(Exb 6) to the Water and Sewer Fund for the purposes of capital expenses. The implementation of GASB 68 for the County in FY15 resulted in a prior period adjustment of \$924,698 taking the beginning net position from \$65.3 million to \$64.4 million.

As part of the Intergovernmental Agreement between the County and the Upper Oconee Basin Water Authority (UOBWA), reconciliation is performed at the Authority's year-end (December 31) to determine the actual cost sharing by each member county. In October 2007, the county entered into as part of an Intergovernmental Contract with Walton County and the Walton County Water and Sewerage Authority (WCWSA) for a Reservoir Project. The contract indicated that WCWSA would issue Revenue bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008 totaling \$19,535,000 (Note 7), for the purpose of financing or refinancing all or a portion of the cost of acquiring, constructing, installing and equipping a reservoir and related treatment and transmission facilities, paying capitalized interest on the Series 2008 Bonds, funding a debt service reserve and paying the costs of issuing the Series 2008 Bonds. The county intends to make the contract payments with revenues derived from its water and sewerage system. The County entered into a note payable with Georgia Environmental Finance Authority (GEFA). The County is obligated to pay 28.8% of the amounts payable under that note pursuant to the intergovernmental agreement that established the Hard Labor Creek Reservoir Project (HLC). At year-end, the County's share of the total borrowed to date was \$7,536,225. (Note7)

Financial Analysis of Oconee County's Funds

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

Governmental Funds

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

As of June 30, 2015, Oconee County governmental funds reported combined fund balances of \$19,302,686, (Exb.4) an increase of \$1,054,618(Exb.4) resulting in a minimal change over prior year. The County continues to utilize SPLOST funds to retire debt and the development of capital projects such as road, water and sewer improvements.

General Fund is the chief operating fund of the county. At June 30, 2015, total fund balance in the general fund was \$9,718,748. (Exb.4) There was an increase of \$561,946 (Exb 4) in the general fund balance. The majority of the increase, \$428K, is a result of the revenue recognition of State funds restricted for capital projects related to the Local Maintenance & Improvement Grant (LMIG) from Georgia Department of Transportation. The remaining balance of \$133K is due to the Board of Commissioners taking conservative measures and working closely with Elected Officials and Department Directors to keep expenditures to the minimum.

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

IDA Grant Fund In FY12, the Industrial Development Authority was awarded a State Edge Grant for \$18 million by the OneGeorgia Authority for the purpose of site preparation and initial construction costs associated with the Caterpillar plant. Caterpillar constructed a facility, approximately 850,000 square foot, which straddles Oconee/Athens-Clarke County lines. This facility produces small-track tractors and mini excavators. As a joint venture, the counties provided infrastructure improvements to support the site, while Caterpillar provided site improvements and constructed the facility. Caterpillar will have committed to the creation of a minimum of 1,400 jobs and an investment of at least \$160 million into the facility and equipment by 2020. The Industrial Development Authority issued \$10,380,000 Series 2012 Revenue Bonds during March 2012 as incentive for the Caterpillar development. These bonds are repayable solely through the proceeds of an intergovernmental contract between the Authority and Oconee County and listed as Contract Payable-OCIDA in the Financial Statements. In FY15, the Authority used \$42,005 (Sch 8) in operating funds \$817,849 (Sch 9) in Revenue bond proceeds.

Special Revenue Fund by ordinance the Oconee County Board of Commissioners authorized an excise tax on rooms, lodgings and accommodations to contribute to the promotion of tourism, conventions and trade shows. In fiscal year 2010, the operation of a hotel and the excise tax revenue collections were initiated. The revenue for the period ending June 30, 2015 totaled \$151,775 (Sch 8).

Proprietary Funds

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

Enterprise Funds – At June 30, 2015, total net position amounted to \$71,054,607 (Exb 6). This includes a change in net position of \$6,630,965. (Exb 6) and a prior period adjustment of \$924,698 due to the implementation of GASB 68. Net position changes are a result of operations, non-operating revenues, depreciation, expenses, capital contributions, donated assets and grants. The two funds in this category, Water & Sewer Fund and Other Enterprise Funds (Solid Waste Fund and Special Facilities Fund) receive additional revenue from such areas as user fees, licenses, permits, rent and donated infrastructure.

Program Revenue, General Revenue and Total Revenue

Total Program revenues for primary government increased from the previous fiscal year. The county received operating and capital grants which were a driving force in the increase. The general state of the economy also improved, as did Sales Tax revenues. House Bill 386 was passed by the 2012 Georgia General Assembly and provided a new method of taxation for motor vehicles, commonly referred to as Title Ad Valorem Tax or TAVT. This bill became effective March 1, 2013. Vehicles purchased after March 1, 2013 are exempt from Sales Tax and the ad valorem tax (aka “birthday tax”). These taxes are replaced by a one-time tax that is imposed on the fair market value of the vehicle called the TAVT. This fee is calculated by multiplying the fair market value by 7.0% in 2015.

Financial Highlights

In March 2012, Oconee County was selected as the site for the Caterpillar facility. Construction began in May of 2012. The Caterpillar plant opened March 2013. The facility is comprised of 850,000 square feet. The facility will produce mini hydraulic excavators and small track type tractors. When fully operational, the company will employ approximately 1,400 people. The Oconee County Industrial Development Authority issued revenue bonds in the amount of \$10,380,000 for site and infrastructure development. The County is responsible for debt service bond payments. Beginning in FY13, the Industrial Development Authority was presented within the County’s Financial Statements as a blended component unit. The economy in Oconee County is returning to normal levels faster than neighboring counties in the region. Primary factors were low unemployment, new revenue sources through small business activity and an increase in new housing starts. Sales Tax revenue and economic activity has increased over the period slightly faster than projected. All of these factors enabled Oconee County to maintain the budget at current levels and even lower it in some cases. The millage rate was maintained while the property digest was flat. The Transportation Improvement & Maintenance Program & Water and Sewer Improvement plans are funded through SPLOST funds and remain within budget for infrastructure improvements. SPLOST now funds debt repayment for the Jail

Complex and Veteran's Park G.O bond repayment, as approved by a 2009 referendum. Oconee County's total assets exceeded total liabilities at June 30, 2015, by \$153,824,910. (Exb 1) Of this amount, \$3,781,732 (Exb1) may be used to meet the county's ongoing obligations to citizens and creditors.

As a whole, the financial position of the Oconee County government improved as compared to recent years. At June 30, 2015, Oconee County's Governmental Fund Statement Report combined ending fund balances of \$19,302,686 (Exb 3) an increase of \$1,054,618. Of this amount, \$8,776,044 (Exb 3) is restricted for Capital projects which commit the following funds: SPLOST 2004 - \$3,741,288 (Sch 6), SPLOST 2009 - \$4,233,795 (Exb 3), Hotel Sales Tax - \$111,268 (Sch 5), Industrial Development Authority Projects - \$260,931 (Sch 6), and General Fund - \$428,762 (Exb 3). In addition, the General Fund has committed \$2,887,023 (Exb 3) to advance fund GDOT project SR53/Mars Hill Road. Phase I of the project included reimbursements from the State of Georgia totaling \$5,337,170.25. The County began Phase II of the project with reimbursable expenditures as of June 30, 2015 totaling \$52,600.

The General Fund reported an adequate unassigned fund balance of \$5,610,050. (Exb 3) During Fiscal Year 2015, the government in accordance with GASB statement number 45, accounting and financial reporting by employees for post-employment benefits other than pensions continued to remain in effect. The County implemented GASB 54 Fund Balance reporting and governmental fund type definitions in 2012. (Exb 3) In 2013, the County implemented GASB 61. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. The amendments to the criteria for blending improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic. Oconee County and the Oconee County Industrial Development Authority were reported in FY13 as a blended component unit in accordance with GASB 61. The County also implemented GASB 63. This Statement provides guidance for deferred outflows and deferred inflows of resources and defines those elements which are distinct from assets and liabilities as a consumption or acquisition of net assets that is applicable to future reporting periods and renames net assets to net position. The County further implemented GASB 65. This Statement reclassifies certain items as deferred outflows or as deferred inflows of resources previously reported as assets and liabilities. (Note 17) In FY15, the County implemented GASB 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB 27.

Government – Wide Financial Analysis

Table 1 & Table 2 depict comparative data for Oconee County, Georgia for the fiscal year ended June 30, 2014 and the fiscal year ended June 30, 2015. The comparative data highlights Government-wide net position (Table 1) and changes in net position (Table 2). Fiscal year ended 2015 shows an increase in the change in net position of \$9.08 million (Exb 2) before prior period adjustment of \$8.41 million as a result of the implementation of GASB 68 over the previous fiscal year.

Budget Variations

The original General Fund budget for the fiscal year end June 30, 2015, reflected anticipated revenues of \$23,390,638 and expenditures of \$22,303,577. The final budget for the fiscal year showed revenues of \$23,413,888 and expenditures of \$21,569,827, while the actual results for fiscal year ending June 30, 2015, indicated revenues of \$24,345,812 and expenditures of \$20,895,108. (Sch. 3) The local economy improved in Oconee County. Primary factors were low unemployment, new revenue sources through small business activity and increased commercial site construction. Sales Tax revenue has increased over the period and economic activity has improved. The opening of the Epps Bridge Centre in Oconee County will generate sales tax and in turn boost the County's economy. Additionally, House Bill 386 was passed by the 2012 Georgia General Assembly and provided a new method of taxation for motor vehicles, commonly referred to as Title Ad Valorem Tax or TAVT. This bill became effective March 1, 2013. Vehicles purchased after March 1, 2013 are exempt from Sales Tax and the ad valorem tax (aka "birthday tax"). These taxes are replaced by a one-time tax that is imposed on the fair market value of the vehicle called the TAVT. This fee is calculated by multiplying the fair market value by 7.0% in 2015.

For a detailed overview of Oconee County's Capital Assets, the reader is referred to Notes to the Financial Statements, Note 3. For Long-term Debt Obligations, the reader is referred to Note 6. Additionally, Oconee County is utilizing Water and Sewer Revenue Bonds to supplement SPLOST funding as a means to assist in providing for future infrastructure, water sources and sewer needs.

Component Units

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

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

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

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

Oconee County, Georgia
For the Year Ended June 30, 2015

Table 1
Net Position
(in Millions)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2014	2015	2014	2015	2014	2015
Assets						
Current & Other Assets	21.34	20.70	24.42	24.96	45.76	45.66
Capital Assets, Net	91.55	90.09	83.87	89.99	175.42	180.08
Total Assets	112.89	110.79	108.29	114.95	221.18	225.74
Deferred Outflows of Resources						
Deferred Amount on Debt Refunding	0.74	0.70	0.39	0.99	1.13	1.69
Deferred Outflow Related to Pensions	0.00	0.10	0.00	0.01	0.00	0.11
Total Assets and Deferred Outflows	113.63	111.59	108.68	115.95	222.31	227.54
Liabilities						
Current & Other Liabilities	2.46	1.31	2.20	2.03	4.66	3.34
Long-Term Liabilities						
Due Within One Year	1.61	0.81	1.68	1.96	3.29	2.77
Due in More Than One Year	21.74	26.70	39.45	40.90	61.19	67.60
Total Liabilities	25.81	28.82	43.33	44.89	69.14	73.71
Net Position						
Net Investment in Capital Assets	79.93	80.71	52.38	57.06	132.31	137.77
Restricted						
Capital Projects	7.95	8.78	0.00	0.00	7.95	8.78
Judicial	0.09	0.10	0.00	0.00	0.09	0.10
Public Safety	0.16	0.16	0.00	0.00	0.16	0.16
Debt Service	0.00	0.00	2.84	3.04	2.84	3.04
Other Purposes	0.21	0.20	0.00	0.00	0.21	0.20
Unrestricted	(0.53)	(7.18)	10.13	10.96	9.60	3.78
Total Net Position	87.81	82.77	65.35	71.05	153.16	153.82

Oconee County, Georgia
For the Year Ended June 30, 2015

Table 2
Changes in Net Position
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Revenue						
Program Revenues:						
Charges for Services	4.65	4.60	9.43	9.59	14.08	14.19
Operating Grants & Contributions	0.66	0.62	0.01	0.00	0.67	0.62
Capital Grants & Contributions	3.76	3.10	2.22	2.56	5.98	5.66
General Revenues:						
Property Taxes	10.95	11.48			10.95	11.48
Sales Taxes	11.69	12.66			11.69	12.66
Intangible Taxes	0.42	0.48			0.42	0.48
Business Taxes	1.41	1.48			1.41	1.48
Franchise Fees	0.27	0.30			0.27	0.30
Other Taxes	0.17	0.18			0.17	0.18
Investment Earnings	0.02	0.02	0.02	0.02	0.04	0.04
Gain on Disposal of Capital Asset	0.19	0.09	0.00	0.00	0.19	0.09
Total Revenues	34.19	35.01	11.68	12.17	45.87	47.18
Program Expenses						
General Government	5.84	6.09			5.84	6.09
Judicial	2.04	2.06			2.04	2.06
Public Safety	9.37	9.56			9.37	9.56
Public Works	7.31	6.44			7.31	6.44
Health & Welfare	0.70	0.73			0.70	0.73
Culture & Recreation	3.57	3.61			3.57	3.61
Housing & Development	1.29	1.54			1.29	1.54
Interest & Fiscal Charges	0.77	0.71			0.77	0.71
Water & Sewer			6.15	6.43	6.15	6.43
Solid Waste			0.38	0.47	0.38	0.47
Special Facilities			0.66	0.47	0.66	0.47
Total Expenses	30.90	30.74	7.19	7.37	38.09	38.11
Excess (Deficiency) Before Transfers & Contributions	3.29	4.27	4.49	4.80	7.78	9.07
Total Transfers	(1.14)	(1.83)	1.14	1.83	0.00	0.01
Changes in Net Position	2.15	2.45	5.63	6.63	7.78	9.07
Net Position, Beginning	85.66	87.81	59.71	65.35	145.37	153.16
Prior Period Adj-Implementation GASB 68	0.00	(7.49)	0.00	(0.93)	0.00	(8.42)
Net Position, Beginning, as Restated	85.66	80.32	59.71	64.42	145.37	144.74
Net Position, Ending	87.81	82.77	65.35	71.05	153.16	153.83

Basic Financial Statements

Oconee County, Georgia
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activities	Total	Health Department
ASSETS				
Cash (Note 2)	\$ 5,784,397	\$ 5,241,182	\$ 11,025,579	\$ 533,538
Investments, plus accrued interest (Note 2)	13,265,662	3,422,388	16,688,050	-
Accounts receivable, net	254,466	857,616	1,112,082	36,697
Taxes receivable, net	191,000	-	191,000	-
Internal balances (Note 4)	(504,651)	504,651	-	-
Due from other governments	1,372,324	88,248	1,460,572	-
Prepaid expenses	196,875	14,233	211,108	-
Restricted cash (Note 2)	11,910	1,444,689	1,456,599	-
Restricted investments (Note 2)	-	3,653,913	3,653,913	-
OPEB benefit (Note 10)	122,009	-	122,009	-
Investment - UOBWA, net (Note 5)	-	9,724,064	9,724,064	-
Capital assets (Note 3)				
Capital assets not being depreciated	20,973,914	34,631,855	55,605,769	-
Capital assets, net of accumulated depreciation	69,120,974	55,363,967	124,484,941	23,559
Total assets	110,788,880	114,946,806	225,735,686	593,794
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on debt refunding	699,850	989,862	1,689,712	-
Deferred outflow related to pensions (Note 9)	105,054	13,315	118,369	77,133
Total assets and deferred outflows	111,593,784	115,949,983	227,543,767	670,927
LIABILITIES				
Accounts payable	753,362	248,878	1,002,240	43,613
Accounts payable from restricted assets	11,910	117,172	129,082	-
Retainage payable	-	401,827	401,827	-
Salaries and benefits payable	268,020	39,045	307,065	-
Customer deposits	-	693,937	693,937	-
Accrued interest	284,827	526,594	811,421	-
Long-term liabilities: (Note 7)				
Portion due or payable within one year:				
Bonds, notes, leases, and contracts payable	805,000	1,962,698	2,767,698	-
Compensated absences	-	-	-	9,604
Portion due or payable after one year:				
Bonds, notes, leases, and contracts payable, net	19,237,242	39,952,299	59,189,541	-
Net pension liability (Note 9)	6,820,739	841,938	7,662,677	414,403
Compensated absences	642,381	110,988	753,369	45,548
Total liabilities	28,823,481	44,895,376	73,718,857	513,168
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow related to pensions	-	-	-	103,487
NET POSITION				
Net investment in capital assets	80,712,417	57,055,896	137,768,313	23,559
Restricted for:				
Capital projects	8,776,044	-	8,776,044	-
Judicial	100,076	-	100,076	-
Public safety	158,213	-	158,213	-
Debt service	-	3,039,805	3,039,805	-
Other purposes	200,727	-	200,727	-
Unrestricted	(7,177,174)	10,958,906	3,781,732	30,713
Total net position	\$ 82,770,303	\$ 71,054,607	\$ 153,824,910	\$ 54,272

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

Oconee County, Georgia
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Activities:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Health Department
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental:								
General government	\$ 6,088,942	\$ 888,201	\$ 22,833	\$ -	\$ (5,177,908)		\$ (5,177,908)	
Judicial	2,055,039	725,159	297,550	-	(1,032,330)		(1,032,330)	
Public safety	9,557,703	943,378	73,287	-	(8,541,038)		(8,541,038)	
Public works	6,444,242	22,029	130	3,101,155	(3,320,928)		(3,320,928)	
Health and welfare	733,432	-	174,589	-	(558,843)		(558,843)	
Culture and recreation	3,608,666	1,171,935	42,457	-	(2,394,274)		(2,394,274)	
Housing and development	1,535,136	852,719	11,000	-	(671,417)		(671,417)	
Interest and fiscal charges	713,231	-	-	-	(713,231)		(713,231)	
Total governmental activities	30,736,391	4,603,421	621,846	3,101,155	(22,409,969)		(22,409,969)	
Business-type:								
Water and sewer	6,434,558	9,224,254	-	2,561,041		\$ 5,350,737	5,350,737	
Solid waste	469,502	182,057	-	-		(287,445)	(287,445)	
Special facilities	469,964	187,898	-	-		(282,066)	(282,066)	
Total business-type activities	7,374,024	9,594,209	-	2,561,041		4,781,226	4,781,226	
Component units:								
Oconee County Health Department	724,870	435,401	340,111	-				\$ 50,642
Total Oconee County	\$ 38,835,285	\$ 14,633,031	\$ 961,957	\$ 5,662,196	(22,409,969)	4,781,226	(17,628,743)	
General revenues:								
Taxes								
Property taxes, levied for general purposes					11,479,429	-	11,479,429	-
Sales tax					12,654,226	-	12,654,226	-
Intangible tax					481,724	-	481,724	-
Business taxes					1,481,778	-	1,481,778	-
Franchise taxes					296,657	-	296,657	-
Other taxes					177,528	-	177,528	-
Investment earnings					19,278	24,131	43,409	1,219
Gain on disposal of capital assets					91,280	-	91,280	-
Transfers					(1,825,608)	1,825,608	-	-
Total general revenues and transfers					24,856,292	1,849,739	26,706,031	1,219
Change in net position								
Net position - beginning, as originally reported					2,446,323	6,630,965	9,077,288	51,861
Change in accounting principle (Note 17)					87,809,393	65,348,340	153,157,733	469,900
Change in accounting principle (Note 17)					(7,485,413)	(924,698)	(8,410,111)	(467,489)
Net position - beginning, as restated					80,323,980	64,423,642	144,747,622	2,411
Net position - ending					\$ 82,770,303	\$ 71,054,607	\$ 153,824,910	\$ 54,272

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

Oconee County, Georgia
Balance Sheet
Governmental Funds
June 30, 2015

	<u>General Fund</u>	<u>SPLOST 2009 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash (Note 2)	\$ 1,169,552	\$ 3,105,050	\$ 1,509,795	\$ 5,784,397
Investments (Note 2)	9,597,212	-	3,668,450	13,265,662
Accounts receivable, net	129,422	-	125,044	254,466
Taxes receivable, net	189,948	-	1,052	191,000
Internal balances (Note 4)	250,079	760,599	299,541	1,310,219
Due from other governments	674,024	564,687	133,613	1,372,324
Prepaid items	189,854	-	7,021	196,875
Restricted cash (Note 2)	11,910	-	-	11,910
Total assets	<u>\$ 12,212,001</u>	<u>\$ 4,430,336</u>	<u>\$ 5,744,516</u>	<u>\$ 22,386,853</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 360,188	\$ 186,272	\$ 206,902	\$ 753,362
Internal balances (Note 4)	1,642,162	10,269	162,439	1,814,870
Salaries and benefits payable	244,013	-	24,007	268,020
Bonds and deposits payable from restricted cash	11,910	-	-	11,910
Total liabilities	<u>2,258,273</u>	<u>196,541</u>	<u>393,348</u>	<u>2,848,162</u>
Deferred inflows of resources:				
Unavailable property taxes	182,380	-	1,025	183,405
Unavailable grant reimbursements	52,600	-	-	52,600
Total deferred inflows	<u>234,980</u>	<u>-</u>	<u>1,025</u>	<u>236,005</u>
Fund balances:				
Nonspendable	189,854	-	7,021	196,875
Restricted				
Capital projects	428,762	4,233,795	4,113,487	8,776,044
Judicial	-	-	100,076	100,076
Public safety	-	-	158,213	158,213
Culture and recreation	-	-	52,377	52,377
Housing and development	-	-	148,350	148,350
Committed				
Public works	2,887,023	-	-	2,887,023
Assigned				
Subsequent years' budget	603,059	-	-	603,059
Health and welfare	-	-	98,707	98,707
Housing and development	-	-	677,604	677,604
Unassigned	5,610,050	-	(5,692)	5,604,358
Total fund balances	<u>9,718,748</u>	<u>4,233,795</u>	<u>5,350,143</u>	<u>19,302,686</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 12,212,001</u>	<u>\$ 4,430,336</u>	<u>\$ 5,744,516</u>	<u>\$ 22,386,853</u>

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

Oconee County, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

Total *fund* balances for governmental funds (Exhibit 3) \$ 19,302,686

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

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

Capital assets not being depreciated	20,973,914	
Capital assets, net of depreciation	69,120,974	
Total capital assets	90,094,888	90,094,888

Some of the County's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable property taxes in the funds. 183,405

Grant reimbursements are recorded as revenue once the costs for the grant are incurred under the accrual basis of accounting used on the Statement of Net Position. The reimbursements must be received in time to liquidate current obligations to be considered available and reported as revenue in the funds. This adjustment represents revenue not received in time to be considered available. 52,600

Deferred outflows of resources related to pensions represent differences between actual and projected income that accounting standards require be amortized into income over future periods. These deferrals do not constitute current financial resources and are not reported in the funds. 105,054

The County has made payments of current financial resources for its other postemployment benefits that exceed the normal cost and amortized past service cost of the benefits calculated under the full accrual method of accounting. The total excess payments are reported as an asset on the government wide statements. 122,009

Gains and losses on the refunding of debt issuances are amortized into income during the shorter of the remaining life of the refunded debt or the life of the new debt issuance. The unamortized loss is reported as a deferred outflow of resources. 699,850

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

Accrued interest	\$ (284,827)	
Bonds, notes, and capital leases payable	(20,042,242)	
Net pension liability	(6,820,739)	
Compensated absences - long-term	(642,381)	
Total long-term liabilities	(27,790,189)	(27,790,189)

Total net position of governmental activities (Exhibit 1) \$ 82,770,303

Oconee County, Georgia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General Fund	SPLOST 2009 Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 19,811,956	\$ 6,453,900	\$ 151,775	\$ 26,417,631
Licenses and permits	752,143	-	-	752,143
Intergovernmental revenue	819,545	-	435,064	1,254,609
Charges for services	2,487,303	-	1,034,090	3,521,393
Fines and forfeitures	357,318	-	56,447	413,765
Investment income	17,048	5,506	7,828	30,382
Contributions and donations	1,034	-	97,323	98,357
Miscellaneous	99,465	-	20,519	119,984
Total revenues	<u>24,345,812</u>	<u>6,459,406</u>	<u>1,803,046</u>	<u>32,608,264</u>
EXPENDITURES				
Current:				
General government	4,937,332	-	4,469	4,941,801
Judicial	1,644,581	-	432,810	2,077,391
Public safety	7,253,628	-	1,571,346	8,824,974
Public works	2,632,489	-	226,138	2,858,627
Health and welfare	242,710	-	511,996	754,706
Culture and recreation	2,950,639	-	27,057	2,977,696
Housing and development	1,233,729	-	156,814	1,390,543
Debt service:				
Principal payments	-	2,254,126	410,000	2,664,126
Interest and fiscal charges	-	446,149	292,113	738,262
Capital outlay:				
General government	-	-	24,888	24,888
Public safety	-	1,875	192,308	194,183
Public works	-	1,260,703	136,625	1,397,328
Culture and recreation	-	233,653	21,862	255,515
Housing and development	-	-	115,736	115,736
Intergovernmental	-	917,099	-	917,099
Total expenditures	<u>20,895,108</u>	<u>5,113,605</u>	<u>4,124,162</u>	<u>30,132,875</u>
Excess (deficiency) of revenues over/ (under) expenditures	<u>3,450,704</u>	<u>1,345,801</u>	<u>(2,321,116)</u>	<u>2,475,389</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	109,837	-	-	109,837
Transfers in	329,000	760,599	1,681,889	2,771,488
Transfers (out)	(3,327,595)	(921,811)	(52,690)	(4,302,096)
Total other financing sources (uses)	<u>(2,888,758)</u>	<u>(161,212)</u>	<u>1,629,199</u>	<u>(1,420,771)</u>
Net change in fund balances	561,946	1,184,589	(691,917)	1,054,618
Fund balances - beginning	9,156,802	3,049,206	6,042,060	18,248,068
Fund balances - ending	<u>\$ 9,718,748</u>	<u>\$ 4,233,795</u>	<u>\$ 5,350,143</u>	<u>\$ 19,302,686</u>

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

Oconee County, Georgia
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

Net change in *fund* balances - total governmental funds (Exhibit 4) \$ 1,054,618

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$1,138,264) is exceeded by depreciation (\$4,870,506) in the current period. (3,732,242)

In the Statement of Activities, only the gain or loss on the sale/disposal of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold/disposed (net of accumulated depreciation). (27,267)

Pension expenditures represent contributions to the pension plan made during the fiscal year and are reported in the funds. Pension expense represents the change in the net pension liability and any amortization of differences in projected and actual earnings, changes in assumptions, changes in benefits or differences between expected and actual experience. The statement of activities reports pension expense. These figures differ by: 408,213

Under the full accrual method, postemployment benefits expenses are recorded as the benefits are earned. These benefits are recognized as expenditures in the funds as they become a claim on current financial resources. The County accrued the increase in the OPEB obligation which represents the difference between the actuarially determined OPEB costs and the current payment of financial resources. 36,057

Governmental funds do not recognize all tax revenues not collected within 60 days of year end. However, the Statement of Activities uses the accrual basis and, thus, the entire amount is recognized as revenue, regardless of the collection date. This is the net difference in revenue between the accrual basis used in the government-wide statements and the modified accrual basis used in the funds. (23,818)

Governmental funds do not recognize certain other revenues not collected within 60 days of year end. However, the Statement of Activities uses the accrual basis, and, thus, the entire amount is recognized as revenue, regardless of the collection date. This is the net difference in revenue between the accrual basis used in the government-wide statements and the modified accrual basis used in the funds. (259,554)

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, 2015

<p>Contributions of assets that do not constitute financial resources are not reported as revenue in the funds, but are reported as capital grants and contributions in the government-wide Statement of Activities because this statement reports revenue on the full accrual basis. This adjustment represents the estimated fair market value of assets contributed to the County.</p>	2,600,862
<p>In governmental funds, capital assets are not recorded in the fund. Thus, a transfer of an asset to the Water & Sewer Fund has no effect on the governmental fund. However, the Statement of Activities recognizes a transfer related to the transfer of the asset.</p>	(295,000)
<p>Repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Additionally, interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The amounts of the items that comprise these differences in the treatment of long-term debt and related items are:</p>	
Principal repayment	2,664,126
Accrued interest on debt	44,033
Amortization of deferred amount on bond refunding	(38,881)
Amortization of bond premiums and discounts	19,878
	2,689,156
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net change of the compensated absences account.</p>	(4,702)
<p>Change in net position of governmental activities (Exhibit 2)</p>	\$ 2,446,323

Oconee County, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2015

ASSETS	Enterprise Funds		Total
	Water and Sewer Fund	Other Enterprise Funds	
Current assets:			
Cash (Note 2)	\$ 5,229,443	\$ 11,739	\$ 5,241,182
Investments, plus accrued interest (Note 2)	3,422,388	-	3,422,388
Accounts receivable, net of allowance of \$75,540	849,312	8,304	857,616
Internal balances (Note 4)	10,269	611,961	622,230
Due from other governments	88,248	-	88,248
Prepaid items	9,257	4,976	14,233
Total current assets	9,608,917	636,980	10,245,897
Noncurrent assets:			
Restricted cash (Note 2)	1,444,689	-	1,444,689
Restricted investments (Note 2)	3,653,913	-	3,653,913
Investment - UOBWA, net (Note 5)	9,724,064	-	9,724,064
Capital assets (Note 3)			
Capital assets not being depreciated	34,481,855	150,000	34,631,855
Capital assets, net of accumulated depreciation	53,701,115	1,662,852	55,363,967
Total capital assets	88,182,970	1,812,852	89,995,822
Total noncurrent assets	103,005,636	1,812,852	104,818,488
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on debt refunding	989,862	-	989,862
Deferred outflow related to pensions (Note 9)	10,128	3,187	13,315
Total deferred outflows	999,990	3,187	1,003,177
Total assets and deferred outflows	113,614,543	2,453,019	116,067,562
LIABILITIES			
Current liabilities:			
Accounts payable	165,422	83,456	248,878
Accounts payable-construction from restricted investments	117,172	-	117,172
Retainage payable	401,827	-	401,827
Internal balances (Note 4)	117,579	-	117,579
Salaries and benefits payable	25,029	14,016	39,045
Customer deposits-payable from restricted cash	693,937	-	693,937
Accrued interest	526,594	-	526,594
Bonds, notes and contracts payable (Note 7)	1,962,698	-	1,962,698
Total current liabilities	4,010,258	97,472	4,107,730
Noncurrent liabilities:			
Bonds, notes and contracts payable, net (Note 7)	39,952,299	-	39,952,299
Net pension liability (Note 9)	530,989	310,949	841,938
Compensated absences (Note 7)	84,591	26,397	110,988
Total noncurrent liabilities	40,567,879	337,346	40,905,225
Total liabilities	44,578,137	434,818	45,012,955
NET POSITION			
Net investment in capital assets	55,243,044	1,812,852	57,055,896
Restricted for debt service	3,039,805	-	3,039,805
Unrestricted	10,753,557	205,349	10,958,906
Total net position	\$ 69,036,406	\$ 2,018,201	\$ 71,054,607

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

Oconee County, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Enterprise Funds		Total
	Water and Sewer Fund	Other Enterprise Funds	
OPERATING REVENUES			
Charges for services	\$ 7,900,647	\$ 250,179	\$ 8,150,826
Licenses and permits	-	8,000	8,000
Rents and royalties	-	111,576	111,576
Miscellaneous	248,847	200	249,047
Total operating revenues	8,149,494	369,955	8,519,449
OPERATING EXPENSES			
Salaries and benefits	1,346,804	405,779	1,752,583
Other contracted services	101,628	263,697	365,325
Water purchase and treatment costs	1,100,819	-	1,100,819
Supplies and materials	83,649	34,468	118,117
Repairs and maintenance	665,893	56,872	722,765
Utilities	351,022	66,272	417,294
Insurance	11,153	7,807	18,960
Depreciation	1,601,277	76,910	1,678,187
Other charges	217,150	27,661	244,811
Total operating expenses	5,479,395	939,466	6,418,861
Operating income (loss)	2,670,099	(569,511)	2,100,588
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	24,131	-	24,131
Water availability fees	736,798	-	736,798
Sewer capacity fees	298,712	-	298,712
Sewer connection fees	39,250	-	39,250
Amortization expense - UOBWA	(167,378)	-	(167,378)
Interest expense	(787,785)	-	(787,785)
Total nonoperating revenue (expenses)	143,728	-	143,728
Income (loss) before contributions and transfers	2,813,827	(569,511)	2,244,316
Capital contributions	2,856,041	-	2,856,041
Transfers in	921,811	903,797	1,825,608
Transfers (out)	(295,000)	-	(295,000)
Change in net position	6,296,679	334,286	6,630,965
Total net position - beginning, as originally reported	63,330,139	2,018,201	65,348,340
Change in accounting principle (Note 17)	(590,412)	(334,286)	(924,698)
Total net position - beginning, as restated	62,739,727	1,683,915	64,423,642
Total net position - ending	\$ 69,036,406	\$ 2,018,201	\$ 71,054,607

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

Oconee County, Georgia
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Enterprise Funds		Total
	Water and Sewer Fund	Other Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 8,103,691	\$ 378,183	\$ 8,481,874
Payments to suppliers	(2,576,723)	(402,327)	(2,979,050)
Payments to employees	(1,371,640)	(428,857)	(1,800,497)
Receipts from others	248,844	-	248,844
Net cash provided (used) by operating activities	<u>4,404,172</u>	<u>(453,001)</u>	<u>3,951,171</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	455,796	455,796
Interfund loans - proceeds and collections	(78)	-	(78)
Net cash provided (used) by noncapital financing activities	<u>(78)</u>	<u>455,796</u>	<u>455,718</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(6,034,704)	-	(6,034,704)
Transfers in used for construction of capital assets	626,810	-	626,810
Proceeds from issuance of debt	4,600,330	-	4,600,330
Principal payments on debt	(1,780,763)	-	(1,780,763)
Interest payments on debt	(1,615,067)	-	(1,615,067)
Sewer capacity and connection fees from customers	1,074,760	-	1,074,760
Net cash used for capital and related financing activities	<u>(3,128,634)</u>	<u>-</u>	<u>(3,128,634)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	24,134	-	24,134
Purchase of investments	(1,170,627)	-	(1,170,627)
Proceeds from sale of investments	559,677	-	559,677
Net cash used by investing activities	<u>(586,816)</u>	<u>-</u>	<u>(586,816)</u>
Net change in cash	688,644	2,795	691,439
Cash - beginning	5,985,488	8,944	5,994,432
Cash - end	<u>\$ 6,674,132</u>	<u>\$ 11,739</u>	<u>\$ 6,685,871</u>
Displayed as:			
Cash	\$ 5,229,443	\$ 11,739	\$ 5,241,182
Restricted cash - noncurrent	1,444,689	-	1,444,689
	<u>\$ 6,674,132</u>	<u>\$ 11,739</u>	<u>\$ 6,685,871</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 2,670,099	\$ (569,511)	\$ 2,100,588
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	1,601,277	76,910	1,678,187
Change in assets and liabilities:			
Receivables, net	132,050	4,192	136,242
Prepaid items	(393)	(210)	(603)
Due from other governments	(80,813)	4,036	(76,777)
Accounts payable	35,794	54,660	90,454
Accrued expenses	6,231	4,446	10,677
Customer deposits	70,994	-	70,994
Compensated absences	8,379	(15,111)	(6,732)
Net pension liability	(39,446)	(12,413)	(51,859)
Net cash provided (used) by operating activities	<u>\$ 4,404,172</u>	<u>\$ (453,001)</u>	<u>\$ 3,951,171</u>
Non-cash investing, capital and financing activities:			
Discount on GEFA note	\$ 1,638,502	\$ -	\$ 1,638,502
Contribution of water system assets	922,539	-	922,539
Transfer of construction cost from governmental activities	295,000	-	295,000
Change in investment value related to debt refinancing	946,064	-	946,064

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

Oconee County, Georgia
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 422,826
Total assets	<u>422,826</u>
 LIABILITIES	
Due to others	422,826
Total liabilities	<u>422,826</u>
NET POSITION	<u><u>\$ -</u></u>

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

Notes to Financial Statements

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

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

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

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

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

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

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 1: Summary of Significant Accounting Policies, continued

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

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

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

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

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

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

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

The County reports the following major governmental funds:

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

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 1: Summary of Significant Accounting Policies, continued

The County reports the following major enterprise fund:

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

The County reports the following fiduciary fund type:

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

Measurement Focus, Basis of Accounting

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

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

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

C. Budgets and Budgetary Accounting

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

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 1: Summary of Significant Accounting Policies, continued

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

D. Encumbrances

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

E. Deposits and Investments

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

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

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

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles, when material. Water and Sewer Fund allowances for uncollectible accounts, netted with accounts receivable, were \$75,540 as of year-end.

G. Property Tax Calendar

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

Property taxes were levied on August 26, 2014. The collection period for property taxes was September 15, 2014 through November 15, 2014. Taxes receivable at June 30, 2015 amounted to \$191,000 while unavailable property taxes totaled \$183,405.

H. Prepaid Items

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 1: Summary of Significant Accounting Policies, continued

I. Capital Assets

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

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

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

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

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

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

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

K. Restricted Assets

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 1: Summary of Significant Accounting Policies, continued

L. Fund Equity

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

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

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

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

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

Unassigned – all other spendable amounts.

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

Note 2: Deposits and Investments

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's policy regarding custodial credit risk is to comply with the state law requiring collateralization of uninsured deposits up to 110% of the value of the deposits. As of June 30, 2015, none of the County's deposits was exposed to custodial credit risk.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 2: Deposits and Investments, continued

Restricted Cash

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

Purpose	Balance
General Fund	
Liability bonds payable	\$ 11,910
Water and Sewer Fund	
Debt service reserve 2009 bonds	749,529
Debt service reserve 2012 bonds	293,333
Construction proceeds - WCWSA 2012 GEFA	401,827
Restricted cash - noncurrent	\$ 1,444,689

Investments

Credit Risk

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

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

The County has no investment policy that would further limit its investment choices. As of June 30, 2015, the County had \$18,408,703 invested in Georgia Fund 1. Georgia Fund 1, created by *O.C.G.A. 36-83-8*, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAAM rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940, but is not considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool is managed by the Office of the State Treasurer. Its primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

Interest Rate Risk

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

Concentration of Credit Risk

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

Foreign Currency Risk

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 2: Deposits and Investments, continued

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

<u>Type of Investment</u>	<u>Credit Risk</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
<u>Unrestricted:</u>			
<u>Water and Sewer Fund</u>			
Georgia Fund 1	AAAf	56 days	\$ 1,492,393
Certificates of deposit		12 month	1,929,995
			<u>3,422,388</u>
 <u>General Fund</u>			
Georgia Fund 1	AAAf	56 days	9,597,212
 <u>SPLOST 2004 Fund</u>			
Georgia Fund 1	AAAf	56 days	3,668,450
	Total unrestricted		<u>16,688,050</u>
 <u>Restricted:</u>			
<u>Water and Sewer Fund</u>			
Georgia Fund 1	AAAf	56 days	3,650,648
Fidelity Treasury Money Market Shares	AAAm	53 days	3,265
	Total restricted		<u>3,653,913</u>
	Total investments		<u>\$ 20,341,963</u>

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

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

<u>Water and Sewer Fund</u>		
Construction proceeds 2008 WCWSA Contract Payable		\$ 966,638
Debt service reserve 2008 WCWSA Contract Payable		1,410,372
Sinking Fund 2008 WCWSA Contract Payable		583,306
Debt service reserve 2003 bonds		3,265
Customer deposits		690,332
Restricted investments - noncurrent		<u>\$ 3,653,913</u>

Custodial Credit Risk-Investments

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

<u>Primary Government</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,759,938	\$ -	\$ -	\$ 11,759,938
Construction in progress	8,642,161	498,705	357,290	8,783,576
Intangibles	-	430,400	-	430,400
Total capital assets not being depreciated	<u>20,402,099</u>	<u>929,105</u>	<u>357,290</u>	<u>20,973,914</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	107,102,591	2,170,463	-	109,273,054
Buildings and improvements	43,652,233	187,083	54,212	43,785,104
Equipment, furniture and vehicles	14,840,730	514,767	449,346	14,906,151
Total capital assets being depreciated	<u>165,595,554</u>	<u>2,872,313</u>	<u>503,558</u>	<u>167,964,309</u>
Less accumulated depreciation for:				
Infrastructure	71,549,436	2,663,000	-	74,212,436
Buildings and improvements	11,632,378	1,444,167	26,945	13,049,600
Equipment, furniture and vehicles	11,267,306	763,339	449,346	11,581,299
Total accumulated depreciation	<u>94,449,120</u>	<u>4,870,506</u>	<u>476,291</u>	<u>98,843,335</u>
Total capital assets being depreciated, net	<u>71,146,434</u>	<u>(1,998,193)</u>	<u>27,267</u>	<u>69,120,974</u>
Governmental activity capital assets, net	<u>\$ 91,548,533</u>	<u>\$ (1,069,088)</u>	<u>\$ 384,557</u>	<u>\$ 90,094,888</u>

Depreciation expense was charged to functions as follows:

General government	\$ 341,290
Judicial	7,841
Public safety	953,042
Public works	2,810,682
Health and welfare	40,113
Culture and recreation	664,298
Housing and development	53,240
Total governmental activities depreciation expense	<u>\$ 4,870,506</u>

Total interest cost incurred for governmental activities was \$713,231. All of the interest cost incurred for governmental activities was expensed.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 3: Capital Assets, continued

<u>Business-type Activities:</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land	\$ 3,442,714	\$ -	\$ -	\$ 3,442,714
Construction in progress	25,287,920	6,810,087	1,117,162	30,980,845
Intangibles	58,296	-	-	58,296
Total capital assets not being depreciated	<u>28,788,930</u>	<u>6,810,087</u>	<u>1,117,162</u>	<u>34,481,855</u>
Capital assets being depreciated:				
Treatment and distribution system	73,853,179	2,050,585	-	75,903,764
Buildings and improvements	296,136	-	-	296,136
Equipment, furniture and vehicles	1,007,853	64,234	15,309	1,056,778
Total capital assets being depreciated	<u>75,157,168</u>	<u>2,114,819</u>	<u>15,309</u>	<u>77,256,678</u>
Less accumulated depreciation for:				
Treatment and distribution system	20,962,811	1,553,161	-	22,515,972
Buildings and improvements	114,668	9,533	-	124,201
Equipment, furniture and vehicles	892,116	38,583	15,309	915,390
Total accumulated depreciation	<u>21,969,595</u>	<u>1,601,277</u>	<u>15,309</u>	<u>23,555,563</u>
Capital assets being depreciated, net	<u>53,187,573</u>	<u>513,542</u>	<u>-</u>	<u>53,701,115</u>
Water and sewer capital assets, net	<u>81,976,503</u>	<u>7,323,629</u>	<u>1,117,162</u>	<u>88,182,970</u>
Total Non-major Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Total capital assets not being depreciated	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Capital assets being depreciated:				
Land improvements	44,865	-	-	44,865
Buildings and improvements	2,836,369	-	-	2,836,369
Equipment, furniture and vehicles	278,978	-	-	278,978
Total capital assets being depreciated	<u>3,160,212</u>	<u>-</u>	<u>-</u>	<u>3,160,212</u>
Less accumulated depreciation for:				
Land improvements	31,234	1,588	-	32,822
Buildings and improvements	1,186,780	63,538	-	1,250,318
Equipment, furniture and vehicles	202,438	11,782	-	214,220
Total accumulated depreciation	<u>1,420,452</u>	<u>76,908</u>	<u>-</u>	<u>1,497,360</u>
Capital assets being depreciated, net	<u>1,739,760</u>	<u>(76,908)</u>	<u>-</u>	<u>1,662,852</u>
Total non-major business-type activities, net	<u>1,889,760</u>	<u>(76,908)</u>	<u>-</u>	<u>1,812,852</u>
Business-type activities capital assets, net	<u>\$ 83,866,263</u>	<u>\$ 7,246,721</u>	<u>\$ 1,117,162</u>	<u>\$ 89,995,822</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 4: Interfund Balances and Activity

Interfund balances

Interfund balances at June 30, 2015 consist of the following:

Due to:	Due from:				Total
	General Fund	SPLOST 2009 Capital Projects Fund	Non-major Gov't Funds	Water & Sewer Fund	
<u>Governmental funds</u>					
General Fund	\$ -	\$ -	\$ 132,500	\$ 117,579	\$ 250,079
SPLOST 2009	760,599	-	-	-	760,599
Non-major Gov't Funds	269,602	-	29,939	-	299,541
<u>Enterprise funds</u>					
Water and Sewer Fund	-	10,269	-	-	10,269
Non-major Enterprise Funds	611,961	-	-	-	611,961
	<u>\$ 1,642,162</u>	<u>\$ 10,269</u>	<u>\$ 162,439</u>	<u>\$ 117,579</u>	<u>\$ 1,932,449</u>

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which the transactions are executed or are the result of the General Fund maintaining the cash for another fund. Balances that are the result transactions between funds are the result of current transactions and will be settled within the next year. Balances in which the General Fund is the custodian for cash belonging to another fund will be settled when the resources are expended by the fund that has the economic claim on the cash.

The General Fund owed the SPLOST 2009 Fund \$760,599 as a reimbursement for funding on a road project that was originally planned to be a SPLOST project, but management later determined that the project would not be funded by SPLOST. The General Fund reimbursed the SPLOST fund after year-end, so an internal balance was still present at year-end.

The implementation of the new pension accounting standard required the non-major enterprise funds to record significant net pension liabilities. The General Fund reported a transfer to these funds to cover the newly reported liabilities, but the money had not been transferred at year-end which resulted in a \$611,961 liability in the General Fund.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 4: Interfund Balances and Activity, continued

Transfers to/from Other Funds

	Transfers in:					Total
	General Fund	SPLOST 2009 Fund	Nonmajor Gov't Funds	Water and Sewer Fund	Nonmajor Enterprise Funds	
Transfers Out:						
General Fund	\$ -	\$ 760,599	\$ 1,663,199	\$ -	\$ 903,797	\$ 3,327,595
SPLOST 2009	-	-	-	921,811	-	921,811
Water & Sewer Fund	295,000	-	-	-	-	295,000
Non-major Gov't Funds	34,000	-	18,690	-	-	52,690
	<u>\$ 329,000</u>	<u>\$ 760,599</u>	<u>\$ 1,681,889</u>	<u>\$ 921,811</u>	<u>\$ 903,797</u>	<u>\$ 4,597,096</u>

The county's funds regularly make transfers into funds that are legally required to account for certain expenditures as well as to facilitate the payment of certain expenditures that have multiple funding sources. The nonmajor governmental funds transfers were generally to assist with debt service payments that were made from the General Fund and to transfer money into the funds that are legally required to account for certain expenditures.

The General Fund transferred out \$1,663,199 to nonmajor gov't funds and \$903,797 to nonmajor enterprise funds to assist in the daily fund operations and to fund capital projects. Included in the transfers from the General Fund to the nonmajor gov't funds are transfers to the E-911 fund used to supplement the E-911 system. The transfers to the nonmajor enterprise funds include a transfer recorded as an internal balance to assist those funds in meeting their pension obligations as those amounts are paid. The General Fund reported a \$760,599 transfer to the SPLOST 2009 fund to reimburse costs that were paid from the SPLOST fund during the prior year that the County determined should have been paid from the General Fund.

The SPLOST 2009 Fund transferred \$921,811 to the Water and Sewer Fund to assist with capital projects as was approved by the voters in the 2009 SPLOST referendum. The Water and Sewer Fund transferred \$295,000 to the General Fund to reimburse the General Fund for payments that it made toward water and sewer projects. The governmental activities transferred the cost of the water and sewer project at the government-wide level. The transfer was reported as a capital contribution in the water and sewer fund and as a reduction of the business-type activities transfers out at the government-wide level.

Note 5: Other Assets

Investment in Upper Oconee Basin Water Authority

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

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

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 5: Other Assets, continued

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

Initial cash costs	\$ 70,221
Contract payable for 20.959% of revenue bond liability	11,787,064
Additional cash investments	<u>41,250</u>
	11,898,535
Accumulated amortization	<u>(2,174,471)</u>
Investment in UOBWA, net	<u><u>\$ 9,724,064</u></u>

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

Note 6: Unavailable Grant Reimbursement

The County received a grant from the Georgia Department of Transportation (GDOT) to assist in funding the widening of Mars Hill Road. One of the requirements for receiving reimbursement under that grant is that the grant reimbursements be of sufficient size before they are submitted to the GDOT. The County accumulated \$52,600 of unreimbursed cost as of June 30. Because the reimbursement of costs incurred through June 30 was not received by the County soon enough to be considered “available”, the County did not report revenue under the modified accrual basis of accounting in the general fund. Revenue was reported in the governmental activities on the statement of activities because there is no requirement that the funds be “available” under the accrual basis of accounting.

Note 7: Long-term Obligations

Governmental Activities

Categories of Debt

General Obligation Bonds

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

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 7: Long-term Obligations, continued

Contract Payable - OCIDA

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

Installment Note

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

As a result of this pre-payment, the monthly installments dropped to \$90,116 and the note was repaid in February 2015. . This Installment Sale Agreement was paid in full during 2015.

Capital Leases

On May 5, 2010, the County entered into a \$3,200,000 lease-purchase agreement for establishing a new 700/800 MHz regional radio communication system. The lease is for a period of six years at an interest rate of 3.65% and was liquidated by payments from the SPLOST 2009 Capital Projects Fund. The assets received under the lease are depreciated under the County's capital asset depreciation policy and the resulting expense is reported as a component of depreciation expense. This capital lease was paid in full during fiscal year 2015.

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 \$21,180,809, made up of three issues. The Authority receives an annual administrative fee of \$10,000 in connection with the issuance of the Series 2012 Bonds. This fee is reported as other income in the financial statements. Although this debt bears the name of the Oconee County Industrial Development Authority, the Authority has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf the debt was issued. Therefore, no liability has been reflected in the financial statements for this debt.

OCIDA also issued \$10,380,000 of Series 2012 Industrial Revenue Bonds. The proceeds from these bonds were used to provide incentives for a large private employer to locate with Oconee County. At year-end, \$9,970,000 of the bonds were outstanding. The County has agreed to pay all of the debt service costs associated with this bond issuance as part of intergovernmental agreement between OCIDA and the County. The Series 2012 bonds provide that the only source of repayment is the payments made by the County pursuant to the intergovernmental agreement. The County reports a long term liability in its governmental activities for these bonds. Further disclosure related to these bonds is located in the "Contract Payable - OCIDA" section of this note disclosure.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 7: Long-term Obligations, continued

Business-type Activities

Revenue Bonds

Series 2003 Bonds

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

Series 2009 Bonds

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

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

Series 2012 Bonds

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

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 7: Long-term Obligations, continued

Contract Payable- UOBWA

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

In March 2005, Oconee County entered into an additional supplemental contract with the Upper Oconee Basin Water Authority (UOBWA). This contract indicated that the UOBWA would issue Revenue Refunding Bonds, Series 2005, in the principal amount of \$48,155,000 in order to advance refund the UOBWA's Series 1997 Bonds maturing in the years 2009 and thereafter and to pay certain expenses incident to the issuance of the Bonds. The Series 2005 bonds were refunded by the issuance of the Series 2015 Revenue Refunding Bonds.

In April 2015, the UOBWA issued 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 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 difference between the UOBWA's carrying value of the Series 2005 Bonds and related accounts was \$1,680,765 less than the issuance price of the Series 2015 Bonds, including the issuance premium. UOBWA recorded this difference as a deferred amount on refunding. The County's share of this difference is \$352,272 and is included in the amount entitled "deferred amount on debt refunding" on the Water and Sewer statement of net position. This amount will be amortized to interest expense over the life of the Series 2015 Bonds. The payments that the County will make toward the Series 2015 bonds are \$2,545,268 lower than the payments that would have been required under the Series 2005 bonds. The County's share of the economic gain on the refunding of the UOBWA bonds is \$2,132,922.

Contract Payable – WCWSA

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

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

WCWSA and the County agreed that based on the a reevaluation of the costs that each had incurred on the HLC project that the County would make payments that would satisfy the debt service requirements for \$18,822,851 of the total Series 2008 bonds. The reduction in the amount that the contract requires the County to make also resulted in a reduction in the County's claim on the unspent proceeds of the Series 2008 bonds. Accordingly, the change did not affect the net position of the Water and Sewer Fund. A portion of the Series 2008 bonds were refunded through the issuance of new bonds in July 2015. See Note 16 for a more complete discussion of the post year-end refunding of the 2008 bonds.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 7: Long-term Obligations, continued

Notes Payable – GEFA

The Walton County Water and Sewer Authority entered into a note payable with the Georgia Environmental Finance Authority (GEFA) during 2013. Oconee County is obligated to pay 28.8% of the amounts payable under that note pursuant to the intergovernmental agreement that establishes the Hard Labor Creek Reservoir Project (HLC). The note allows for up to \$20,000,000 of borrowing, of which the County’s share would be \$5,760,000. At year-end, the entire note balance had been drawn and was outstanding. The note calls for no interest to be paid during the construction period, which continues until September 2015. During the repayment period, annual interest only payments at 1% interest will be made. All remaining outstanding interest and the outstanding principal will be paid in one payment on December 31, 2052.

During July 2014, WCWSA entered into a second note payable with GEFA which allows for \$12,000,000 of borrowing, of which the County’s share would be \$3,456,000. At year-end, WCWSA had drawn \$6,167,446 on the note and the County’s share was \$1,776,224. All of the money drawn during the year was still outstanding at year-end. The note calls for no interest to be paid during the construction period, which continues until August 2017. From that date, the County will make 60 monthly interest only payments with interest accruing at 2%. Afterward, the County will make equal 419 monthly principal and interest payments of an amount sufficient to pay the interest accruing at 2% and all principal due under the note. Based on current borrowings, these monthly payments would be \$5,894.

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

Changes in long-term obligations for the year ended June 30, 2015 are as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Governmental activities:					
Contract payable - OCIDA	\$ 10,380,000	\$ -	\$ 410,000	\$ 9,970,000	\$ 415,000
Less: discount	(10,619)	-	(540)	(10,079)	-
Net contract payable	<u>10,369,381</u>	-	<u>409,460</u>	<u>9,959,921</u>	<u>415,000</u>
General obligation bonds	9,775,000	-	50,000	9,725,000	390,000
Issuance premiums	377,740	-	20,419	357,321	-
Total bonds payable	<u>10,152,740</u>	-	<u>70,419</u>	<u>10,082,321</u>	<u>390,000</u>
Compensated absences	637,679	391,056	386,354	642,381	-
Capital Leases	1,493,662	-	1,493,662	-	-
Installment note payable	710,464	-	710,464	-	-
Net pension liability	7,123,898	1,172,500	1,475,659	6,820,739	-
Total governmental activities	<u>\$ 30,487,824</u>	<u>\$ 1,563,556</u>	<u>\$ 4,546,018</u>	<u>\$ 27,505,362</u>	<u>\$ 805,000</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 7: Long-term Obligations, continued

	Restated Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Business-type activities:					
Notes payable - GEFA	\$ 2,935,894	\$ 4,600,331	\$ -	\$ 7,536,225	\$ -
Less: discounts on GEFA notes	(1,381,473)	(1,638,502)	-	(3,019,975)	-
Total notes payable	<u>1,554,421</u>	<u>2,961,829</u>	<u>-</u>	<u>4,516,250</u>	<u>-</u>
Contracts payable					
UOBWA Contract payable	7,640,603	-	1,357,095	6,283,508	445,379
Plus: issuance premium	-	692,766	-	692,766	-
WCWSA Contract payable	18,822,852	-	452,866	18,369,986	467,319
Less: issuance discount	(109,557)	-	(4,613)	(104,944)	-
Total contracts payable	<u>26,353,898</u>	<u>692,766</u>	<u>1,805,348</u>	<u>25,241,316</u>	<u>912,698</u>
Bonds payable:					
Revenue bonds	11,910,000	-	800,000	11,110,000	1,050,000
Deferred amounts:					
Issuance discounts	(2,009)	-	(223)	(1,786)	-
Issuance premiums	1,188,825	-	139,608	1,049,217	-
Total bonds payable	<u>13,096,816</u>	<u>-</u>	<u>939,385</u>	<u>12,157,431</u>	<u>1,050,000</u>
Compensated absences - Water	76,212	30,986	22,607	84,591	-
Compensated absences - Nonmajor	40,009	16,849	30,461	26,397	-
Net pension liability - Water	560,307	113,417	142,735	530,989	-
Net pension liability - Nonmajor	320,175	35,691	44,917	310,949	-
Total Business-type activities	<u>\$ 42,001,838</u>	<u>\$ 3,851,538</u>	<u>\$ 2,985,453</u>	<u>\$ 42,867,923</u>	<u>\$ 1,962,698</u>

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

	<u>2003 Series</u>	<u>2009 Series</u>	<u>2012 Series</u>	<u>Total</u>
Outstanding bond payable	\$ 100,000	\$ 4,270,000	\$ 6,740,000	\$ 11,110,000
Unamortized discount	(1,786)	-	-	(1,786)
Unamortized premium	-	94,703	954,514	1,049,217
Net total	<u>\$ 98,214</u>	<u>\$ 4,364,703</u>	<u>\$ 7,694,514</u>	<u>\$ 12,157,431</u>

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 7: Long-term Obligations, continued

Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2015 are as follows:

Governmental activities

Year Ending June 30,	General Obligation Bonds		Contract Payable - OCIDA	
	Principal	Interest	Principal	Interest
2016	\$ 390,000	\$ 380,380	\$ 415,000	\$ 283,912
2017	400,000	371,235	425,000	273,862
2018	415,000	351,235	440,000	261,112
2019	435,000	330,485	445,000	252,312
2020	445,000	313,085	455,000	243,412
2021 - 2025	2,520,000	1,245,075	2,435,000	1,055,694
2026 - 2030	3,020,000	721,536	2,790,000	704,365
2031 - 2034	2,100,000	161,210	2,565,000	233,151
	<u>\$ 9,725,000</u>	<u>\$ 3,874,241</u>	<u>\$ 9,970,000</u>	<u>\$ 3,307,820</u>

Business-type activities

Year Ending June 30,	Water and Sewer Fund					
	2003 Revenue Bonds		2009 Revenue Bonds		2012 Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ -	\$ 4,500	\$ 820,000	\$ 152,963	\$ 230,000	\$ 302,700
2017	-	4,500	845,000	126,931	240,000	298,000
2018	-	4,500	870,000	95,800	250,000	291,850
2019	-	4,500	900,000	55,900	265,000	284,125
2020	-	4,500	835,000	16,700	380,000	274,450
2021 - 2024	100,000	20,250	-	-	5,375,000	546,625
	<u>\$ 100,000</u>	<u>\$ 42,750</u>	<u>\$ 4,270,000</u>	<u>\$ 448,294</u>	<u>\$ 6,740,000</u>	<u>\$ 1,997,750</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 7: Long-term Obligations, continued

Year Ending June 30,	Contract Payable - UOBWA		Contract Payable - WCWSA		Notes Payable - GEFA	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 445,379	\$ 129,160	\$ 467,319	\$ 884,016	\$ -	\$ 14,346
2017	452,714	120,005	486,590	865,324	-	57,865
2018	461,098	110,699	505,861	845,860	-	57,865
2019	474,721	101,221	525,132	825,626	-	90,429
2020	489,393	91,463	549,221	803,964	-	93,389
2021 - 2025	2,704,759	299,894	3,126,704	3,638,159	105,629	463,983
2026 - 2030	1,255,444	39,032	3,960,170	2,800,544	196,036	446,908
2031 - 2035	-	-	5,063,429	1,705,475	216,635	426,309
2036 - 2040	-	-	3,685,560	374,337	239,399	403,545
2041 - 2045	-	-	-	-	264,555	378,389
2046 - 2050	-	-	-	-	292,354	350,590
2051 - 2055	-	-	-	-	6,083,074	204,140
2056 - 2058	-	-	-	-	138,543	2,905
	<u>\$ 6,283,508</u>	<u>\$ 891,474</u>	<u>\$ 18,369,986</u>	<u>\$ 12,743,305</u>	<u>\$ 7,536,225</u>	<u>\$ 2,990,663</u>

Debt Covenants

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

Capitalization of Interest

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

Business-type activities:	Total interest costs incurred	Interest costs capitalized	Interest expensed
Water and Sewer Fund	<u>\$ 1,665,138</u>	<u>\$ 877,353</u>	<u>\$ 787,785</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 8: Net Position Restricted By Enabling Legislation

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

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

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

Capital projects	\$ 8,086,351
Judicial	91,527
Public safety	84,058
Housing and Development	148,350
	<u>\$ 8,410,286</u>

Note 9: Retirement Benefits

Defined Benefit Pension Plan

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

Plan Description

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

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

Complete financial statements for The Plan can be obtained directly from the plan administrator at:
GEBCorp
400 Galleria Parkway, Suite 1250
Atlanta, Georgia 30339

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

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 9: Retirement Benefits, continued

Plan Asset Mix and Accounting Policies

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

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

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

Plan Membership

Retirees, beneficiaries and disabled receiving benefits	77
Terminated plan members entitled to but not receiving benefits	92
Active plan members	202
 Total	 371

Covered compensation for active participants	\$ 8,409,345
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Contributions

The County is required to contribute at an actuarially determined rate. Section 47-20 of the Georgia Code sets forth the funding standards for state and local governmental pension plans. The Georgia Constitution enables the governing authority of the County, the Board of Commissioners, to establish and amend from time to time, the contribution rates for the employer and its plan members. Administrative expenses are based on total covered payroll of plan members and are added to the annual funding requirement. The County's actuarially required contribution was \$1,603,961 and its actual contribution was \$1,781,612, or 111% of the required contribution and 21.2% of the covered compensation. The County paid its contribution during December 2014, so the County reported no payable and the plan reported no receivable for amounts due for the 2014 plan year.

Net Pension Liability

The County's *total pension liability* was determined based on an actuarial valuation as of December 31, 2014 and the *net pension liability* was measured as of the same date. The December 31, 2014 actuarial valuation determined the total pension liability using assumptions that were applied to all periods included in the measurement as follows:

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 9: Retirement Benefits, continued

Actuarial Methods and Assumptions

Investment return 7.50%
 Salary increases 5.00% with an age based scale as follows:

<u>Age</u>	<u>Salary increase</u>
Under 30	5.0% plus 1.5%
30-39	5.0% plus 1.0%
40-49	5.0% less 0.5%
50+	5.0% less 1.0%

Future payroll growth 5.50% per year

No cost of living adjustments are awarded after retirement.

Mortality: RP-2000, Combined

Discount Rate

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

The discount rate is calculated as follows:

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 9: Retirement Benefits, continued

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

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

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

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

	<u>Discount Rate Sensitivity Analysis</u>	
	6.50%	8.50%
Total Pension Liability	\$ 25,348,590	\$ 19,568,607
Fiduciary Net Position	<u>14,530,746</u>	<u>14,530,746</u>
Net Pension Liability	<u>\$ 10,817,844</u>	<u>\$ 5,037,861</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 9: Retirement Benefits, continued

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

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

Summary of Changes	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning of year	\$ 20,916,657	\$ 12,912,277	\$ 8,004,380
Service cost	662,925	-	662,925
Interest on total pension liability	1,534,234	-	1,534,234
Employer contributions	-	1,781,612	(1,781,612)
Net investment income	-	849,702	(849,702)
Benefit payments	(920,393)	(920,393)	-
Administrative expenses	-	(41,842)	41,842
Other expense	-	(50,610)	50,610
End of year	<u>\$ 22,193,423</u>	<u>\$ 14,530,746</u>	<u>\$ 7,662,677</u>

Calculation of Net Pension Liability

The beginning and ending net pension liability is calculated as follows:

	Beginning	Ending
Total Pension Liability	\$ 20,916,657	\$ 22,193,423
Fiduciary Net Position	<u>12,912,277</u>	<u>14,530,746</u>
Net Pension Liability	<u>\$ 8,004,380</u>	<u>\$ 7,662,677</u>

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

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

Pension contributions	\$ 1,781,612
Change in net pension liability	(341,703)
Deferred outflow related to investment results	(147,548)
Amortization of deferred outflows	<u>29,510</u>
Pension expense	<u>\$ 1,321,871</u>

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 9: Retirement Benefits, continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Change of assumptions	-	-
Net difference between projected and actual earnings on Plan investments	118,369	-
	<u>\$ 118,369</u>	<u>\$ -</u>

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

Year ended June 30,	Experience Difference	Assumption Change	Investment Results Difference
2016	\$ -	\$ -	\$ 29,593
2017	-	-	29,592
2018	-	-	29,592
2019	-	-	29,592
2020	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,369</u>

Deferred Compensation Plan

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

Defined Contribution Plan

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

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

Extension Service Employees Retirement Plan

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 9: Retirement Benefits, continued

Probate Judge’s Retirement Fund of Georgia

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

Clerk of Superior Court Retirement Fund

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

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

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

Note 10: Other Postemployment Benefits (OPEB)

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

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

The County contributes towards a retiree’s Medicare supplement premium. Dependent cost is the responsibility of the retiree. The County allows retirees under age 65 to continue in the health plan the County maintains for its active employees. The County contributes an amount equal to the cost of a Medicare Supplement Premium towards the retiree’s health benefit. During the fiscal year, expenditures of \$143,792 were recognized for retiree health care and Medicare supplements. The County has the following participants in its plan:

Retired participants	51
Active participants	-
Total participants	51

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 10: Other Postemployment Benefits (OPEB), continued

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

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

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

Normal cost (current service cost)	\$ -
Amortization of UAAL (share of past service cost)	<u>107,540</u>
Annual Required Contribution (ARC)	107,540
Interest on Net OPEB Obligation	(1,178)
Adjustment to Annual Required Contribution	<u>1,373</u>
Annual OPEB Cost	107,735
OPEB costs paid during year	<u>(143,792)</u>
Change in Net OPEB Obligation	(36,057)
Net OPEB Obligation/(Asset), beginning	<u>(85,952)</u>
Net OPEB Obligation/(Asset), ending	<u><u>\$ (122,009)</u></u>
Percentage of ARC contributed	134%

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

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 10: Other Postemployment Benefits (OPEB), continued

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

Trend Information

Year Ended	OPEB Cost	OPEB Cost Contributed	% of ARC Contributed	OPEB Obligation/(Asset)
6/30/2015	\$ 107,735	\$ 143,792	133%	\$ (122,009)
6/30/2014	\$ 107,735	\$ 164,229	152%	\$ (85,952)
6/30/2013	\$ 121,696	\$ 153,889	126%	\$ (29,458)
6/30/2012	\$ 121,696	\$ 164,201	135%	\$ 2,735

Actuarial Assumptions and Methods

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

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

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

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 11: Risk Management

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

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

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

Note 12: Landfill Costs

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

Note 13: Contingencies and Commitments

Contingent Liabilities

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

Litigation

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

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 14: Joint Ventures

Northeast Georgia Regional Commission (RC)

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

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

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

Note 15: Hotel Motel Lodging Tax

Oconee County, Georgia has levied a 6% lodging tax. During the year ended June 30, 2015, the County received \$151,775 in hotel motel tax revenue of this amount, 60% must be spent in accordance with O.C.G.A 48-13-51(a) (4). During the current fiscal year, the Hotel Motel Tax fund had \$130,809 in expenditures. Of these expenditures, \$70,490 was spent from the restricted portion of fund balance and \$60,319 was spent from the unrestricted portion of the tax (40%). At June 30, 2015, \$259,618 was the balance of restricted fund balance and restricted net position. This amount represents the restricted portion of the tax (60%) and will be spent in accordance with O.C.G.A 48-13-51(a) (4).

Note 16: Subsequent Event

Subsequent to year-end, the Walton County Water and Sewerage Authority (WCWSA) issued its Series 2015 Refunding Revenue Bonds in the amount of \$8,400,000 to partially refund its Series 2008 Revenue Bonds. An intergovernmental contract between the County and the WCWSA requires the County to make the principal and interest payments on the bonds as part of its contribution toward the construction of the Hard Labor Creek Reservoir. The bonds have an average yield of 2.89% and are projected to result in approximately \$995,000 in interest savings to the County over the life of the bonds.

Note 17: Implementation of GASB Statement No. 68 and GASB Statement No. 71

The County implemented the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68* as of July 1, 2014. The implementation of these new standards affected the governmental activities of the government-wide level statements, but had no effect on the governmental funds. The County’s proprietary funds were within the scope of the new statement, but none of the participants in the County’s defined benefit pension plan work in activities accounted for in the County’s proprietary funds.

Oconee County, Georgia
Notes to the Financial Statements
June 30, 2015

Note 17: Implementation of GASB Statement No. 68 and GASB Statement No. 71, continued

The new standards require that the County's net position as of the beginning of the year be restated by eliminating the net pension benefit that the County previously reported under the reporting requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, and recording the entirety of the County's net pension liability. The County did not report a deferred outflow of resources in the implementation of the new pension accounting standard because the County's pension contributions were made prior to the respective measurement dates of the net pension liability. The following schedule summarizes the changes in the County's beginning net position related to the implementation of GASB 68 and GASB 71:

	<u>Governmental Activities</u>	<u>Water & Sewer Fund</u>	<u>Non-Major Business-Type Activities</u>	<u>Total Business-Type Activities</u>
Beginning net pension liability	\$ (7,123,898)	\$ (560,307)	\$ (320,175)	\$ (880,482)
Write-off prior year net pension benefit	<u>(361,515)</u>	<u>(30,105)</u>	<u>(14,111)</u>	<u>(44,216)</u>
Change in beginning net position	<u>\$ (7,485,413)</u>	<u>\$ (590,412)</u>	<u>\$ (334,286)</u>	<u>\$ (924,698)</u>

The new accounting principle required that pension contributions reported in the funds be reduced by the change in the net pension liability resulting in total pension expense as follows:

	<u>Governmental Activities</u>	<u>Water & Sewer Fund</u>	<u>Non-Major Business-Type Activities</u>	<u>Total Business-Type Activities</u>
Pension contributions	\$ 1,580,722	\$ 152,925	\$ 48,103	\$ 201,028
Differences between contribution and pension expense	<u>(408,222)</u>	<u>(39,508)</u>	<u>(12,412)</u>	<u>(51,920)</u>
Pension expense	<u>\$ 1,172,500</u>	<u>\$ 113,417</u>	<u>\$ 35,691</u>	<u>\$ 149,108</u>

Changes in the concepts used in the accounting principle preclude the County from determining what the pension expense for the 2015 fiscal year would have been had the new principle not been effective. Pro forma amounts for pension expense that would have been reported had the standard been implemented for the fiscal year 2014 financial statements are not readily determinable. Pension expense during 2014 as reported under the previous accounting standard was:

	<u>Governmental Activities</u>	<u>Water & Sewer Fund</u>	<u>Non-Major Business-Type Activities</u>	<u>Total Business-Type Activities</u>
Prior year pension expense under previous accounting standard	\$ 1,352,994	\$ 120,364	\$ 41,297	\$ 161,661

Required Supplementary Information

Oconee County, Georgia
Required Supplementary Information
Retirement Plan - Schedule of Changes in the County's Net Pension Liability and Related Ratios

	Year Ended June 30, <u>2015</u>
Changes in Total Pension Liability	
Total Pension Liability - beginning of year	\$ 20,916,657
Service cost	662,925
Interest on total pension liability	1,534,234
Benefit payments (adjusted for interest)	<u>(920,393)</u>
Total Pension Liability - end of year	<u>22,193,423</u>
 Changes in Fiduciary Net Position	
Fiduciary Net Position - beginning of year	12,912,277
Employer contributions	1,781,612
Net investment income	849,702
Benefit payments	(920,393)
Administrative expense	(41,842)
Other	<u>(50,610)</u>
Fiduciary Net Position - end of year	<u>14,530,746</u>
Net Pension Liability	<u>\$ 7,662,677</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	65.47%
Covered payroll	\$ 8,409,345
Net Pension Liability as % of Covered Payroll	91.12%

Note: As information becomes available it will be added to this schedule until a 10 year history is presented.

Schedule of County Pension Contributions

	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as Percentage of Covered Employee Payroll
2015	\$ 1,754,892	\$ (26,720)	\$ 8,409,345	21.19%

Unavailable historical information is not required to be reported in the implementation year under GASB Statement No. 68. The information will be reported as it becomes available.

Oconee County, Georgia
Required Supplemental Information
Other Postemployment Benefits - Schedule of Funding Progress
June 30, 2015

OTHER POSTEMPLOYMENT BENEFITSSchedule of Funding Progress

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

Schedule of Employer Contributions

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Amount Contributed</u>	<u>Percentage Contributed</u>
6/30/15	\$ 107,735	\$ 143,792	133.5%
6/30/14	107,735	164,229	152.4%
6/30/13	121,537	153,889	126.6%
6/30/12	121,537	164,201	135.1%
6/30/11	70,324	90,488	128.7%
6/30/10	57,702	25,000	43.3%
6/30/09	640,255	25,000	3.9%

Oconee County, Georgia
Required Supplemental Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (by Department) and Actual - General Fund
For the Fiscal Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 19,706,500	\$ 19,729,750	\$ 19,811,956	\$ 82,206
Licenses and permits	704,550	704,550	752,143	47,593
Intergovernmental revenue	45,000	45,000	819,545	774,545
Charges for services	2,528,950	2,528,950	2,487,303	(41,647)
Fines and forfeitures	315,500	315,500	357,318	41,818
Investment income	13,000	13,000	17,048	4,048
Contributions and donations	-	-	1,034	1,034
Miscellaneous	77,138	77,138	99,465	22,327
Total revenues	<u>23,390,638</u>	<u>23,413,888</u>	<u>24,345,812</u>	<u>931,924</u>
EXPENDITURES				
Department level:				
Commission	509,950	509,950	502,845	7,105
Administration	438,464	438,464	432,689	5,775
Human resources	459,814	459,814	457,964	1,850
Finance	613,941	613,941	547,731	66,210
Law enforcement	3,578,036	3,578,036	3,506,202	71,834
Jail	2,474,183	2,474,183	2,431,624	42,559
Tax commissioner	424,043	424,043	414,656	9,387
Probate court	439,545	439,545	435,507	4,038
Clerk of courts	702,241	702,241	698,212	4,029
Juvenile court	88,162	88,162	86,874	1,288
Superior court	369,808	369,808	325,886	43,922
District attorney	27,475	27,475	24,513	2,962
Magistrate court	78,238	78,238	76,822	1,416
Coroner	36,047	36,047	34,885	1,162
Tax assessor	589,097	589,097	578,439	10,658
Board of elections	204,405	204,405	202,262	2,143
Public works	3,110,776	2,353,776	2,173,111	180,665
Parks and recreation	2,496,589	2,519,839	2,487,123	32,716
Operations	1,706,351	1,706,351	1,687,714	18,637
Public safety	1,325,947	1,325,947	1,280,917	45,030
Planning	191,904	191,904	189,125	2,779
Code enforcement	762,893	762,893	751,403	11,490
Information technology	576,873	576,873	569,177	7,696
Community development	227,034	227,034	146,163	80,871
Joint governmental programs	871,761	871,761	853,264	18,497
Total expenditures	<u>22,303,577</u>	<u>21,569,827</u>	<u>20,895,108</u>	<u>674,719</u>
Excess of revenues over expenditures	1,087,061	1,844,061	3,450,704	1,606,643
OTHER FINANCING SOURCES (USES)				
Proceeds of capital asset dispositions	110,000	110,000	109,837	(163)
Transfers in	329,000	329,000	329,000	-
Transfers (out)	(2,303,290)	(3,358,890)	(3,327,595)	31,295
Total other financing sources (uses)	<u>(1,864,290)</u>	<u>(2,919,890)</u>	<u>(2,888,758)</u>	<u>31,132</u>
Net change in fund balances	(777,229)	(1,075,829)	561,946	1,637,775
Fund balance - beginning	9,156,802	9,156,802	9,156,802	-
Fund balances - ending	<u>\$ 8,379,573</u>	<u>\$ 8,080,973</u>	<u>\$ 9,718,748</u>	<u>\$ 1,637,775</u>

Oconee County, Georgia
Reconciliation of Budget Expenditures by Department to
GAAP Basis Budget - General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Current:				
General government:				
Commission	\$ 509,950	\$ 509,950	\$ 502,845	\$ 7,105
Administration	438,464	438,464	432,689	5,775
Human resources	459,814	459,814	457,964	1,850
Finance	613,941	613,941	547,731	66,210
Board of elections	204,405	204,405	202,262	2,143
Information technology	576,873	576,873	569,177	7,696
Tax commissioner	424,043	424,043	414,656	9,387
Tax assessor	589,097	589,097	578,439	10,658
Operations	1,244,001	1,244,001	1,228,336	15,665
Superior court - Board of equalization	5,500	5,500	3,233	2,267
Judicial:				
Superior court	364,308	364,308	322,653	41,655
Clerk of courts	702,241	702,241	698,212	4,029
District attorney	27,475	27,475	24,513	2,962
Magistrate court	78,238	78,238	76,822	1,416
Probate court	439,545	439,545	435,507	4,038
Juvenile court	88,162	88,162	86,874	1,288
Public safety:				
Law enforcement	3,578,036	3,578,036	3,506,202	71,834
Jail	2,474,183	2,474,183	2,431,624	42,559
Public safety	1,325,947	1,325,947	1,280,917	45,030
Coroner	36,047	36,047	34,885	1,162
Public works:				
Public works	3,110,776	2,353,776	2,173,111	180,665
County facilities	462,350	462,350	459,378	2,972
Health and welfare:				
Joint gov't programs-health and welfare	242,820	242,820	242,710	110
Culture and recreation:				
Parks and recreation	2,496,589	2,519,839	2,487,123	32,716
Joint gov't program-library	466,324	466,324	463,516	2,808
Housing and development:				
Community Development	227,034	227,034	146,163	80,871
Joint gov't program-development	162,617	162,617	147,038	15,579
Code enforcement	762,893	762,893	751,403	11,490
Planning	191,904	191,904	189,125	2,779
Total expenditures by department	<u>\$ 22,303,577</u>	<u>\$ 21,569,827</u>	<u>\$ 20,895,108</u>	<u>\$ 674,719</u>

Oconee County, Georgia
Notes to Required Supplementary Information
June 30, 2015

Related to the Pension Data

NOTE A: VALUATION DATE

The actuarially determined contribution rates are calculated as of January 1 of each year presented. The contributions are recorded during that year by the pension plan and the County and are paid using current financial resources directly following that year.

NOTE B: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Actuarial cost method	Entry age
Asset valuation method	5-year smoothed market
Amortization method	Level percentage compensation
Future payroll growth	5.50%
Investment rate of return	7.50%

NOTE C: CHANGES IN ASSUMPTIONS

The investment return was changed from 7.75% to 7.50% in 2014. The investment return was changed from 8.0% to 7.75% in 2009. All other years assumed an 8.0% investment return. Age and service based employee termination rates were updated to more closely reflect actual experience in 2014. The mortality table was changed from the 1983 GAM, sex distinct table to the RP-2000 combined table in 2014. Retirement rates were updated in 2014. The funding method was changed from Projected Unit Credit to Entry Age Normal in 2014.

NOTE D: HISTORICAL DATA

The adoption on GASB Statement No. 68 resulted in a number of new definitions and concepts regarding measuring pension liabilities. Statement 68 introduced the concept of a total pension liability and a fiduciary net position. While the County has historical data that might be similar to these two amounts, the calculation of the amounts that the County has differ enough that presenting this information might be misleading. Accordingly, the County has not presented historical information about the changes in the total pension liability or the fiduciary net position. Statement 68 also requires the County to present historical contribution data of its pension plan if the plan has calculated an "actuarially determined contribution". The County believes that the Annual Required Contribution as calculated by the actuaries of the plan prior to the implementation of Statement 68 is an actuarially determined contribution. Therefore, the County presented the comparison of its contribution to the actarially determined contribution for the past 10 years.

Related to the Budget to Actual Comparison

NOTE E: BASIS OF PRESENTATION

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

Supplementary Information

Governmental funds

Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

Oconee County, Georgia
All Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 1,176,026	\$ 333,769	\$ 1,509,795
Investments, plus accrued interest	-	3,668,450	3,668,450
Accounts receivable, net	125,044	-	125,044
Taxes receivable, net	1,052	-	1,052
Internal balances	299,541	-	299,541
Due from other governments	133,613	-	133,613
Prepaid items	7,021	-	7,021
Total assets	\$ 1,742,297	\$ 4,002,219	\$ 5,744,516
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 206,902	\$ -	\$ 206,902
Internal balances	162,439	-	162,439
Salaries and benefits payable	24,007	-	24,007
Total liabilities	393,348	-	393,348
Deferred inflows of resources:			
Unavailable property taxes	1,025	-	1,025
Total deferred inflows	1,025	-	1,025
Fund balances:			
Nonspendable	7,021	-	7,021
Restricted			
Capital projects	111,268	4,002,219	4,113,487
Judicial	100,076	-	100,076
Public safety	158,213	-	158,213
Culture and recreation	52,377	-	52,377
Housing and development	148,350	-	148,350
Assigned			
Health and welfare	98,707	-	98,707
Housing and development	677,604	-	677,604
Unassigned	(5,692)	-	(5,692)
Total fund balances	1,347,924	4,002,219	5,350,143
Total liabilities, deferred inflows and fund balances	\$ 1,742,297	\$ 4,002,219	\$ 5,744,516

Oconee County, Georgia
Nonmajor Governmental Funds - Special Revenue Funds
Combining Balance Sheet
June 30, 2015

	<u>Council on Aging</u>	<u>Law Library</u>	<u>Confiscated Assets</u>	<u>Special Revenue Fund</u>	<u>Victims Services and Forfeited Property</u>	<u>E-911</u>	<u>Multiple Grant Fund</u>	<u>Special Lighting District</u>	<u>Hotel/Motel Tax</u>	<u>Industrial Development Authority</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS											
Cash	\$ 151,908	\$ 93,782	\$ 12,802	\$ 229,923	\$ 4,660	\$ -	\$ -	\$ 1,375	\$ -	\$ 681,576	\$ 1,176,026
Accounts receivable, net	17,127	-	-	2,000	-	93,378	-	-	12,539	-	125,044
Taxes receivable, net	-	-	-	-	-	-	-	1,052	-	-	1,052
Internal balances	-	-	-	13,502	18,690	-	500	18,119	248,730	-	299,541
Due from other governments	-	-	-	-	122,363	-	11,250	-	-	-	133,613
Prepaid items	966	-	-	-	-	5,692	-	-	363	-	7,021
Total assets	<u>\$ 170,001</u>	<u>\$ 93,782</u>	<u>\$ 12,802</u>	<u>\$ 245,425</u>	<u>\$ 145,713</u>	<u>\$ 99,070</u>	<u>\$ 11,750</u>	<u>\$ 20,546</u>	<u>\$ 261,632</u>	<u>\$ 681,576</u>	<u>\$ 1,742,297</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 9,872	\$ 333	\$ -	\$ 5,194	\$ 145,029	\$ 22,340	\$ -	\$ 19,521	\$ 613	\$ 4,000	\$ 206,902
Internal balances	54,727	2,606	-	33,894	-	59,462	11,750	-	-	-	162,439
Salaries and benefits payable	5,729	-	-	-	-	17,268	-	-	1,010	-	24,007
Total liabilities	<u>70,328</u>	<u>2,939</u>	<u>-</u>	<u>39,088</u>	<u>145,029</u>	<u>99,070</u>	<u>11,750</u>	<u>19,521</u>	<u>1,623</u>	<u>4,000</u>	<u>393,348</u>
Deferred inflows of resources:											
Unavailable property taxes	-	-	-	-	-	-	-	1,025	-	-	1,025
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,025</u>	<u>-</u>	<u>-</u>	<u>1,025</u>
Fund balances:											
Nonspendable	966	-	-	-	-	5,692	-	-	363	-	7,021
Restricted											
Capital Projects	-	-	-	-	-	-	-	-	111,268	-	111,268
Judicial	-	90,843	-	8,549	684	-	-	-	-	-	100,076
Public safety	-	-	12,802	145,411	-	-	-	-	-	-	158,213
Culture and recreation	-	-	-	52,377	-	-	-	-	-	-	52,377
Housing and development	-	-	-	-	-	-	-	-	148,350	-	148,350
Assigned											
Health and welfare	98,707	-	-	-	-	-	-	-	-	-	98,707
Housing and development	-	-	-	-	-	-	-	-	28	677,576	677,604
Unassigned	-	-	-	-	-	(5,692)	-	-	-	-	(5,692)
Total fund balances	<u>99,673</u>	<u>90,843</u>	<u>12,802</u>	<u>206,337</u>	<u>684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>260,009</u>	<u>677,576</u>	<u>1,347,924</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 170,001</u>	<u>\$ 93,782</u>	<u>\$ 12,802</u>	<u>\$ 245,425</u>	<u>\$ 145,713</u>	<u>\$ 99,070</u>	<u>\$ 11,750</u>	<u>\$ 20,546</u>	<u>\$ 261,632</u>	<u>\$ 681,576</u>	<u>\$ 1,742,297</u>

Oconee County, Georgia
Nonmajor Governmental Funds - Capital Projects Funds
Combining Balance Sheet
June 30, 2015

	SPLOST 2004 Fund	Local Resources Capital Projects Fund	Industrial Development Authority Projects Fund	Total Nonmajor Capital Projects Funds
ASSETS				
Cash	\$ 72,838	\$ -	260,931	\$ 333,769
Investments	3,668,450	-	-	3,668,450
Total assets	<u>\$ 3,741,288</u>	<u>\$ -</u>	<u>\$ 260,931</u>	<u>\$ 4,002,219</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted				
Capital projects	3,741,288	-	260,931	4,002,219
Total fund balances	<u>3,741,288</u>	<u>-</u>	<u>260,931</u>	<u>4,002,219</u>
Total liabilities and fund balances	<u>\$ 3,741,288</u>	<u>\$ -</u>	<u>\$ 260,931</u>	<u>\$ 4,002,219</u>

Oconee County, Georgia
All Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 151,775	\$ -	\$ 151,775
Intergovernmental revenue	435,064	-	435,064
Charges for services	1,034,090	-	1,034,090
Fines and forfeitures	56,447	-	56,447
Investment income	2,229	5,599	7,828
Contributions and donations	97,323	-	97,323
Miscellaneous	20,519	-	20,519
Total revenues	<u>1,797,447</u>	<u>5,599</u>	<u>1,803,046</u>
EXPENDITURES			
Current:			
General government	4,469	-	4,469
Judicial	432,810	-	432,810
Public safety	1,571,346	-	1,571,346
Public works	226,138	-	226,138
Health and welfare	511,996	-	511,996
Culture and recreation	27,057	-	27,057
Housing and development	156,814	-	156,814
Debt service:			
Principal payments	-	410,000	410,000
Interest and fiscal charges	-	292,113	292,113
Capital outlay			
General government	-	24,888	24,888
Public safety	-	192,308	192,308
Public works	-	136,625	136,625
Culture and recreation	-	21,862	21,862
Housing and development	-	115,736	115,736
Total expenditures	<u>2,930,630</u>	<u>1,193,532</u>	<u>4,124,162</u>
Deficiency of revenues under expenditures	<u>(1,133,183)</u>	<u>(1,187,933)</u>	<u>(2,321,116)</u>
OTHER FINANCING SOURCES AND (USES)			
Transfers in	1,306,206	375,683	1,681,889
Transfers (out)	<u>(52,690)</u>	<u>-</u>	<u>(52,690)</u>
Total other financing sources (uses)	<u>1,253,516</u>	<u>375,683</u>	<u>1,629,199</u>
Change in fund balances	120,333	(812,250)	(691,917)
Fund balances - beginning	<u>1,227,591</u>	<u>4,814,469</u>	<u>6,042,060</u>
Fund balances - ending	<u>\$ 1,347,924</u>	<u>\$ 4,002,219</u>	<u>\$ 5,350,143</u>

Oconee County, Georgia
Nonmajor Governmental Funds - Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

	Council on Aging	Law Library	Confiscated Assets	Special Revenue Fund	Victims Services and Forfeited Property	E-911	Multiple Grant Fund	Special Lighting District	Hotel/Motel Tax	Industrial Development Authority	Total Nonmajor Special Revenue Funds
REVENUES											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,775	\$ -	\$ 151,775
Intergovernmental revenue	109,200	-	-	2,000	260,176	-	63,688	-	-	-	435,064
Charges for services	-	-	-	35,292	-	701,878	-	177,528	-	119,392	1,034,090
Fines and forfeitures	-	18,216	367	14,705	23,159	-	-	-	-	-	56,447
Investment income	144	85	31	424	-	-	-	-	-	1,545	2,229
Contributions and donations	-	-	150	96,173	-	-	-	-	-	1,000	97,323
Total revenues	<u>129,733</u>	<u>18,301</u>	<u>548</u>	<u>148,724</u>	<u>283,335</u>	<u>701,878</u>	<u>63,688</u>	<u>177,528</u>	<u>151,775</u>	<u>121,937</u>	<u>1,797,447</u>
EXPENDITURES											
Current:											
General government	-	-	-	4,469	-	-	-	-	-	-	4,469
Judicial	-	10,934	-	340	421,536	-	-	-	-	-	432,810
Public safety	-	-	21,019	70,103	-	1,461,536	18,688	-	-	-	1,571,346
Public works	-	-	-	-	-	-	-	226,138	-	-	226,138
Health and welfare	466,996	-	-	-	-	-	45,000	-	-	-	511,996
Culture and recreation	-	-	-	27,057	-	-	-	-	-	-	27,057
Housing and development	-	-	-	-	-	-	-	-	130,809	26,005	156,814
Total expenditures	<u>466,996</u>	<u>10,934</u>	<u>21,019</u>	<u>101,969</u>	<u>421,536</u>	<u>1,461,536</u>	<u>63,688</u>	<u>226,138</u>	<u>130,809</u>	<u>26,005</u>	<u>2,930,630</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(337,263)</u>	<u>7,367</u>	<u>(20,471)</u>	<u>46,755</u>	<u>(138,201)</u>	<u>(759,658)</u>	<u>-</u>	<u>(48,610)</u>	<u>20,966</u>	<u>95,932</u>	<u>(1,133,183)</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	354,044	-	-	5,664	138,230	759,658	-	48,610	-	-	1,306,206
Transfers (out)	-	-	-	(36,690)	-	-	-	-	-	(16,000)	(52,690)
Total other financing sources (uses)	<u>354,044</u>	<u>-</u>	<u>-</u>	<u>(31,026)</u>	<u>138,230</u>	<u>759,658</u>	<u>-</u>	<u>48,610</u>	<u>-</u>	<u>(16,000)</u>	<u>1,253,516</u>
Net change in fund balances	<u>16,781</u>	<u>7,367</u>	<u>(20,471)</u>	<u>15,729</u>	<u>29</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,966</u>	<u>79,932</u>	<u>120,333</u>
Fund balances - beginning	<u>82,892</u>	<u>83,476</u>	<u>33,273</u>	<u>190,608</u>	<u>655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,043</u>	<u>597,644</u>	<u>1,227,591</u>
Fund balances - ending	<u>\$ 99,673</u>	<u>\$ 90,843</u>	<u>\$ 12,802</u>	<u>\$ 206,337</u>	<u>\$ 684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,009</u>	<u>\$ 677,576</u>	<u>\$ 1,347,924</u>

Oconee County, Georgia
Nonmajor Governmental Funds - Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

	SPLOST 2004 Fund	Local Resources Capital Projects Fund	Industrial Development Authority Projects Fund	Total Nonmajor Capital Projects Funds
REVENUES				
Investment income	\$ 5,599	\$ -	\$ -	\$ 5,599
Total revenues	<u>5,599</u>	<u>-</u>	<u>-</u>	<u>5,599</u>
EXPENDITURES				
Debt service:				
Principal payments	-	-	410,000	410,000
Interest and fiscal charges	-	-	292,113	292,113
Capital outlay				
General government	-	24,888	-	24,888
Public safety	-	192,308	-	192,308
Public works	-	136,625	-	136,625
Culture and recreation	-	21,862	-	21,862
Housing and development	-	-	115,736	115,736
Total expenditures	<u>-</u>	<u>375,683</u>	<u>817,849</u>	<u>1,193,532</u>
Deficiency of revenues under expenditures	<u>5,599</u>	<u>(375,683)</u>	<u>(817,849)</u>	<u>(1,187,933)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	375,683	-	375,683
Total other financing sources (uses)	<u>-</u>	<u>375,683</u>	<u>-</u>	<u>375,683</u>
Net change in fund balances	5,599	-	(817,849)	(812,250)
Fund balances - beginning	<u>3,735,689</u>	<u>-</u>	<u>1,078,780</u>	<u>4,814,469</u>
Fund balances - ending	<u>\$ 3,741,288</u>	<u>\$ -</u>	<u>\$ 260,931</u>	<u>\$ 4,002,219</u>

Nonmajor Proprietary Funds

Enterprise Funds

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

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

Oconee County, Georgia
Nonmajor Proprietary Funds
Combining Schedule of Net Position
June 30, 2015

	Solid Waste Fund	Special Facilities Fund	Total Nonmajor Proprietary Funds
ASSETS			
Current assets:			
Cash	\$ 109	\$ 11,630	\$ 11,739
Accounts receivable, net	1,161	7,143	8,304
Internal balances	177,606	434,355	611,961
Prepaid items	1,493	3,483	4,976
Total current assets	180,369	456,611	636,980
Noncurrent assets:			
Capital assets not being depreciated	125,000	25,000	150,000
Capital assets, net of depreciation	50,506	1,612,346	1,662,852
Total capital assets	175,506	1,637,346	1,812,852
Total assets	355,875	2,093,957	2,449,832
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pensions	378	2,809	3,187
Total assets and deferred inflows	356,253	2,096,766	2,453,019
LIABILITIES			
Current liabilities:			
Accounts payable	73,784	9,672	83,456
Salaries and benefits payable	3,882	10,134	14,016
Total current liabilities	77,666	19,806	97,472
Noncurrent liabilities:			
Compensated absences	5,834	20,563	26,397
Net pension liability	78,951	231,998	310,949
Total noncurrent liabilities	84,785	252,561	337,346
Total liabilities	162,451	272,367	434,818
NET POSITION			
Net investment in capital assets	175,506	1,637,346	1,812,852
Unrestricted	18,296	187,053	205,349
Total net position	\$ 193,802	\$ 1,824,399	\$ 2,018,201

Oconee County, Georgia
Nonmajor Proprietary Funds
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2015

	Solid Waste Fund	Special Facilities Fund	Total Nonmajor Proprietary Funds
OPERATING REVENUES			
Charges for services	\$ 174,057	\$ 76,122	\$ 250,179
Licenses and permits	8,000	-	8,000
Rents and royalties	-	111,576	111,576
Miscellaneous	-	200	200
Total operating revenues	<u>182,057</u>	<u>187,898</u>	<u>369,955</u>
OPERATING EXPENSES			
Salaries and benefits	161,261	244,518	405,779
Other contracted services	259,347	4,350	263,697
Supplies and materials	15,182	19,286	34,468
Repairs and maintenance	2,672	54,200	56,872
Utilities	9,894	56,378	66,272
Insurance	4,461	3,346	7,807
Depreciation and amortization	5,664	71,246	76,910
Other charges	11,021	16,640	27,661
Total operating expenses	<u>469,502</u>	<u>469,964</u>	<u>939,466</u>
Operating loss	<u>(287,445)</u>	<u>(282,066)</u>	<u>(569,511)</u>
Loss before contributions and transfers	(287,445)	(282,066)	(569,511)
Transfers in	<u>372,202</u>	<u>531,595</u>	<u>903,797</u>
Change in net position	84,757	249,529	334,286
Total net position - beginning, as originally reported	193,802	1,824,399	2,018,201
Change in accounting principle	<u>(84,757)</u>	<u>(249,529)</u>	<u>(334,286)</u>
Total net position - beginning, as restated	109,045	1,574,870	1,683,915
Total net position - ending	<u>\$ 193,802</u>	<u>\$ 1,824,399</u>	<u>\$ 2,018,201</u>

Oconee County, Georgia
Nonmajor Proprietary Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2015

	Solid Waste Fund	Special Facilities Fund	Total Nonmajor Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 183,331	\$ 194,852	\$ 378,183
Payments to suppliers	(247,399)	(154,928)	(402,327)
Payments to employees	(164,723)	(264,134)	(428,857)
Net cash (used) by operating activities	<u>(228,791)</u>	<u>(224,210)</u>	<u>(453,001)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	226,609	229,187	455,796
Net cash provided by noncapital financing activities	<u>226,609</u>	<u>229,187</u>	<u>455,796</u>
Net change in cash and cash equivalents	(2,182)	4,977	2,795
Cash - beginning of the year	2,291	6,653	8,944
Cash - end of the year	<u>\$ 109</u>	<u>\$ 11,630</u>	<u>\$ 11,739</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (287,445)	\$ (282,066)	\$ (569,511)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation and amortization expense	5,664	71,246	76,910
Change in assets and liabilities:			
Receivables, net	1,274	2,918	4,192
Prepaid items	(63)	(147)	(210)
Due from other governments	-	4,036	4,036
Accounts payable	55,241	(581)	54,660
Accrued expenses	584	3,862	4,446
Compensated absences	(2,575)	(12,536)	(15,111)
Net pension liability	(1,471)	(10,942)	(12,413)
Net cash (used) by operating activities	<u>\$ (228,791)</u>	<u>\$ (224,210)</u>	<u>\$ (453,001)</u>

Fiduciary Funds

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

Oconee County, Georgia
Fiduciary Funds
Combining Schedule of Fiduciary Assets and Liabilities
June 30, 2015

	<u>Tax Commissioner</u>	<u>Sheriff</u>	<u>Superior Court</u>	<u>Probate Court</u>	<u>Magistrate Court</u>	<u>Juvenile Court</u>	<u>Total Fiduciary Funds</u>
ASSETS							
Cash	\$ -	\$ 3,301	\$ 303,807	\$ 51,132	\$ 64,282	\$ 304	\$ 422,826
Total Assets	<u>\$ -</u>	<u>\$ 3,301</u>	<u>\$ 303,807</u>	<u>\$ 51,132</u>	<u>\$ 64,282</u>	<u>\$ 304</u>	<u>\$ 422,826</u>
LIABILITIES							
Due to others	\$ -	\$ 3,301	\$ 303,807	\$ 51,132	\$ 64,282	\$ 304	\$ 422,826
Total Liabilities	<u>\$ -</u>	<u>\$ 3,301</u>	<u>\$ 303,807</u>	<u>\$ 51,132</u>	<u>\$ 64,282</u>	<u>\$ 304</u>	<u>\$ 422,826</u>

Oconee County, Georgia
Fiduciary Funds
Combining Schedule of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2015</u>
TAX COMMISSIONER				
Assets				
Cash	\$ 35,921	\$ 43,974,693	\$ 44,010,614	\$ -
	<u>35,921</u>	<u>43,974,693</u>	<u>44,010,614</u>	<u>-</u>
Liabilities				
Due to others	35,921	43,974,693	44,010,614	-
	<u>35,921</u>	<u>43,974,693</u>	<u>44,010,614</u>	<u>-</u>
SHERIFF				
Assets				
Cash	9,591	48,844	55,134	3,301
	<u>9,591</u>	<u>48,844</u>	<u>55,134</u>	<u>3,301</u>
Liabilities				
Due to others	9,591	48,844	55,134	3,301
	<u>9,591</u>	<u>48,844</u>	<u>55,134</u>	<u>3,301</u>
SUPERIOR COURT				
Assets				
Cash	491,268	1,682,018	1,869,479	303,807
	<u>491,268</u>	<u>1,682,018</u>	<u>1,869,479</u>	<u>303,807</u>
Liabilities				
Due to others	491,268	1,682,018	1,869,479	303,807
	<u>\$ 491,268</u>	<u>\$ 1,682,018</u>	<u>\$ 1,869,479</u>	<u>\$ 303,807</u>

Oconee County, Georgia
Fiduciary Funds
Combining Schedule of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2015

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2015</u>
PROBATE COURT				
Assets				
Cash	\$ 55,588	\$ 588,255	\$ 592,711	\$ 51,132
	<u>55,588</u>	<u>588,255</u>	<u>592,711</u>	<u>51,132</u>
Liabilities				
Due to others	55,588	588,255	592,711	51,132
	<u>55,588</u>	<u>588,255</u>	<u>592,711</u>	<u>51,132</u>
MAGISTRATE COURT				
Assets				
Cash	61,523	244,888	242,129	64,282
	<u>61,523</u>	<u>244,888</u>	<u>242,129</u>	<u>64,282</u>
Liabilities				
Due to others	61,523	244,888	242,129	64,282
	<u>61,523</u>	<u>244,888</u>	<u>242,129</u>	<u>64,282</u>
JUVENILE COURT				
Assets				
Cash	304	16,357	16,357	304
	<u>304</u>	<u>16,357</u>	<u>16,357</u>	<u>304</u>
Liabilities				
Due to others	304	16,357	16,357	304
	<u>304</u>	<u>16,357</u>	<u>16,357</u>	<u>304</u>
TOTALS				
Assets				
Cash	654,195	46,555,055	46,786,424	422,826
	<u>654,195</u>	<u>46,555,055</u>	<u>46,786,424</u>	<u>422,826</u>
Liabilities				
Due to others	654,195	46,555,055	46,786,424	422,826
	<u>\$ 654,195</u>	<u>\$ 46,555,055</u>	<u>\$ 46,786,424</u>	<u>\$ 422,826</u>

Compliance

Treadwell, Jamplin & Co.

Certified Public Accountants
A Limited Liability Partnership

157 West Jefferson Street
Madison, Georgia 30650

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Fax: 706-342-1041

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

To the Honorable Commissioners of
Oconee County, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Oconee County, Georgia as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Oconee County, Georgia's basic financial statements and have issued our report thereon dated December 31, 2015. Our report includes a reference to other auditors who audited the financial statements of the Oconee County Health Department, as described in our report on Oconee County, Georgia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

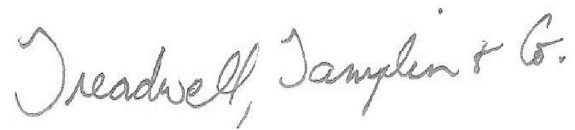
Compliance and Other Matters

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

We noted certain other matters that we have reported to management of Oconee County, Georgia in a separate letter dated December 31, 2015.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Dreadwell, Sampson & Co." The signature is written in dark ink and is positioned above the typed name and date.

Madison, Georgia
December 31, 2015

Oconee County, Georgia
Schedule of Special Purpose Local Option Sales Tax
For the Fiscal Year Ended June 30, 2015

	Original Estimated Cost	Revised Estimated Cost	Expenditures		Estimated Percentages of Completion	
			Prior Years	Current Year		
2004 Referendum***						
Water & Sewer improvements	\$ 6,000,000	\$ 6,970,000	\$ 6,970,000	\$ -	\$ 6,970,000	100.00%
Recreation & cultural facilities	5,000,000	5,031,350	5,031,350	-	5,031,350	100.00%
Roads	6,000,000	6,276,264	6,276,264	-	6,276,264	100.00%
Jail expansion	1,300,000	1,319,670	1,319,670	-	1,319,670	100.00%
Emergency operations center	600,000	681,721	681,721	-	681,721	100.00%
Fire station project	1,500,000	1,500,000	1,500,000	-	1,500,000	100.00%
County facilities expansion and renovation	4,600,000	4,600,000	1,010,854	-	1,010,854	21.98%
Totals	<u>\$ 25,000,000</u>	<u>\$ 26,379,005</u>	<u>\$ 22,789,859</u>	<u>\$ -</u>	<u>\$ 22,789,859</u>	
2009 Referendum***						
Recreation facilities	\$ 4,847,985	\$ 4,847,985	\$ 3,232,472	\$ 431,200	\$ 3,663,672	75.57%
County Jail and Emergency Operation Center-911 Building	6,059,981	6,059,981	5,136,628	720,894	5,857,522	96.66%
Water & Sewer facilities	6,884,176	6,884,176	130,314	921,811	1,052,125	15.28%
Roads, Streets & Bridges	8,080,020	8,080,020	6,255,600	500,104	6,755,704	83.61%
Recreational, Historic and Scenic Facilities	1,110,999	1,110,999	241,108	233,653	474,761	42.73%
Fire Station Facilities and Equipment	3,939,014	3,939,014	1,910,608	1,875	1,912,483	48.55%
Communication Facilities	3,232,001	3,508,604	3,400,418	54,519	3,454,937	98.47%
Farmland Protection	504,984	504,984	198,500	-	198,500	39.31%
Payment to Cities						
City of Watkinsville	3,227,960	3,227,960	2,051,744	515,667	2,567,411	79.54%
Town of Bogart	1,616,000	1,616,000	1,027,156	258,156	1,285,312	79.54%
Town of North High Shoals	674,680	674,680	428,838	107,780	536,618	79.54%
Town of Bishop	222,200	222,200	141,234	35,496	176,730	79.54%
Totals	<u>\$ 40,400,000</u>	<u>\$ 40,676,603</u>	<u>\$ 24,154,620</u>	3,781,155	<u>\$ 27,935,775</u>	
Expenditures paid from funds that were transferred into the SPLOST 2009 Fund				760,599		
Principal payment on Communication Facility purchased using capital lease				1,493,662		
Total expenditures and transfers reported in the SPLOST 2009 fund				<u>\$ 6,035,416</u>		

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

Oconee County, Georgia
Schedule of State Contractual Assistance
For the Fiscal Year Ended June 30, 2015

<u>State Program Name</u>	<u>Contract Number</u>	<u>Actual Revenue Received</u>	<u>Current Expenditures</u>	<u>Amount Due To/From State</u>
Family Connection	93-1515000-96	\$ 33,750	\$ 45,000	\$ 11,250

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

For the Year Ended June 30, 2015

Line No.	O.C.G.A. Reference:	
1		Indicate UCOA Fund Type Used to Account for 9-1-1 Activity (choose one): <input checked="" type="checkbox"/> Special Revenue Fund <input type="checkbox"/> Enterprise Fund
2		Expenditures (UCOA Activity 3800) Wireless service supplier cost recovery charges (identify each supplier individually on lines below - attach list, if necessary)
	46-5-134(e)	
		UMB Wholesale Bank (Sprint/Nextel) \$ 823.50
		AT&T Mobility \$ 49,490.70
3		Emergency telephone equipment, including necessary computer hardware, software, and data base provisioning, addressing, and nonrecurring costs of establishing a 9-1-1 system:
3a	46-5-134(f)(1)(A)	Lease costs \$ _____
3b	46-5-134(f)(1)(A)	Purchase costs \$ _____
3c	46-5-134(f)(1)(A)	Maintenance costs \$ _____
4	46-5-134(f)(1)(B)	Rates associated with the service suppliers 9-1-1 service and other service suppliers recurring charges \$ 179,135.31
5		Employees hired by the local government solely for the operation and maintenance of the emergency 9-1-1 system and employees who work as directors as defined in O.C.G.A. §46-5-138.2
5a	46-5-134(f)(1)(C)	Salaries and wages \$ 573,857.23
5b	46-5-134(f)(1)(C)	Employee benefits \$ 277,805.57
6	46-5-134(f)(1)(D)	Cost of training of employees who work as dispatchers or directors \$ 3,681.04
7	46-5-134(f)(1)(E)	Office supplies of the public safety answering points used directly in providing emergency 9-1-1 system services \$ 5,414.46
8		Building used as a public safety answering point:
8a	46-5-134(f)(1)(F)	Lease costs \$ _____
8b	46-5-134(f)(1)(F)	Purchase costs \$ _____
9		Computer hardware and software used at a public safety answering point, including computer assisted dispatch systems and automatic vehicle location systems:
9a	46-5-134(f)(1)(G)	Lease costs \$ _____
9b	46-5-134(f)(1)(G)	Purchase costs \$ _____
9c	46-5-134(f)(1)(G)	Maintenance costs \$ _____
10	46-5-134(f)(1)(H)	Supplies directly related to providing emergency 9-1-1 system services, including the cost of printing emergency 9-1-1 public education materials \$ _____
11		Logging recorders used at a public safety answering point to record telephone and radio traffic:
11a	46-5-134(f)(1)(I)	Lease costs \$ _____

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

For the Year Ended June 30, 2015

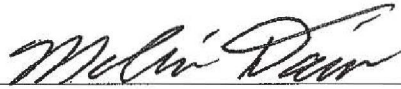
Line No.		O.C.G.A. Reference	
11b	Purchase costs	46-5-134(f)(1)(I)	\$ _____
11c	Maintenance costs	46-5-134(f)(1)(D)	\$ _____
12	Insurance purchased to insure against risks and liability in the operation and maintenance of the 9-1-1 system on behalf of the local government or on behalf of employees hired by the local government solely for the operation and maintenance of the 9-1-1 system and employees who work as directors	46-5-134(f)(2)(B)(f)	\$ _____
13	Mobile communications vehicle and equipment, if the primary purpose and designation of such vehicle is to function as a backup 9-1-1 system center		
13a	Lease costs	46-5-134(f)(2)(B)(ii)	\$ _____
13b	Purchase costs	46-5-134(f)(2)(B)(ii)	\$ _____
13c	Maintenance costs	46-5-134(f)(2)(B)(ii)	\$ _____
14	Allocation of indirect costs associated with supporting the 9-1-1 system center and operations as identified and outlined in an indirect cost allocation plan approved by the local governing authority that is consistent with the costs allocated within the local government to both governmental and business-type activities	46-5-134(f)(2)(B)(iii)	\$ 93,158.63
15	Mobile public safety voice and data equipment, geo-targeted text messaging alert systems, or towers necessary to carry out the function of 9-1-1 system operations		
15a	Lease costs	46-5-134(f)(2)(B)(iv)	\$ 2,400.00
15b	Purchase costs	46-5-134(f)(2)(B)(iv)	\$ _____
15c	Maintenance costs	46-5-134(f)(2)(B)(iv)	\$ 275,768.75
16	Public safety voice and data communications systems located in the 9-1-1 system facility that further the legislative intent of providing the highest level of emergency response service on a local, regional, and state-wide basis, including equipment and associated hardware and software that supports the use of public safety wireless voice and data communication systems		
16a	Lease costs	46-5-134(f)(2)(B)(v)	\$ _____
16b	Purchase costs	46-5-134(f)(2)(B)(v)	\$ _____
16c	Maintenance costs	46-5-134(f)(2)(B)(v)	\$ _____
17	Other expenditures not included in Lines 2 through 16 above. Identify by object and purpose.		\$ _____
			\$ _____
			\$ _____
			\$ _____
			\$ _____
			\$ _____
			\$ _____
18	Total Expenditures (total of all amounts reported on Lines 2 through 17 above)		\$ 1,461,535.19

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

For the Year Ended June 30, 2015

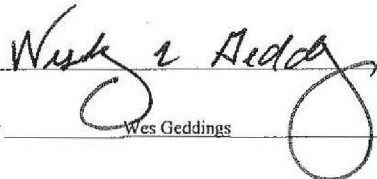
Certification of Local Government Officials

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

Signature of Chief Elected Official  Date 12/23/15

Print Name of Chief Elected Official Melvin Davis

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

Signature of Chief Financial Officer  Date 23 Dec 2015

Print Name of Chief Financial Officer Wes Geddings

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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 Third 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 Third 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 Third 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.

“2016 Construction Fund Account” shall mean the account in the Construction Fund created in the Third Supplemental Indenture.

“2016 Sinking Fund Account” shall mean the account in the Sinking Fund created in the Third 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.

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

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

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

“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 and the Third Supplemental Indenture.

“Interest Payment Date” shall mean, as to the Series 2016 Bonds, each February 1 and August 1, commencing August 1, 2017.

“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) Standard & Poor’s, a division of the McGraw-Hill Companies, Inc. (“S&P”) and any successor thereto, if it has assigned a rating to any Obligation issued and Outstanding hereunder, (ii) Moody’s Investors Service, Inc. (“Moody’s”) and any successor thereto, if it has assigned a rating to any Obligation issued and Outstanding hereunder, and (iii) Fitch’s Investors Service (“Fitch”) and any successor thereto, if it has assigned a rating to any Obligation issued and outstanding hereunder. If any such Rating Agency shall no longer perform the functions of a securities rating service for whatever reason, the term “Rating Agency” shall thereafter be deemed to refer to the others, but if both of the others shall no longer perform the functions of a securities rating service for whatever reason, the term “Rating Agency” shall thereafter be deemed to refer to any other nationally recognized rating service or services as shall be designated in writing by the Authority to the Trustee; provided that such designee shall not be unsatisfactory to the Trustee.

“Reserve Requirement” shall mean, as of any date of calculation, an amount not less than the least of (a) 10% of the original outstanding principal amount of Bonds, (b) the maximum annual debt service on the Bonds payable in any Sinking Fund Year or (c) 125% of average annual debt service on the Bonds.

“Revenue Bond Law” means the Revenue Bond Law of the State of Georgia (O.C.G.A. Section 36-82-60 et seq.), as amended.

“Second Supplemental Indenture” means the Second Supplemental Trust Indenture dated as of July 1, 2015, between the Authority and the Trustee.

“Second Supplement to Contract” means the Second Supplement to Intergovernmental Contract-Reservoir Project, dated as of July 1, 2015, between the Authority and the County.

“Series 2016 Bonds” means the Authority’s Revenue Bonds (Oconee - Hard Labor Creek Reservoir Project), Series 2016.

“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 2nd day of February in each year and extending through the 1st 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.

Debt Service Reserve Fund

Under the Original Indenture there was created and established with the Trustee a trust fund designated as the "Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project) Debt Service Reserve Fund" for the benefit of the Bonds.

The owners of the Series 2016 Bonds shall be deemed to consent to the abolition of the Debt Service Reserve Fund as described above by virtue of their purchase of the Series 2016 Bonds. The Debt Service Reserve Fund will no longer be maintained and all references to the Debt Service Reserve Fund and the Reserve Requirement will be stricken from the Indenture upon the issuance of the Series 2016 Bonds.

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 Debt Service Reserve Fund and Construction Fund, may be invested by the Trustee from time to time in Permitted Investments upon instruction from an Authorized Authority Representative. Moneys on deposit in the Sinking Fund may be invested by the Trustee from time to time in Sinking Fund Investments. All such investments shall be held in the name of the Trustee. All gains or losses from such investment shall be credited or charged to the fund with respect to which such investment was made. The Trustee shall have no obligation to invest 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 provisions 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 THIRD SUPPLEMENTAL INDENTURE

Selection of Bonds to be Redeemed

If less than all of the Series 2016 Bonds of a maturity are to be redeemed, the particular Series 2016 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 2016 Bonds are subject to redemption only in principal amounts of \$5,000 or any integral multiple thereof. Any Series 2016 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.

2016 Construction Fund Account

There is created and established under the Third 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 2016 Construction Fund Account." Moneys in the 2016 Construction Fund Account shall be expended in accordance with the provisions of the Original Indenture. Moneys received from the investment of moneys in the 2016 Construction Fund Account shall be deposited into the 2016 Construction Fund Account.

The Trustee is authorized and directed under the Third Supplemental Indenture to make each disbursement from the 2016 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 2016 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 2016 Bonds, all moneys in the 2016 Construction Fund Account will be transferred without any further authorization or direction to the 2016 Sinking Fund Account.

Upon completion of the Project financed with the proceeds of the Series 2016 Bonds and after payment of all expenses with respect thereto, all moneys remaining on deposit in the 2016 Construction Fund Account may, at the direction of the Authority, be applied as provided in the Original Indenture.

2016 Sinking Fund Account

There is created and established under the Third Supplemental Indenture with the Trustee a trust account in the Sinking Fund which is designated the “Walton County Water and Sewerage Authority 2016 Sinking Fund Account” (the “2016 Sinking Fund Account”). The Trustee is authorized to deposit into the 2016 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 2016 Sinking Fund Account. The Trustee is further authorized to deposit into the 2016 Sinking Fund Account any moneys transferred from the 2015 Construction Fund Account to the 2016 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 Third Supplemental Indenture, there are created within the 2016 Sinking Fund Account three subaccounts to be designated as follows: the “2016 Interest Account,” the “2016 Principal Account” and the “2016 Redemption Account.” The Authority may establish from time to time additional accounts or sub-accounts in the 2016 Sinking Fund Account.

The Authority will provide the Trustee, from the Trust Estate, moneys for deposit into the 2016 Sinking Fund Account sufficient to pay the principal, interest and redemption premium on the Series 2016 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 2016 Bonds.

Moneys in the 2016 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 2016 Bonds unless the Authority shall set aside and designate any particular funds or moneys as being dedicated to the payment of the Series 2016 Bonds or some portion thereof as provided in the Indenture, in which case such Series 2016 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. Simultaneously with the issuance and delivery of the Series 2016 Bonds, the Authority will enter into the Third Supplement to Intergovernmental Contract-Reservoir Project, dated as of October 1, 2016 (the “Third 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 2016 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 THIRD 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 Third Supplement to Contract to identify the Series 2016 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 \$9,465,000 in aggregate principal amount of the Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2016 (the “Bonds”). The Bonds are being issued pursuant to the Indenture (as defined below). The County hereby covenants and agrees as follows:

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

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

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

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

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

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

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

“Indenture” shall mean the Trust Indenture, as supplemented by a First Supplemental Trust Indenture, each dated as of April 1, 2008, and each between the Authority and Regions Bank, Atlanta, Georgia, as trustee (the “Trustee”), as supplemented by a Second Supplemental Trust Indenture, dated as of July 1, 2015, and as supplemented by a Third Supplemental Trust Indenture, dated as of October 1, 2016, between the Authority and the Trustee, pursuant to which the Bonds were issued, and any amendments thereto.

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

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

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

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

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

SECTION 3. Provision of Annual Reports.

(a) Not later than 270 days after the end of the Fiscal Year, commencing with Fiscal Year 2016, the County shall provide, or cause the Dissemination Agent (if other than the County) to provide, an Annual Report electronically to EMMA. The Annual Report will be made to EMMA as PDF files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. Notwithstanding the foregoing, the audited financial statements of the County may be submitted separately from the balance of the Annual Report when such audited financial statements are available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the County shall include unaudited financial statements in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements will be submitted. The audited financial statements when available will be provided to EMMA.

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

(c) The Dissemination Agent shall also:

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

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

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

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

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

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

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

(d) Information of the type set forth in the Official Statement under the headings “COUNTY DEBT STRUCTURE – Summary of County Debt by Category and Overlapping Debt,” and “- Limitations on County Debt,” “AD VALOREM TAXATION – Property Tax Millage Rates,” “- Tax Levy and Collection History,” “- Assessed Valuation,” and “- Ten Largest Tax Payers,” and “OCONEE COUNTY FINANCIAL INFORMATION – General Fund History.”

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

SECTION 5. Reporting of Significant Events.

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

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

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

SECTION 7. Dissemination Agent. The County may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and the County may, from time to time,

discharge the dissemination agent, with or without appointing a successor dissemination agent. If at any time there is not a designated dissemination agent, the County shall be the dissemination agent. The initial Dissemination Agent shall be Digital Assurance Certification, L.L.C. (DAC), or its successor in interest.

SECTION 8. Amendment. This Disclosure Certificate may not be amended unless independent counsel experienced in securities law matters has rendered an opinion to the County to the effect that the amendment does not violate the provisions of the Rule.

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

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

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

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The Dissemination Agent may consult with counsel (who may, but need not, be counsel for any party hereto or the County), and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such Counsel. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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

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

fees).

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

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

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

Date: September 14, 2016

OCONEE COUNTY, GEORGIA

(SEAL)

By: _____
Chairman

Attest:

By: _____
Clerk

The undersigned hereby accepts its duties as Dissemination Agent under this Disclosure Certificate, this 14th day of September, 2016.

DIGITAL ASSURANCE CERTIFICATION, L.L.C.

By: _____
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Walton County Water and Sewerage Authority

Name of Bond Issue: \$9,465,000 Walton County Water and Sewerage Authority Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2016

CUSIP Number¹: _____

Date of Issuance: October 18, 2016

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 September 14, 2016. 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

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

APPENDIX D

FORM OF BOND COUNSEL OPINION

The form of Opinion of Bond Counsel included as this Appendix D has been prepared by Gray Pannell & Woodward LLP, Atlanta, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Series 2016 Bonds.

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[FORM OF BOND COUNSEL OPINION]

October 18, 2016

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: \$9,465,000 Walton County Water and Sewerage Authority (Georgia) Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2016

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 \$9,465,000 in aggregate principal amount Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2016 (the "Series 2016 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 2016 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 2016 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 September 13, 2016 (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"), and as supplemented by a Third Supplemental Trust Indenture, dated as of October 1, 2016 (the "Third Supplemental Indenture" and, together with the Original Indenture, the First Supplemental Indenture, and the Second Supplemental Indenture, the "Indenture"), between the Authority and Regions Bank, as trustee (the "Trustee"). The Series 2016 Bonds are being sold to Stifel Nicolaus & Company, Inc. (the "Underwriter") pursuant to a Bond Purchase Agreement, dated September 13, 2016 (the "Purchase Agreement"), between the Authority and the Underwriter.

The Series 2016 Bonds are being issued for the purpose of (i) refunding all of the outstanding Walton County Water and Sewerage Authority (Georgia) Revenue Bonds (Oconee-Hard Labor Creek Reservoir Project), Series 2008, (ii) financing or refinancing a portion of the cost of acquiring, constructing, installing and equipping storage and transmission facilities related to the Hard Labor Creek reservoir, and (iii) issuing the Series 2016 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, and as supplemented by a Third Supplement to Intergovernmental Contract-Reservoir Project, dated October 1, 2016 (collectively, the "Contract"), under which, in exchange for the provision of certain services and facilities by the Authority, the County has agreed to pay to the Authority amounts sufficient to pay debt service on the Series 2016 Bonds. Pursuant to the Contract, the County has agreed to levy a tax, unlimited as to rate or amount, on all property in the County subject to taxation for maintenance or operation purposes in order to pay its obligations under the Contract. Under the Indenture, the Authority has assigned to the Trustee and pledged to the payment of the Series 2016 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 2016 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 2016 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 September 7, 2016 or the Official Statement dated September 13, 2016 (collectively, the “Official Statement”) relating to the Series 2016 Bonds or any other offering material relating to the Series 2016 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 2016 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 2016 Bonds, (b) to use the proceeds from the sale of the Series 2016 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 2016 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 2016 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 2016 Bonds.

5. Under existing statutes, rulings and court decisions, and under applicable regulations and proposed regulations, the interest on the Series 2016 Bonds is not includable in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on such corporations. We express no opinion regarding any other federal tax consequences caused by the receipt or accrual of interest on, or ownership of, the Series 2016 Bonds. In rendering this opinion, we have assumed continuing compliance by the Authority and the County with their covenants regarding certain requirements of the Code that must be satisfied subsequent to the issuance of the Series 2016 Bonds in order that the interest on the Series 2016 Bonds be, and continue to be, excluded from gross income for federal income tax purposes. Failure to comply with such covenants could cause interest on the Series 2016 Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2016 Bonds.

6. Under existing statutes, the interest on the Series 2016 Bonds is exempt from all present State of Georgia income taxation.

The rights of the owners of the Series 2016 Bonds and the enforceability of the Series 2016 Bonds, the Indenture and the Contract may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditor's rights generally and principles of equity applicable to the availability of specific performance or other equitable relief. We have not undertaken to notify any addressee of this opinion or any other person of any change in law or fact after the date of this opinion which might affect any of the opinions expressed herein.

Very truly yours,

GRAY PANNELL & WOODWARD LLP

By: _____
A Partner

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